Hernando County

Board of County Commissioners

Regular Meeting

Minutes

August 12, 2025

CALL TO ORDER

The meeting was called to order at 9:00 a.m. on Tuesday, August 12, 2025, in the John Law Ayers County Commission Chambers, Government Center, Brooksville, Florida.

Attendee Name	Title
Brian Hawkins	Chairman
Jerry Campbell	Vice Chairman
John Allocco	Second Vice Chairman
Ryan Amsler	Commissioner
Steve Champion	Commissioner
Albert Bertram	Office of Management and Budget Director
Toni Brady	Deputy County Administrator
Paul Hasenmeier	Public Safety Director/Fire Chief
Jon Jouben	County Attorney
Gordon Onderdonk	Utilities Director
Valerie Pianta	Economic Development Director
Veda Ramirez	Housing and Supportive Services Director
Jeffrey Rogers	County Administrator
Carla Rossiter-Smith	Chief Procurement Officer
Heidi Prouse	Deputy Clerk

Invocation

Pledge of Allegiance

AGENDA

Motion
To approve the Agenda.

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

ELECTED OFFICIALS

There were no Elected Officials' Comments.

CITIZENS' COMMENTS

Citizens commented on various topics and issues.

BOARD/STAFF RESPONSES

The Board and/or staff responded to questions and concerns expressed during Citizens' Comments.

SUPERVISOR OF ELECTIONS DENISE LAVANCHER

Notice From Supervisor of Elections Office of Senate District 11 2025 Special Primary and General Elections and Associated Budget Amendment

Motion
To approve the staff recommendation.

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Jerry Campbell
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Ratification of Member and Appointment of Alternate Member to Canvassing Board

Motion
To appoint Comm. Campbell as Member, Comm. Amsler as Alternate Member and for Clerk of Circuit Court and Comptroller Doug A. Chorvat, Jr. as Second Alternate Member to the Canvassing Board.

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	Brian Hawkins
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

CONSENT AGENDA

Acceptance of FY 2024-25 State Department of Health Emergency Medical Services Grant Funds and Memorandum of Agreement With State Department of Health for Improvement of Pre-Hospital Emergency Medical Services and Associated Budget Resolution

Authorization for County Attorney to Execute Settlement Participation Agreements for Mediated Settlements With Nine Manufacturers of Generic Opioid Products Regarding Opioid Litigation

Authorization for County Attorney to Vote for Approval of Thirteenth Joint Bankruptcy Plan for Purdue Pharma, L.P., and to Electronically Sign Governmental Entity Settlement Agreement a/k/a GESA Sackler Release Regarding Opioid Litigation

Petroleum Restoration Program Site Access Agreement With State Department of Environmental Protection for County Owned Property Located at 1555 East Jefferson Street

Request Submitted by Sheriff's Office to Apply for FY 2024 Local Edward Memorial Justice Assistance Grant

Submittal of Updated Transit Operations 2025 Title VI Plan to Federal Transit Administration

This item was pulled and voted on separately.

Air Traffic Control Tower Operations Agreement With Federal Aviation Administration for Brooksville-Tampa Bay Regional Airport

Approval of Minutes for Regular Meeting of June 24, 2025

Approval of Minutes for Budget Workshop of June 24, 2025

Approval of Minutes for Budget Hearing of June 24, 2025

Approval of Minutes for Regular Meeting of July 8, 2025

Declaration of Various Tangible Property as Surplus for Disposal and Removal From Fixed Asset Inventory

Reimbursement to Property Owner for Overpayment of Municipal Service Benefit Unit Non-Ad Valorem Assessments for 2022

Satisfactions of Second Mortgages for Brittany C. Guarneri and Patricia A. Herzog Through State Housing Initiative Partnership Down Payment Assistance Program

Signatory Authorizations to Utilities Director and Operations Manager for Permit Applications to State Agencies for Utilities Department

Transmittal of List of Accounts Payable Disbursements for Weeks Ended July 4, 2025, and July 11, 2025

Resolution Congratulating Habitat for Humanity Tampa Bay Gulfside Upon Occasion of 40th Anniversary

This item was pulled and voted on separately.

Motion
To approve Consent Agenda Item Nos. G-1 through G-5 and G-7 through G-16 (Budget Resolution No. 2025-136).

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Submittal of Updated Transit Operations 2025 Title VI Plan to Federal Transit Administration

Motion
To approve Consent Agenda Item No. G-6.

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	John Allocco
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Resolution Congratulating Habitat for Humanity Tampa Bay Gulfside Upon Occasion of 40th Anniversary

Motion
To approve Consent Agenda Item No. G-17 (Resolution No. 2025-137).

RESULT:	**ADOPTED**
MOVER:	Jerry Campbell
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco and Amsler
NAYES:	Champion

CORRESPONDENCE TO NOTE

Notice of Purchasing Policy Exceptions for June 2025

Receipt of Alcohol and Other Drug Abuse Trust Fund Monthly Report for March 2025

Receipt of Alcohol and Other Drug Abuse Trust Fund Monthly Report for April 2025

Receipt of Alcohol and Other Drug Abuse Trust Fund Monthly Report for May 2025

Transmittal of Cabot Citrus Farms Community Development District FY 2025-2026 Adopted Budget

Transmittal of Waterford Community Development District Annual Financial Report for FY Ended September 30, 2024

Update Regarding Weeki Wachee River Submerged Aquatic Vegetation Restoration Project One Month Post Installation

PUBLIC HEARINGS

Proof of publication of Notice of Public Hearing was noted for the scheduled public hearing.

Amended Ordinance for Certificates of Public Convenience and Necessity - COPCNs

There was no public input.

Motion
To approve the staff recommendation (Ordinance No. 2025-09).

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	Steve Champion
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

RECESS/RECONVENE

The Board recessed at 10:40 a.m. and reconvened at 10:45 a.m.

OFFICE OF MANAGEMENT AND BUDGET DIRECTOR ALBERT BERTRAM

Budget Resolutions to Transfer Funds to Cover Additional Billing for Medical Insurance Self Insurance Funds for FY 2024-25

Motion
To approve the staff recommendation (Budget Resolution Nos. 2025-138 and 2025-139).

RESULT:	**ADOPTED**
MOVER:	John Allocco
SECONDER:	Steve Champion
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

CHIEF PROCUREMENT OFFICER CARLA ROSSITER-SMITH

Award of Construction Agreement to Augustine Construction, Inc., for Linden Drive Sidewalk Local Agency Program Project From County Line Road to Spring Hill Drive (Contract No. 25-CG00926/JG; Amount: $1,202,741.20)

Award of Sole Source Purchase From Econolite Control Products, Inc., for Traffic Signal Cabinets for Department of Public Works (Amount: $123,321.00)

Award of Sole Source Purchase From Transportation Control Systems, Inc., for Traffic Cameras for Department of Public Works (Amount: $53,328.00)

Motion
To approve Item Nos. K-1 through K-3.

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	John Allocco
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Change Order No. 3 to Purchase Order With JDMF, LLC, for Mowing and Debris Removal and Disposal Services for Code Enforcement Department and Associated Budget Amendment (Contract No. 22-T00032; Amount: $120,000.00)

Motion
To approve Item No. K-4.

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	Steve Champion
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

HOUSING AND SUPPORTIVE SERVICES DIRECTOR VEDA RAMIREZ

Approval of The Palms at Spring Hill for Local Government Verification of Contribution for Florida Housing Finance Corporation Through State Housing Initiatives Partnership Program

Comm. Amsler made the following Motion.

Motion
To approve the staff recommendation.

Comm. Amsler modified his Motion as follows:

Modification to Motion
To approve the staff recommendation with the applicant not seeking local property tax exemptions.

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	John Allocco
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

RECESS/RECONVENE

The Board recessed at 12:00 p.m. and reconvened at 12:10 p.m.

AIRPORT OPERATIONS MANAGER STEVE MILLER

Presentation Regarding Infield Infrastructure Development Plan at Brooksville-Tampa Bay Regional Airport

COUNTY ADMINISTRATOR JEFFREY ROGERS

Presentation and Discussion Regarding Hernando County Public Safety Training Facility Phase 1 Objectives

Comm. Champion requested Board consensus to direct the County Attorney's Office to draft a proposed resolution regarding a half cent sales tax referendum for Public Safety to be placed on the ballot in 2026, and to bring it back to the Board for discussion on a future Agenda.

The Board concurred.

Update Regarding Ongoing Board Directives

BOARD OF COUNTY COMMISSIONERS

The Board commented on various issues.

ADJOURNMENT

The meeting was adjourned at 2:30 p.m.

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Administration
Prepared By: Colleen Conko
Initiator: Denise LaVancher
DOC ID: 16232
Legal Request Number:
Bid/Contract Number:

TITLE

Notice From Supervisor of Elections Office of Senate District 11 2025 Special Primary and General Elections and Associated Budget Amendment

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Jerry Campbell
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Denise LaVancher

Hernando County Supervisor of Elections

16264 Spring Hill Drive
Brooksville, FL 34604
P: 352.754.4125 • F: 352.754.4425

July 22, 2025

Hernando County Board of County Commissioners

Brooksville, FL 34604

Dear Commissioners:

Governor DeSantis recently issued Executive Order 25-148 ordering Special Elections to be held in Senate District 11 due to the recent appointment of Senator Blaise Ingoglia. This is a countywide election for Senate District 11. There are approximately 132,000 registered voters who will be eligible to vote, and 32 precincts open on election day. The law requires early voting to be held at a minimum of 8 days for each election.

The election dates are as follows:

September 30, 2025	Special Primary Election
December 9, 2025	Special General Election

Section 100.102, Florida Statutes, requires the State to reimburse a county for actual costs incurred to conduct a special primary and/or special (general) election as ordered pursuant to section 100.101, Florida Statues.

At this time, I do not have funds available in my budget to conduct two special elections. A cost estimate has been made by my office to conduct the Special Elections of approximately $1,032,296 (Special Primary $516,103, Special General $516,193). The cost estimate is attached for your information. This cost estimate has also been provided to the office of the Secretary of State. Following the elections, this office will immediately request reimbursement from the State for the actual cost incurred. Any unused funds will be returned to the county.

I respectfully request your assistance in procuring the needed funds for my office to conduct the Special Elections. Thank you in advance for your assistance, and please call me if you need further information.

Respectfully,

Denise LaVancher
Supervisor of Elections

C: Jeff Rogers, County Administrator
Toni Brady, Deputy County Administrator

Estimated Cost of Conducting Special Elections
2025 Special Primary & General Elections for Senate District 11
Governor Office Executive Order 25-148
Prepared July 23, 2025
By: Hernando County Supervisor of Elections Office

Cost to Conduct Special Primary Election

SALARIES / REGULAR	**$13,950**
SALARIES / ELECTION WORKERS	**$143,993**
SALARIES / TEMPORARIES	**$62,192**
SALARIES / OVERTIME	**$16,800**
FICA MATCHING	**$413**
PROFESSIONAL FEES	**$3,550**
CONTRACT SERVICES	**$1,800**
TRAVEL / TRAINING	**$3,050**
COMMUNICATIONS	**$3,309**
POSTAGE	**$100,680**
TRANSPORT VOTING EQUIPMENT	**$5,325**
RENT / LEASE - ELECTION	**$10,200**
MAINTENANCE - HARDWARE	**$500**
MAINTENANCE - SOFTWARE	**$1,000**
PRINTING BINDING / ELECTION	**$42,230**
LEGAL ADVERTISING	**$800**
OFFICE SUPPLIES	**$2,500**
BALLOTS (80lb paper)	**$92,561**
PRECINCT SUPPLIES	**$6,425**
ELECTION SUPPLIES - EQUIPMENT	**$4,675**
OPERATING SUPPLIES - GAS, OIL, ETC	**$150**
Total Estimated Cost to Conduct Special Primary Election:	**$516,103**

Cost to Conduct Special General Election

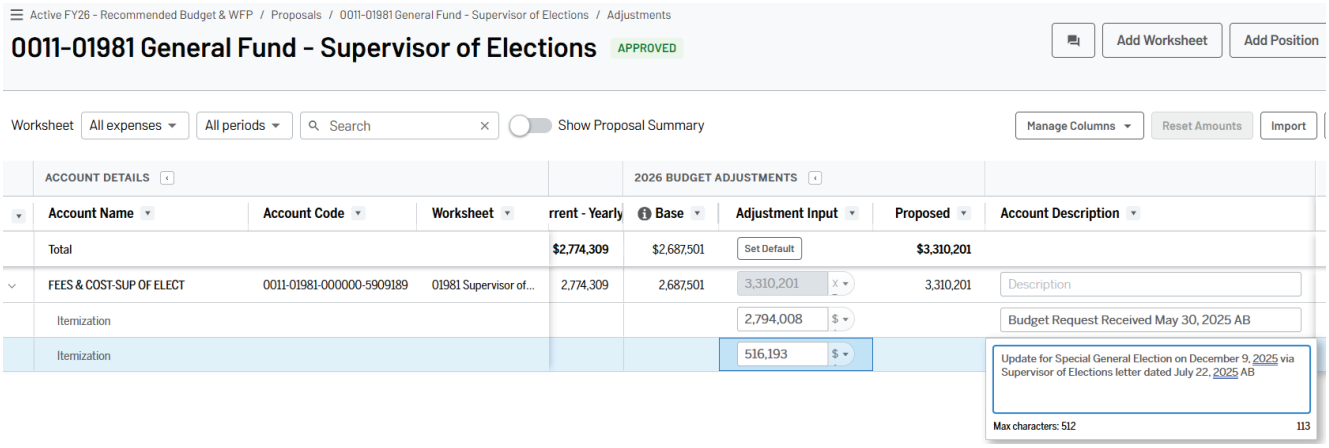
SALARIES / REGULAR	**$13,950**
SALARIES / ELECTION WORKERS	**$159,433**
SALARIES / TEMPORARIES	**$62,192**
SALARIES / OVERTIME	**$16,800**
FICA MATCHING	**$413**
PROFESSIONAL FEES	**$3,550**
CONTRACT SERVICES	**$1,800**
TRAVEL / TRAINING	**$3,050**
COMMUNICATIONS	**$3,309**
POSTAGE	**$100,680**
TRANSPORT VOTING EQUIPMENT	**$5,325**
RENT / LEASE - ELECTION	**$10,200**
MAINTENANCE - HARDWARE	**$500**
MAINTENANCE - SOFTWARE	**$1,000**
PRINTING BINDING / ELECTION	**$42,230**
LEGAL ADVERTISING	**$800**
OFFICE SUPPLIES	**$2,500**
BALLOTS (80lb paper)	**$83,561**
PRECINCT SUPPLIES	**$25**
ELECTION SUPPLIES - EQUIPMENT	**$4,725**
OPERATING SUPPLIES - GAS, OIL, ETC	**$150**
Total Estimated Cost to Conduct Special General Election:	**$516,193**

Grand Total: **$1,032,296**

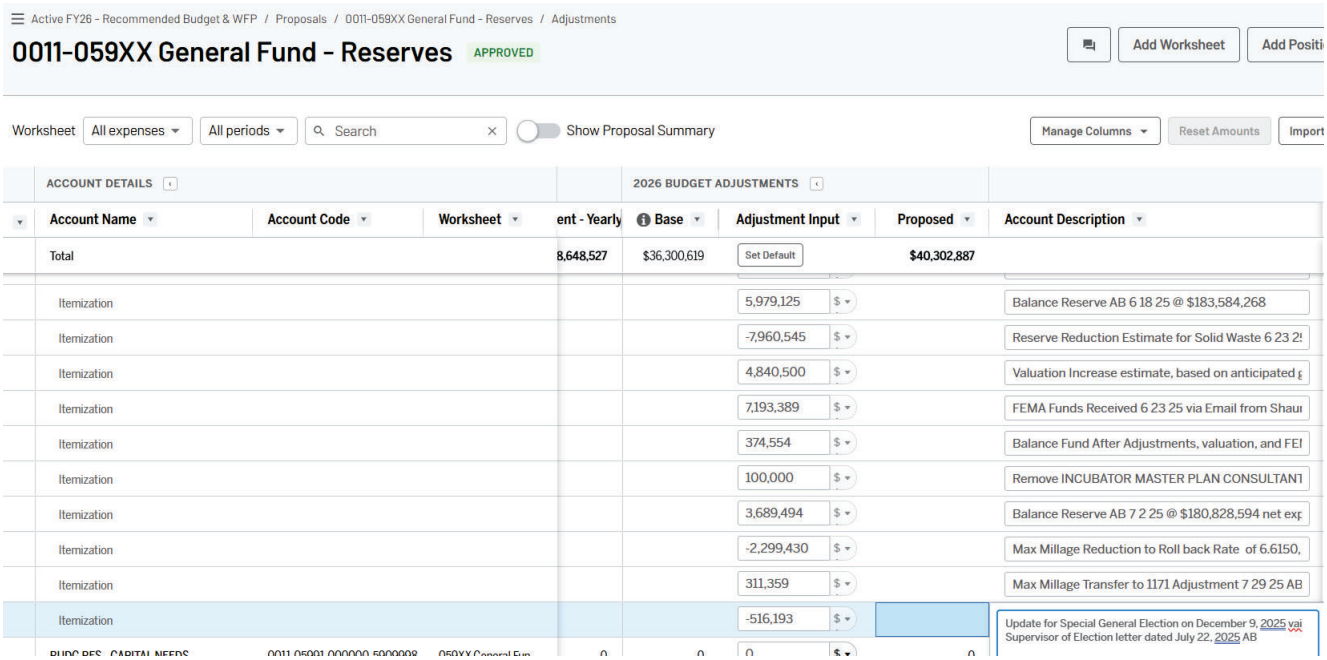
Proposed Changes for the FY26 Budget for the Special General Election

The changes below are for the FY26 budget for the December 9, 2025 Special General Election and will be added to the post budget workshop changes, pending approval.

The first image shows the Supervisor of Elections budget increasing.



The second image, below, shows the amount for the December 9, 2025 Special General Election coming out of reserves.



Upon receiving reimbursement from the State of Florida, that amount will be put back into General Fund Reserves.

HERNANDO COUNTY
BUDGET AMENDMENT REQUEST FORM
FY 2025

REVENUE ACCOUNTS:

Account #	Account Name	Present Budget	Decrease	Increase	Amended Budget
					0
					0
					0
					0
					0
					0
					0
					0
					0
	TOTAL	**$0**	**$0**	**$0**	**$0**

EXPENDITURE ACCOUNTS:

Account #	Account Name	Present Budget	Decrease	Increase	Amended Budget
0011-01981-5909189	Fees & Costs-Sup of Elect	2,774,309		516,103	$3,290,412
0011-05981-5909999	Budg Res/Cash Forward	24,036,187	516,103		$23,520,084
					$0
					$0
					$0
					$0
					$0
					$0
					$0
					$0
					$0
					$0
					$0
					$0
					$0
					$0
	TOTAL	**$26,810,496**	**$516,103**	**$516,103**	**$26,810,496**

Justification: **Special election during FY25.**

Department Name: Supervisor of Elections / GF Reserves **Department No: 01981 / 05981**

APPROVAL SIGNATURES:

Department Head: **Date:**

Budget Officer: Albert Bentran **Date:** 7/29/2025

Legistar # / Mtg. Date: 16232 / 8.12.2025

BUDGET OFFICE USE ONLY:

Fund # 0011 Department # 01981 / 05981 Verified By: AB Date Verified: 7/29/2025 BA2025-163

Revised: 9/30/24

SELECTION CRITERIA: expledgr.key_orgn='01981'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-0011 GENERAL FUND
DEPARTMENT-01981 SUPERVISOR OF ELECTIONS
1ST SUBTOTAL-590 * NON-OPERATING EXPENSES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5909189	FEES & COST-SUP OF ELECT	2,774,309.00	189,157.43	.00	2,585,151.55	189,157.45	93.18
	TOTAL * NON-OPERATING EXPENSE	2,774,309.00	189,157.43	.00	2,585,151.55	189,157.45	93.18
	TOTAL SUPERVISOR OF ELECTIONS	2,774,309.00	189,157.43	.00	2,585,151.55	189,157.45	93.18
	TOTAL GENERAL FUND	2,774,309.00	189,157.43	.00	2,585,151.55	189,157.45	93.18
TOTAL REPORT		2,774,309.00	189,157.43	.00	2,585,151.55	189,157.45	93.18

HERNANDO CO BOARD OF CO COMMISSIONERS
EXPENDITURE STATUS REPORT

SELECTION CRITERIA: expledgr.key_orgn='05981'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-0011 GENERAL FUND
DEPARTMENT-05981 CONTINGENCIES RESERVE
1ST SUBTOTAL-590 * NON-OPERATING EXPENSES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5909910	BUDGET RES FOR CONTINGNC	910,986.00	.00	.00	.00	910,986.00	.00
5909981	BUDGET RES-STABILIZATION	3,701,354.00	.00	.00	.00	3,701,354.00	.00
5909999	BUDG RES/CASH FORWARD	24,036,187.00	.00	.00	.00	24,036,187.00	.00
	TOTAL * NON-OPERATING EXPENSE	28,648,527.00	.00	.00	.00	28,648,527.00	.00
	TOTAL CONTINGENCIES RESERVE	28,648,527.00	.00	.00	.00	28,648,527.00	.00
	TOTAL GENERAL FUND	28,648,527.00	.00	.00	.00	28,648,527.00	.00
TOTAL REPORT		28,648,527.00	.00	.00	.00	28,648,527.00	.00

Board of County Commissioners Budget Workshop

AGENDA ITEM

Meeting: 08/12/2025
Department: Administration
Prepared By: Jessica Wright
Initiator: Denise LaVancher
DOC ID: 16258
Legal Request Number:
Bid/Contract Number:

TITLE

Ratification of Member and Appointment of Alternate Member to Canvassing Board

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	Brian Hawkins
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: HCFRD
Prepared By: Louise Galajda
Initiator: Paul Hasenmeier
DOC ID: 15900
Legal Request Number:
Bid/Contract Number:

TITLE

Acceptance of FY 2024-25 State Department of Health Emergency Medical Services Grant Funds and Memorandum of Agreement With State Department of Health for Improvement of Pre-Hospital Emergency Medical Services and Associated Budget Resolution

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Via Email to phasenmeier@co.hernando.fl.us

May 5, 2025

Mr. Brian Hawkins, Chairman
Hernando County
15470 Flight Path Drive
Brooksville, FL 34604

Dear Mr. Hawkins:

The Florida Department of Health (Department), Division of Emergency Preparedness and Community Support is pleased to award the Emergency Medical Services (EMS) Matching Grant, M2520, in the amount of $29,754.00 to Hernando County. This award is subject to appropriation and availability of funds.

The purpose of this grant is to provide funds for the expansion and/or improvement of prehospital EMS by assisting your organization with the purchase of Stretchers and Stretcher Batteries. Section 401.113(2)(b), Florida Statutes (F.S.), provides authority to dispense funds annually from the EMS Trust Fund; no federal funding was utilized for this grant.

The grant cycle begins on the date the Memorandum of Agreement (MOA) associated with this award is executed and ends one calendar year from the date of execution. Your required local cash match is $9,918.00 with a total budget of $39,672.00. Pursuant to section 401.113(2)(b), F.S., and in compliance with the Florida Catalog of State Financial Assistance Number 64.003, agencies are required to report grant activities and purchases to the Department. Grant reports are due within 30 days of the end of each fiscal quarter.

You will receive the MOA for your review and signature at a later date. Funds will not be released until after the agreement is fully executed. A copy of the executed MOA, with my signature, will be provided for your records.

Thank you for your participation in the Florida Department of Health, Bureau of Emergency Medical Oversight's EMS Matching Grant program. If you need assistance, please contact our staff at EMSGrants@FLHealth.gov.

Sincerely,

Douglas H. Woodlief
Division Director
Emergency Preparedness and Community Support

DHW/cg

State EMS Matching Grant Awards 2025

Organization	Partial or Fully Funded	State Award	Grantee Match	Project Total	Summary of Approved Project
Baker County Fire Rescue	Partial	$ 60,638.26	$ 6,737.59	$ 67,375.85	Ventilators
Bay County Fire Rescue	Partial	$ 35,175.00	$ 11,725.00	$ 46,900.00	Electronic Substance Storage System
Bradford County Fire Rescue	Partial	$ 135,000.00	$ 15,000.00	$ 150,000.00	Monitors
Calhoun-Liberty Hospital	Partial	$ 33,582.23	$ 3,731.36	$ 37,313.59	AEDs, Rescue UTV with EMS Skid Unit
City of Fort Lauderdale	Fully	$ 14,850.00	$ 4,950.00	$ 19,800.00	Trauma Supplies
Dixie County	Partial	$ 45,000.00	$ 5,000.00	$ 50,000.00	Monitors
Duette Fire and Rescue District	Partial	$ 25,747.05	$ 8,582.35	$ 34,329.40	Defibrillators, LUCAS Device
Fort Lauderdale Fire Rescue	Partial	$ 13,047.20	$ 4,349.07	$ 17,396.27	Blood Program
Gadsden County	Partial	$ 72,218.62	$ 8,024.29	$ 80,242.91	Ventilators
Gilchrist County Fire Rescue	Partial	$ 184,500.00	$ 20,500.00	$ 205,000.00	Ambulance Remount
Hamilton County	Partial	$ 41,400.00	$ 4,600.00	$ 46,000.00	Ventilators, IV pumps
Hamilton County	Partial	$ 225,000.00	$ 25,000.00	$ 250,000.00	Ambulance Remount
Hernando County	Partial	$ 29,754.00	$ 9,918.00	$ 39,672.00	Stretchers, stretcher batteries
Holley Navarre	Partial	$ 27,750.00	$ 9,250.00	$ 37,000.00	Monitors and LUCAS device
Indian Harbour Beach Volunteer Fire Department	Partial	$ 16,093.50	$ 5,364.50	$ 21,458.00	EMR Training
Jefferson County Fire Rescue	Partial	$ 90,000.00	$ 10,000.00	$ 100,000.00	Monitors
Jupiter Fire Rescue	Partial	$ 11,250.00	$ 3,750.00	$ 15,000.00	Manikins
Key Largo Volunteer Fire Department	Partial	$ 23,076.16	$ 2,564.02	$ 25,640.18	Manikins, Training Kits
Leon County EMS	Partial	$ 12,000.00	$ 4,000.00	$ 16,000.00	Training: CPR
Levy County	Partial	$ 18,000.00	$ 2,000.00	$ 20,000.00	Video laryngoscopes and accessories
Madison County Fire Rescue	Fully	$ 180,000.00	$ 20,000.00	$ 200,000.00	Ambulance remount
Madison County Fire Rescue	Partial	$ 13,500.00	$ 1,500.00	$ 15,000.00	Power Chairs
Miami-Dade Fire Rescue	Partial	$ 42,463.40	$ 14,154.47	$ 56,617.87	Manikins

State EMS Matching Grant Awards 2025

Organization	Partial or Fully Funded	State Award	Grantee Match	Project Total	Summary of Approved Project
Midway Fire District	Partial	$ 4,619.41	$ 1,539.80	$ 6,159.21	Laryngoscopes
Okeechobee County Fire Rescue	Partial	$ 45,000.00	$ 5,000.00	$ 50,000.00	Monitors
Pace Fire Rescue District	Partial	$ 46,500.00	$ 15,500.00	$ 62,000.00	Monitors, Ultrasound, Video Laryngoscopes
Pembroke Pines	Fully	$ 2,399.97	$ 799.99	$ 3,199.96	Manikins (infant and adult)
Pembroke Pines	Partial	$ 59,970.75	$ 19,990.25	$ 79,961.00	Monitors
Pembroke Pines	Partial	$ 22,484.96	$ 7,494.99	$ 29,979.94	Manikins
Positive Mobility Inc.	Partial	$ 29,700.00	$ 3,300.00	$ 33,000.00	Ventilators
St. Lucie County Fire District	Partial	$ 4,950.00	$ 1,650.00	$ 6,600.00	Cyanokits
Sunrise Fire Rescue	Partial	$ 7,164.79	$ 2,388.26	$ 9,553.05	Software upgrades, cables, sensors
Suwannee River AHEC	Fully	$ 35,137.50	$ 11,712.50	$ 46,850.00	Training: GEMS
Temple Terrace Police Department	Fully	$ 20,268.91	$ 6,756.30	$ 27,025.21	AEDs
Union County EMS	Fully	$ 225,000.00	$ 25,000.00	$ 250,000.00	Ambulance
Union County EMS	Partial	$ 29,452.64	$ 3,272.52	$ 32,725.16	Ventilators
Washington County EMS	Partial	$ 9,000.00	$ 1,000.00	$ 10,000.00	Video laryngoscopes and accessories
Totals:		***$1,891,694.35***	***$ 306,105.25***	***$2,197,799.60***	
Quantity of Applications:		***37***			

Docusign Envelope ID: E85D801E-6E4B-47E9-ADE7-40B07703E71F

CONTRACT SUMMARY

This contract action has completed the Department's routing process and has received the required approvals for execution.

Division/CHD/Office:	Division of Emergency Preparedness and Community Support
Provider Name:	Hernando County
Contract Number:	M2520
Original Contract Amount:	$29,754.00
Total Contract Amount (executed actions):	N/A
Original Contract Start Date:	7/1/2025
Original Contract End Date:	6/30/2026
New Contract End Date:	

DESCRIPTION OF CONTRACTUAL SERVICES:

Expansion and enhancement of Emergency Medical Services in area of coverage as outlined in the approved grant application (Attachment A).

CONTRACT ACTION:

AMENDMENT(Y/N): N/A	AMENDMENT AMOUNT: N/A	
CHANGE TO TERM(Y/N): N/A	START DATE: N/A	END DATE: N/A
RENEWAL: N/A	RENEWAL AMOUNT: N/A	
START DATE: N/A	END DATE: N/A	

DESCRIPTION OF CONTRACT AMENDMENT ACTION:

N/A

This contract complies with all of the following requirements:

- **A statement of work.**
- **Quantifiable and measurable deliverables.**
- **Performance measures.**
- **Financial consequences for non-performance.**
- **Terms and conditions which protect the interest of the state.**
- **All requirements of law have been met regarding the contract.**
- **Documentation in the contract file is sufficient to support the contract and the attestation (examples: business case; directive to establish contract; subject research and analysis, etc.).**
- **If the contract is established by way of a competitive solicitation as identified in section 287.057(1), Florida. Statutes, the costs of the contract are the most advantageous to the state or offer the best value.**

MEMORANDUM OF AGREEMENT
BETWEEN
The FLORIDA DEPARTMENT OF HEALTH
And
Hernando County

This Memorandum of Agreement "Agreement" for the Emergency Medical Services Matching Grant, is entered into between the Florida Department of Health "Department", and Hernando County "Grantee", each a "Party" and jointly referred to as the "Parties". In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

SECTION I: DEFINITIONS

A. Definition of Terms:

1) Quarter: A three-month period of the executed agreement. The quarters for this Agreement are July through September (Quarter One); October through December (Quarter Two); January through March (Quarter Three); and April through June (Quarter Four).

38) Emergency Medical Services (EMS): A system that responds to emergencies in need of highly skilled pre-hospital clinicians.

39) Emergency Medical Services Matching Grant: Grant funds available to local agencies, municipalities, emergency medical services organizations, and youth athletic organizations for the purpose of conducting research, increasing existing levels of emergency medical services, evaluation, community education, injury prevention programs, and training in cardiopulmonary resuscitation and other lifesaving and first aid techniques that are contingent upon the recipient providing a matching cash sum.

40) Grantee: A local agency, municipality, EMS organization, or youth athletic organization for which the Department has approved an application for an Emergency Medical Services Matching Grant.

SECTION II: GENERAL TERMS AND CONDITIONS

A. General Statement: The Grantee will receive $29,754.00, the grantee will be required to match at either 10% or 25%, $9,918.00, for a total project amount of $39,672.00 from General Appropriation 515 of the 2024-2025 Appropriations Act Laws of Florida," Grants and Aids – Emergency Medical Services Matching Grants from Emergency Medical Services Trust Fund."

B. Legal Authority: This Agreement is made pursuant to the Specific Appropriation Line item 515, 2024-2025 Appropriations Act and Section 401.111, Florida Statutes.

C. Entire Agreement: This Agreement embodies the entire Agreement and understanding between the Parties, on the subject hereof.

D. Term: The term of this Agreement is upon completion of the approved Project, or one calendar year from the date of execution, whichever is earlier.

SECTION III: PROPERTY AND EQUIPMENT

A. Property and equipment are defined as non-expendable, tangible property having a useful life of more than one year with a cost of $5,000.00 or more.

1. All property and equipment purchased with Emergency Medical Services Matching Grant funds must be:

a. Necessary to carry out the approved project;

b. Justified and pre-approved by the Department;

c. Inventoried and tracked throughout the grant period; and

d. Protected with sufficient insurance and security safeguards.

B. All approved property and equipment must be purchased and received prior to the last three months of the grant period unless prior written approval from the Department has been obtained.

C. All equipment purchased with grant funds is the property of the grantee, and is subject to Chapter 273, Florida Statutes, dealing with state-owned tangible personal property and the disposition thereof. For research institutions not covered under Chapter 1000, Florida Statutes, equipment no longer deemed to be useful will remain state property and must be transferred or donated to a state agency or public university for redistribution or disposition.

SECTION IV: SERVICES TO BE PROVIDED

A. Task List: Grantee will perform the following tasks:

1) Ensure the following tasks are performed as needed:

a. Grantee must complete the project as specified in the Department approved Emergency Medical Services Matching Grant Program application (Attachment A hereinafter referred to as the "Project").

b. Grantee will obtain all supplies, services, and labor for use in the performance of this MOA at the lowest practicable cost and by means of competitive bidding wherever practicable or required by Florida law.

c. Provide a quarterly report to the Department outlining all items that were purchased during the quarter, as well as any remaining items to be purchased during the contract term.

SECTION V: DELIVERABLES AND METHOD OF PAYMENT

A. Deliverables: Grantee must complete and submit the following deliverable in the time and manner specified:

1) Quarterly: The Grantee must provide a quarterly report, reflecting all purchases made in accordance with the approved Attachment A, to the Department demonstrating progress toward completion of the Project as specified in the Department approved Attachment A.

B. Method of Payment:

1) Payment: This is a 100% advance payment.

2) Reporting Requirements: Grantee must submit a properly completed quarterly report to the Agreement Manager within 15 days of the end of each quarter. At a minimum, each report must be submitted on Grantee's letterhead, provide the invoice date, and all activities completed during the invoice period. On a separate page, the Grantee must provide the following:

a) Beginning budget amount;

b) Amount spent year to date;

c) Amount remaining in budget;

d) Statement certifying the accuracy of the invoice; and

e) Signature of an individual with the authority to bind the Grantee.

C. Special Provisions:

1) Allowable Costs: The Grantee may expend funds only for allowable costs resulting from obligations incurred during the Agreement term. Allowable costs are those that are related to the approved Attachment A.

2) Return of Funds: Any balance of unobligated funds advanced or paid, or funds that were not expended in accordance with the Attachment A, must be refunded to the Department within three months of the grant end date.

3) Monitoring: The Grantee must permit persons duly authorized by the Department to inspect any records, papers, documents, facilities, or goods and services of the Grantee that are relevant to this grant, and interview any clients, sub-contractors, and employees of the Grantee to assure the Department of satisfactory performance of the Terms and Conditions of this grant. Monitoring may take place at any time during the grant period or records retention period, with reasonable advance notice, during normal business hours. Following such evaluation, the Department may deliver to Grantee a written report of its findings and may include written recommendations with regard to Grantee's performance of the Terms and Conditions of this grant. Grantee will correct all noted deficiencies identified by the Department within the specified period of time set forth in the recommendations. Grantee's failure to correct noted deficiencies

may, at the sole and exclusive discretion of the Department, result in any one or a combination of the following: 1) Grantee being deemed in breach or default of this Agreement; 2) the termination of this grant.

4) Duties of Designated Grant Manager: The Grant Manager designated by the Department shall reconcile and verify all funds received against all funds expended during the term of this Agreement period and produce a final reconciliation report. The final report for this project must identify any funds paid in excess of the expenditures incurred by the Grantee or Sub-recipient.

5) Sovereign Immunity: Pursuant to section 768.28, Florida Statutes, the Department is immune from civil or criminal liability resulting from acts or omissions of the Grantee and the Grantee's agents, employees, or assigns.

6) Governing Law and Venue: This Agreement is executed and entered into in the State of Florida and will be construed and performed under the laws, rules, and regulations of the State of Florida. Venue must be in Leon County, Florida to the exclusion of all other jurisdictions.

7) Indemnification: Grantee will be liable for, and indemnify, defend, and hold the Department harmless from and against all claims, demands, suits, judgments, or damages, including, but not limited to, court costs and attorneys' fees and damages resulting from personal injury, including death or damage to property, arising out of the negligence, intentional or unintentional acts or omissions of the Grantee, and the Grantee's agents, assignees, sub-contractors, and employees, that may arise during the course of the operation of this Agreement, or that arise out of or relating to the subject property, the Project, or the use of grant money.

8) Modification: This Agreement may only be amended in writing and upon mutual agreement by the Parties.

9) Termination:

a) Termination Because of Lack of Funds: It is agreed that in the event funds to finance this Agreement, or part of this Agreement, become unavailable, the obligations of each Party, hereunder may be terminated upon no less than 24 hours' notice in writing to the other Party. Said notice will be delivered by certified mail, return receipt requested, or in person with proof of delivery. The Department will be the final authority as to the availability of state funds, and how any remaining funds will be allocated among Grantees.

b) Termination for Breach: Unless the Grantee's breach is excused by the Department, the Department may provide written notice to the Grantee specifically setting forth the breach and allow a 30-calendar day period whereby the Grantee may cure any such breach. The Department may terminate any part or the whole of this Agreement in any of the following circumstances:

i. If Grantee fails to provide services called for by this Agreement within the time specified herein or any extension thereof.

ii. If Grantee fails to perform any of the other provisions of this Agreement.

iii. Except as set forth above, termination will be upon no less than 24 hours' notice in writing delivered by certified mail, return receipt requested, or in person with proof of delivery.

c) All provisions of this Agreement that were not terminated, amended, or modified will remain in full effect and Grantee will continue performance under any remaining provisions.

d) After receipt of a notice of termination, and except as otherwise directed in writing, the Grantee will:

i. Stop work under this Agreement on the date and to the extent specified in the notice of termination and take any other actions as directed in writing from the Department.

ii. Place no further orders or contracts for materials, services, or facilities except as may be necessary for completion of such portion of work under the Agreement as is not terminated.

iii. Terminate all outstanding orders and contracts to the extent that they relate to the performance of work under this Agreement.

iv. Prepare all necessary reports and documents required under the terms of this Agreement. Documents must be prepared up to the date of termination and include the final report due upon completion of this Agreement. The Department will provide no additional funds for administrative fees or for the completion of final reports after the date of termination.

v. Notwithstanding anything to the contrary set forth herein, upon termination of this Agreement, the Grantee may continue work on the Project that is the subject of this MOA so long as such work is funded by sources other than the Department.

10) Notice: Any notices given by either party to the other party under this Agreement will be in writing and sent either: via email to the designated email address, by overnight courier, with a verified receipt; or by registered or certified United States Mail, postage prepaid. Either party's specified point of contacts may be changed by notifying the other party a minimum of one week prior to such change. Notice will be deemed sufficiently given upon receipt at the following addresses:

Department: Doug Woodlief,
Director, Division of Emergency Preparedness and Community Support
4052 Bald Cypress Way, Bin A-26
Tallahassee, FL 32399
Doug.Woodlief@flhealth.gov

Grantee: Brian Hawkins, Chairman
15470 Flight Path Drive
Brooksville, FL 34604
bhawkins@co.hernando.fl.us

11) Cooperation with Inspectors General: To the extent applicable, the Parties will cooperate with the inspector general in any investigation, audit, inspection, review, or hearing pursuant to section 20.055(5), Florida Statutes.

12) Public Records: The Grantee must keep and maintain public records, as defined in Chapter 119, Florida Statutes that are required by the Department to perform the services required by the grant. Questions regarding the application of Chapter 119, Florida Statutes, and its duty to provide public records relating to this Agreement, contact the custodian of public records at (850) 245-4005, PublicRecordsRequest@flhealth.gov or 4052 Bald Cypress Way, Bin A02, Tallahassee, FL 32399.

13) Prohibition on Use of Funds for DEI: Prohibition on Use of Funds for DEI: No state funding under this Agreement may be used for promoting, advocating for, or providing training or education on "Diversity, Equity, and Inclusion" ("DEI"). DEI is any program, activity, or policy that classifies individuals on the basis of race, color, sex, national origin, gender identity, or sexual orientation and promotes differential or preferential treatment of individuals on the basis of such classification or promotes the position that a group or an individual's action is inherently, unconsciously, or implicitly biased on the basis of such classification.

SECTION V: AUTHORIZATION

IN WITNESS THEREOF, the Parties hereto have caused this 16-page Agreement to be executed by their undersigned, duly authorized, officials:

Grantee: Hernando County

_____ Date: _____
Name: Brian Hawkins
Title: Chairman

Florida Department of Health

_____ Date: _____
Name: Doug Woodlief
Title: Director, Division of Emergency Preparedness and Community Support

Approved as to form
and legal sufficiency
By: _____
County Attorney's Office

ATTACHMENT __1__

AUDIT REQUIREMENTS FOR AWARDS OF STATE AND FEDERAL FINANCIAL ASSISTANCE

The administration of resources awarded by the Department of Health to recipient organization may be federal or state financial assistance as defined by 2 CFR § 200.40 and/or section 215.97, Florida Statutes, and may be subject to audits and/or monitoring by the Department of Health, as described in this section. For this agreement, the Department of Health has determined the following relationship exist:

1. _____ **Vendor/Contractor (215.97(z), F.S.) and (2 CFR § 200.23)**. Funds used for goods and services for the Department of Health's own use and creates a procurement relationship with Recipient which is not subject to single audit act compliance requirements for the Federal/State program as a result of this contract agreement.

   A vendor/contractor agreement may also be used with an established Service Organization (SO) that is serving as a Third-Party Administrator and in this case, is subject to SSAE18 audit reporting requirements (see Part III. Other Audit Requirements).

2. ___X___ **Recipient/Subrecipient of state financial assistance (215.97(o)(y), F.S.)**. Funds may be expended only for allowable costs resulting from obligations incurred during the specified contract period. In addition, any balance of unobligated funds which has been advanced or paid must be refunded to the Department of Health as the state awarding agency. As well as funds paid in excess of the amount to which the recipient/subrecipient is entitled under the terms and conditions of the contract must be refunded to the Department of Health.

3. _____ **Recipient/Subrecipient of federal financial assistance (2 CFR § 200.40)** . Funds paid in excess of the amount to which the recipient/subrecipient is entitled under the terms and conditions of the contract must be refunded to the Department of Health as the Pass-Through state awarding agency. In addition, the recipient/subrecipient may not earn or keep any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the Federal award or this agreement.

Note: A vendor/contractor vs. recipient/subrecipient determination must conclude with the completion of **Exhibit 2** to identify the recipient's audit's relationship with the department.

MONITORING

In addition to reviews of audits conducted in accordance with 2 CFR Part 200, Subpart F (formerly A-133) - Audit Requirements, and section 215.97, Florida Statutes (F.S.), as revised (see AUDITS below), monitoring procedures may include, but not be limited to, on-site visits by Department of Health staff, limited scope audits as defined by 2 CFR §200.425, or other procedures. By entering into this agreement, the recipient agrees to comply and cooperate with any monitoring procedures or processes deemed appropriate by the Department of Health. In the event the Department of Health determines that a limited scope audit of the recipient is appropriate, the recipient agrees to comply with any additional instructions provided by Department of Health staff to the recipient regarding such audit. The recipient further agrees to comply and cooperate with any inspections, reviews, investigations, or audits deemed necessary by the Chief Financial Officer (CFO) or Auditor General.

AUDIT GUIDANCE

PART I: FEDERALLY FUNDED

This part is applicable if Recipient is a State or local government or a non-profit organization as defined in 2 CFR §200.90, §200.64, and §200.70.

1. If a recipient expends $1,000,000 or more in Federal awards during its fiscal year, the recipient must have a single or program-specific audit conducted in accordance with the provisions of 2 CFR 200, Subpart F - Audit Requirements. **EXHIBIT 1** to this form lists the federal resources awarded through the Department of Health by this agreement. In determining the federal awards expended in its fiscal year, the recipient shall consider all sources of federal awards, including federal resources received from the Department of Health. The determination of amounts of federal awards expended should be in accordance with the guidelines established in 2 CFR §§200.502-503. An audit of the recipient conducted by the Auditor General in accordance with the provisions of 2 CFR §200.514 will meet the requirements of this Part.

2. In connection with the audit requirements addressed in Part I, paragraph 1, Recipient shall fulfill the requirements relative to auditee responsibilities as provided in 2 CFR §§ 200.508-.512.

3. If a recipient expends less than $1,000,000 in Federal awards in its fiscal year, the recipient is not required to have an audit conducted in accordance with the provisions of 2 CFR 200, Subpart F - Audit Requirements. If the recipient expends less than $1,000,000 in federal awards in its fiscal year and elects to have an audit conducted in accordance with the provisions of 2 CFR 200, Subpart F - Audit Requirements, the cost of the audit must be paid from non-federal resources (i.e., the cost of such an audit must be paid from recipient resources obtained from other than federal entities).

Note: Audits conducted in accordance with this part shall cover the entire organization for the organization's fiscal year. Compliance findings related to contracts with the Department of Health shall be based on the contract agreement's requirements, including any rules, regulations, or statutes referenced in the contract. The financial statements shall disclose whether the matching requirement was met for each applicable contract. All questioned costs and liabilities due to the Department of Health shall be fully disclosed in the audit report with reference to the Department of Health contract involved. If not otherwise disclosed as required by 2 CFR § 200.510, the schedule of expenditures of Federal awards shall identify expenditures by funding source and contract number for each contract with the Department of Health in effect during the audit period.

Financial reporting packages required under this part must be submitted within the earlier of 30 days after receipt of the audit report or 9 months after the end of Recipient's fiscal year end.

PART II: STATE FUNDED

This part is applicable if the recipient is a nonstate entity as defined by section 215.97(1)(n), Florida Statutes.

1. If a recipient expends a total amount of state financial assistance equal to or in excess of $750,000 in any fiscal year of such recipient (for fiscal years ending June 30, 2017 or thereafter), recipient must have a State single or project-specific audit for such fiscal year in accordance with section 215.97, Florida Statutes; applicable rules of the Department of Financial Services; Chapter 10.550 (local governmental entities) or Chapter 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General. **EXHIBIT I** to this contract indicates state financial assistance awarded through the Department of Health by this contract. In determining the state financial assistance expended in its fiscal year, recipient shall consider all sources of state financial assistance, including state financial assistance received from the Department of Health, other state agencies, and other nonstate entities. State financial assistance does not include Federal direct or pass-through awards and resources received by a nonstate entity for Federal program matching requirements.

2. In connection with the audit requirements addressed in Part II, paragraph 1, recipient shall ensure that the audit complies with the requirements of section 215.97(8), Florida Statutes. This includes submission of a financial reporting package as defined by section 215.97(2), Florida Statutes, and Chapter 10.550 (local governmental entities) or Chapter 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General.

3. If a recipient expends less than $750,000 in state financial assistance in its fiscal year (for fiscal years ending June 30, ,2017 or thereafter), an audit conducted in accordance with the provisions of section 215.97, Florida Statutes, is not required. In the event that a recipient expends less than $750,000 in state financial assistance in its fiscal year and elects to have an audit conducted in accordance with the provisions of section 215.97, Florida Statutes, the cost of the audit must be paid from the nonstate entity's resources (i.e., the cost of such an audit must be paid from recipient resources obtained from other than state funds).

Note: An audit conducted in accordance with this part shall cover the entire organization for the organization's fiscal year. Compliance findings related to contracts with the Department of Health shall be based on the contract's requirements, including any applicable rules, regulations, or statutes. The financial statements shall disclose whether the matching requirement was met for each applicable contract. All questioned costs and liabilities due to the Department of Health shall be fully disclosed in the audit report with reference to the Department of Health contract involved. If not otherwise disclosed as required by Florida Administrative Code Rule 69I-5.003, the schedule of expenditures of state financial assistance shall identify expenditures by contract number for each contract with the Department of Health in effect during the audit period.

Financial reporting packages required under this part must be submitted within 45 days after delivery of the audit report, but no later than 9 months after recipient's fiscal year end for local governmental entities. Non-profit or for-profit organizations are required to be submitted within 45 days after delivery of the audit report, but no later than 9 months after recipient's fiscal year end. Notwithstanding the applicability of this portion, the Department of Health retains all right and obligation to monitor and oversee the performance of this contract as outlined throughout this document and pursuant to law.

PART III: OTHER AUDIT REQUIREMENTS

This part is applicable to a contractor, vendor and/or provider organization serving as a third-party administrator on behalf of FDOH programs and is classified or determined in the FDOH contract agreement to be a Service Organization (SO).

If the contracted entity is determined to be a Service Organization (SO), the entity must perform an attestation to the System Organization Controls (SOC) and submit to FDOH a "Statement on Standards for Attestation Engagements (SSAE18) audit report within the assigned timeframe as agreed upon in the SO's contract agreement. The hired Auditor must make an evaluation consistent with the FDOH contract terms and conditions to determine which SSAE18 report types to perform for the required SOC types. Below are the options available for the SSAE18 reports;

TYPES:

1. **SOC 1** – A report on controls over financial reporting.

   - **Type 1 Report** - Report on the fairness of the presentation of management's description of the service organization's system and the suitability of the design of the controls to achieve the related control objectives included in the description as of a specified date.

   - **Type 2 Report** - Report on the fairness of the presentation of management's description of the service organization's system and the suitability of the design and **operating effectiveness** of the controls to achieve the related control objectives included in the description throughout a specified period. (**Auditor conducts testing**)

2. **SOC 2** – A report on controls that may be relevant to security, availability, processing Integrity, confidentiality or privacy. These reports are intended to meet the needs of a broad range of users that need detailed information and assurance about the controls at a service organization relevant to security, availability, and processing integrity of the systems the service organization uses to process users' data and the confidentiality and privacy of the information processed by these systems. These reports can play an important role in:

   - Oversight of the organization
   - Vendor management programs
   - Internal corporate governance and risk management processes
   - Regulatory oversight

   - **Type 1 Report** - Report on the fairness of the presentation of management's description of the service organization's system and the suitability of the design of the controls to achieve the related control objectives included in the description as of a specified date.

   - **Type 2 Report** - Report on the fairness of the presentation of management's description of the service organization's system and the suitability of the design and **operating effectiveness** of the controls to achieve the related control objectives included in the description throughout a specified period. (**Auditor conducts testing**)

PART IV: REPORT SUBMISSION

1. Copies of single audit reporting packages for state financial assistance (CSFA) and federal financial assistance (CFDA) conducted in accordance with **2 CFR § 200.512 and section 215.97(2), Florida Statutes**, shall be submitted by or on behalf of recipient electronically to the Federal and the FDOH Single Audit Clearinghouse website addresses below:

   A. The Department of Health, Single Audit Clearinghouse (SAC) website portal:

      SAC Submission (https://fdohsac.azurewebsites.net/)

      Pursuant to 2 CFR § 200.521, and section 215.97(2), Florida Statutes, recipient shall submit a complete audit report package and any management letter issued by an auditor electronically to the Department.

      Audits must be submitted in accordance with the instructions set forth in Exhibit 3 hereto and accompanied by the "Single Audit Data Collection Form, Exhibit 4." Absent of electronic submission capability or during system maintenance or downtime, prior approval can be obtained to submit report package via email to SingleAudits@flhealth.gov or on an approved electronic storage medium via mail to:

      Florida Department of Health
      Contracts and Grants Management Unit
      Attention: FCAM, Single Audit Review
      4052 Bald Cypress Way, Bin B01
      Tallahassee, FL 32399-1701.

   B. The Federal Audit Clearinghouse (**FAC**), the Internet Data Entry System (IDES) is the place to submit the Federal single audit reporting package, including form SF-SAC, for Federal programs. Single audit submission is required under the Single Audit Act of 1984 (amended in 1996) and 2 CFR § 200.36 and § 200.512. The Federal Audit Clearinghouse requires electronic submissions as the only accepted method for report compliances. FAC's website address is:

      https://harvester.census.gov/facweb/

   C. The Florida Auditor General's Office:

      One electronic copy email by or on behalf of recipient directly to the Auditor General's Office at: flaudgen_localgovt@aud.state.fl.us.

2. In addition to item 1, electronic copies of reporting packages for federal financial assistance (ALN formerly, CFDA) conducted in accordance with **2 CFR § 200.512** shall also be submitted by or on behalf of recipient directly to each funded passed through entity:

   A. When applicable, and/or other Federal agencies in accordance with 2 CFR §200.331 and § 200.517.

3. Copies of SSAE18 reports and supporting documents shall be submitted by or on behalf of SO/Third Party Administrator directly to the FDOH designated Contract Manager (CM) as outlined in each SO contract agreement.

Note: Any reports, management letter, or other information required to be submitted to the Department of Health pursuant to this contract shall be submitted timely in accordance with 2 CFR § 200.512 and Florida Statutes, Chapter 10.550 (local governmental entities) or Chapter 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, as applicable.

Recipients, when submitting financial reporting packages to the Department of Health for audits done in accordance with 2 CFR § 500.512 or Chapter 10.550 (local governmental entities) or Chapter 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, should indicate the date that the reporting package was delivered to recipient in correspondence accompanying the reporting package.

PART V: RECORD RETENTION

Recipient shall retain sufficient records demonstrating its compliance with the terms of this contract for a period of six years from the date the audit report is issued and shall allow the Department of Health or its designee, the CFO, or the Auditor General access to such records upon request. Recipient shall ensure that audit working papers are made available to the Department of Health, or its designee, CFO, or Auditor General upon request for a period of six years from the date the audit report is issued, unless extended in writing by the Department of Health.

End of Text

EXHIBIT 1

Contract #: M2520

Federal Award Identification #:_____

1. FEDERAL RESOURCES AWARDED TO THE SUBRECIPIENT PURSUANT TO THIS AGREEMENT CONSIST OF THE FOLLOWING:

Federal Agency 1_____ ALN# _____Title_____$_____

Federal Agency 2 _____ALN# _____Title_____$_____

TOTAL FEDERAL AWARDS $_____

COMPLIANCE REQUIREMENTS APPLICABLE TO THE FEDERAL RESOURCES AWARDED PURSUANT TO THIS AGREEMENT ARE AS FOLLOWS:

_____

_____

_____

2. STATE RESOURCES AWARDED TO THE RECIPIENT PURSUANT TO THIS AGREEMENT CONSIST OF THE FOLLOWING:

State financial assistance subject to section 215.97, Florida Statutes: CSFA# 64.003 Title EMS Matching Awards

$ 29,754.00

State financial assistance subject to section 215.97, Florida Statutes: CSFA# _____ Title_____

$_____

TOTAL STATE FINANCIAL ASSISTANCE AWARDED PURSUANT TO SECTION 215.97, FLORIDA STATUTES

$_____

COMPLIANCE REQUIREMENTS APPLICABLE TO STATE RESOURCES AWARDED PURSUANT TO THIS AGREEMENT ARE AS FOLLOWS:

_____

_____

_____

State financial assistance not subject (exempt) to section 215.97, Florida Statutes: $ 0

State financial assistance not subject (exempt) to section 215.97, Florida Statutes: $ 0

_____

Matching and Maintenance of Effort *

State Matching resources for federal award(s):

Agency: N/A_____ALN#_____Title_____ $_____

State Maintenance of Effort (MOE) for federal program(s):

Agency: N/A_____ALN#_____Title_____ $_____

***Matching** Resources are subject to Federal single audit and shall be included by recipient when computing the threshold for Federal single audit requirements totals. These amounts shall also be included under notes in the financial audit or footnoted in the Schedule of Expenditures of Federal Awards. **Whereas **MOE** Resources awarded as state financial assistance are subject to Florida single audit and shall be included by recipient when computing the threshold for Florida single audit requirements totals under section 215.97, Florida Statutes and included in the Schedule of Expenditures of State Awards (SESA).

EXHIBIT 2

PART I: AUDIT RELATIONSHIP DETERMINATION

Recipients who receive state or federal resources may or may not be subject to the audit requirements of 2 CFR § 200.500, and/or section 215.97, Florida Statutes, recipients who are determined to be recipients or subrecipients of federal awards and/or state financial assistance may be subject to the audit requirements if the audit threshold requirements set forth in Part I and/or Part II of Exhibit 1 is met. Recipients who have been determined to be vendors are not subject to the audit requirements of 2 CFR § 200.501, and/or section 215.97, Florida Statutes. Recipients who are "higher education entities" as defined in Section 215.97(2)(h), Florida Statutes, and are recipients or subrecipients of state financial assistance, are also exempt from the audit requirements of Section 215.97(2)(a), Florida Statutes. Regardless of whether the audit requirements are met, recipients who have been determined to be recipients or subrecipients of Federal awards and/or state financial assistance must comply with applicable programmatic and fiscal compliance requirements.

For the purpose of single audit compliance requirements, the Recipient has been determined to be:

_____Vendor/Contractor not subject to 2 CFR § 200.501 and/or section 215.97, Florida Statutes
__X__ Recipient/subrecipient subject to 2 CFR § 200.501and/or section 215.97, Florida Statutes
_____ Exempt organization not subject to 2 CFR § 200.501; For Federal awards for-profit subrecipient organizations are exempt as specified in 2 CFR § 200.501(h).
_____ Exempt organization not subject to section 215.97, Florida Statutes, for state financial assistance projects, public universities, community colleges, district school boards, branches of state (Florida) government, and charter schools are exempt. Exempt organizations must comply with all compliance requirements set forth within the contract.

For other audit requirements, the Recipient has been determined to be:

_____ Service Organization (SO) subject to SSAE18 reporting requirements

NOTE: If a recipient is determined to be a recipient/subrecipient of federal and/or state financial assistance and has been approved by the department to subcontract, it must comply with section 215.97(7), Florida Statutes, and Florida Administrative Code Rule 69I-.5006, [state financial assistance] and 2 CFR § 200.330 [federal awards].

PART II: FISCAL COMPLIANCE REQUIREMENTS

FEDERAL AWARDS OR STATE MATCHING FUNDS ON FEDERAL AWARDS. Recipients who receive Federal awards, state maintenance of effort funds, or state matching funds on Federal awards and who are determined to be a subrecipient must comply with the following fiscal laws, rules and regulations:

1. 2 CFR Part 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
2. Reference Guide for State Expenditures
3. Other fiscal requirements set forth in program laws, rules, and regulations.

*Some Federal programs may be exempted from compliance with the Cost Principles Circulars as noted in the 2 CFR § 200.401(5)(c). In all instances, Recipients are required to follow the FDOH agreement terms and conditions, and the Federal passed through agency's grant guidance under **2 CFR, Subtitle B** for additional citations.

STATE FINANCIAL ASSISTANCE. Recipients who receive state financial assistance and who are determined to be a recipient/subrecipient must comply with the following fiscal laws, rules and regulations:

1. Section 215.97, Florida Statutes
2. Florida Administrative Code Chapter 69I-5,
3. State Projects Compliance Supplement
4. Reference Guide for State Expenditures
5. Other fiscal requirements set forth in program laws, rules and regulations.

This document and other FDOH instructions may be obtained online through the FL Health website under Audit Guidance. *Enumeration of laws, rules and regulations herein is not exhaustive or exclusive. Funding to recipients will be held to applicable legal requirements whether or not outlined herein.

End of Text

EXHIBIT 3

INSTRUCTIONS FOR ELECTRONIC SUBMISSION OF SINGLE AUDIT REPORTS

Part I: Submission to FDOH

Single Audit reporting packages ("SARP") must be submitted to the Department in an electronic format. This change will eliminate the need to submit multiple copies of the reporting package to the Contract Managers and various sections within the Department and will result in efficiencies and cost savings to recipient and the Department. Upon receipt, the SARP's will be posted to a secure server and accessible to Department staff.

The electronic copy of the SARP should:

- Be in a Portable Document Format (PDF).
- Include the appropriate letterhead and signatures in the reports and management letters.

  Be a single document. However, if the financial audit is issued separately from the Single Audit reports, the financial audit reporting package may be submitted as a single document and the Single Audit reports may be submitted electronically as a single document to the FDOH SAC website address: fdohsac.azurewebsites.net
- Be an exact copy of the final, signed SARP provided by the Independent Audit firm.
- Not have security settings applied to the electronic file.
- Be named using the following convention under the CPA's issued license number: [fiscal year] [name of the audited entity exactly as stated within the audit report].pdf. For example, if the SARP is for the 2016-17 fiscal year for the City of Gainesville, the document should be entitled 2016 City of Gainesville.pdf.
- Be accompanied by the attached "Single Audit Data Collection Form." This document is necessary to ensure that communications related to SARP issues are directed to the appropriate individual(s) and that compliance with Single Audit requirements is properly captured.

Questions regarding electronic submissions may be submitted via e-mail to SingleAudits@flhealth.gov or by telephone to the Single Audit Review Section at (850) 245-4520.

Part II: Submission to Federal Audit Clearinghouse

Click Here for instructions and guidance to submit the completed SF-SAC report to the Federal Audit Clearinghouse website or click Here to access the SF-SAC Worksheet & Single Audit Component Checklist Form.

Part III: Submission to Florida Auditor General

Click Here for questions and other instructions for submitting Single SAC reports to the State of Florida, Auditor General's Office

EXHIBIT 4

Single Audit Data Collection Form

Part 1: GENERAL INFORMATION

1. Fiscal period ending date for the Single Audit.

Month	Day	Year
/	/	

2. Auditee Identification Number

a. Primary Employer Identification Number (EIN)

__ __ -- __ __ __ __ __ __ __

b. Are multiple EINs covered in this report ☐Yes ☐No

c. If "yes", complete No. 3.

3. ADDITIONAL ENTITIES COVERED IN THIS REPORT

Employer Identification #	Name of Entity
__ __ -- __ __ __ __ __ __ __	
__ __ -- __ __ __ __ __ __ __	
__ __ -- __ __ __ __ __ __ __	
__ __ -- __ __ __ __ __ __ __	

4. AUDITEE INFORMATON

a. **Auditee name:**

Auditee Primary DUNS#:

b. **Auditee address (number and street)**

City

State **Zip Code**

c. **Auditee contact**
Name:

Title:

d. **Auditee contact telephone**
( ) -

e. **Auditee contact FAX**
( ) -

f. **Auditee contact E-mail**

5. PRIMARY AUDITOR INFORMATION

a. **Primary auditor name:**

b. **Primary auditor address (number and street)**

City

State **Zip Code**

c. **Primary auditor contact**
Name:

Title:

d. **Primary auditor contact telephone**
( ) -

e. **Primary auditor E-mail**
( ) -

f. **Audit Firm License Number**

6. AUDITEE CERTIFICATION STATEMENT – This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of 2 CFR § 200. 512 and/or section 215.97, Florida Statutes, for the period described in Item 1; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the aforementioned Circular and/or Statute; (3) the attached audit is a true and accurate copy of the final audit report issued by the auditor for the period described in Item 1; and (4) the information included in this data collection form is accurate and complete. I declare the foregoing is true and correct.

AUDITEE CERTIFICATION Date ____/____/____

Date Audit Received from Auditor: _____/ _____/ _____

Name of Certifying Official: _____
(Please print clearly)

Title of Certifying Official: _____
(Please print clearly)

Signature of Certifying Official: _____

docusign

Certificate Of Completion

Envelope Id: E85D801E-6E4B-47E9-ADE7-40B07703E71F
Status: Sent
Subject: Contract M2520: Is routing for execution
Source Envelope:
Document Pages: 17
Signatures: 0
Envelope Originator:
Certificate Pages: 5
Initials: 0
Galen Johnson
AutoNav: Enabled
galen.johnson@flhealth.gov
EnvelopeId Stamping: Enabled
IP Address: 167.78.4.20
Time Zone: (UTC-05:00) Eastern Time (US & Canada)

Record Tracking

Status: Original
6/24/2025 2:57:12 PM
Holder: Galen Johnson
galen.johnson@flhealth.gov
Location: DocuSign

Signer Events	Signature	Timestamp
Brian Hawkins bhawkins@co.hernando.fl.us Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 7/14/2025 2:58:23 PM ID: 9ad9ee48-d7a7-4c48-82c7-266c78792606		Sent: 6/25/2025 7:52:31 AM Resent: 7/14/2025 2:19:39 PM Viewed: 7/14/2025 2:58:23 PM
Doug Woodlief douglas.woodlief@flhealth.gov Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 7/12/2025 8:12:22 AM ID: 527ac81c-1033-4a26-a38b-dcd6f9ef3202		

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp
Claire Guerriero claire.guerriero@flhealth.gov Operations Review Specialist Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign	VIEWED Using IP Address: 167.78.4.21	Sent: 6/24/2025 3:01:02 PM Viewed: 6/25/2025 7:52:30 AM

Carbon Copy Events	Status	Timestamp
Amy Lefstead amy.lefstead@flhealth.gov Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 6/28/2024 11:06:35 AM ID: 9fa033a1-cb62-410e-b311-1ba025c68af2	COPIED	Sent: 6/24/2025 3:01:02 PM

Carbon Copy Events	Status	Timestamp
Sam Samlal sam.samlal@flhealth.gov Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 7/11/2025 4:01:47 PM ID: 5475f660-0708-436f-a88a-3fcf4a11f482	COPIED	Sent: 6/24/2025 3:01:02 PM

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	6/24/2025 3:01:02 PM

Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Carahsoft OBO Florida Department of Health (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through your DocuSign, Inc. (DocuSign) Express user account. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. For such copies, as long as you are an authorized user of the DocuSign system you will have the ability to download and print any documents we send to you through your DocuSign user account for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a $0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Carahsoft OBO Florida Department of Health:
You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:
To contact us by email send messages to: antonio.dawkins@flhealth.gov

To advise Carahsoft OBO Florida Department of Health of your new e-mail address
To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at antonio.dawkins@flhealth.gov and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..
In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.
To request paper copies from Carahsoft OBO Florida Department of Health
To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to antonio.dawkins@flhealth.gov and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.
To withdraw your consent with Carahsoft OBO Florida Department of Health
To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
ii. send us an e-mail to antonio.dawkins@flhealth.gov and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows2000? or WindowsXP?
Browsers (for SENDERS):	Internet Explorer 6.0? or above
Browsers (for SIGNERS):	Internet Explorer 6.0?, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	•Allow per session cookies •Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection

** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

Acknowledging your access and consent to receive materials electronically
To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.
By checking the 'I Agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document; and

- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and

- Until or unless I notify Carahsoft OBO Florida Department of Health as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by Carahsoft OBO Florida Department of Health during the course of my relationship with you.

RESOLUTION NO.: 2025-_____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY AMENDING THE BUDGET TO REFLECT INCREASED FUNDS OR REVENUES NOT ANTICIPATED IN THE 2025 BUDGET, PURSUANT TO §129.06 OF THE FLORIDA STATUTES, APPROPRIATING AND EXPENDING INCREASED FUNDS AS PROVIDED BY THE AMENDED BUDGET; AND ADDING INCREASED AND UNANTICIPATED REVENUES TO THE PROPER FUND OF THE BUDGET.

WHEREAS, Hernando County is in receipt of funds not anticipated when the budget for the 2025 Fiscal Year was adopted; and,

WHEREAS, pursuant to §129.06 of the Florida Statutes, the budget for Fiscal Year 2025 must be amended to account for these unanticipated increased revenues; and,

WHEREAS, the total 2025 Fiscal Year Adopted Budget will be adjusted in the amount set forth below and the total estimated receipts, including balances brought forward, shall equal the total of the appropriations and reserves.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, AS FOLLOWS:

REVENUES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
1691-32201-3342201	ST GRANT-EMS MATCHING	0	29,754	29,754
1691-32201-3999078	TRANSF/GRANT MATCH	0	9,918	9,918
		0	39,672	39,672

EXPENSES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
1691-32201-5305201	OPERATING SUPPLIES	0	2,196	2,196
1691-32201-5606401	EQUIPMENT >$5K	0	37,476	37,476
		0	39,672	39,672
1691-02491-5606401	EQUIPMENT >$5K	728,042	-9,918	718,124
1691-02491-5999078	TRNSF-GRANT MATCH	6,819	9,918	16,737
		734,861	0	734,861

ADOPTED this 22nd day of July, 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

Attest: _____
DOUGLAS A. CHORVAT, JR.
Clerk of Circuit Court & Comptroller

By: _____
Brian Hawkins
Chairperson

**** Reference: Legistar # / Mtg Date. LS 15900 / 7.22.25**

Office of Management and Budget use only:

Fund Number:1691 Department 32201 / 02491 Approved by: AG Date: 7/16/25 BR2025-042

Revised 9/30/24
No.

SELECTION CRITERIA: expledgr.key_orgn='32201'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1691 HC FIRE RESCUE - RESCUE
DEPARTMENT-32201 HCFR-EMS MATCH GRT 64.003
1ST SUBTOTAL-530 * OPERATING EXPENSES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5304603	REPAIR/MAINT-EQUIPMENT	.00	.00	.00	.00	.00	.00
5304606	REPAIR/MAINT-SOFTWARE	.00	.00	.00	.00	.00	.00
5305201	OPERATING SUPPLIES	.00	.00	.00	.00	.00	.00
	TOTAL * OPERATING EXPENSES	.00	.00	.00	.00	.00	.00
1ST SUBTOTAL-560 * CAPITAL OUTLAY							
5606401	EQUIPMENT $5,000 OR MORE	.00	.00	.00	.00	.00	.00
	TOTAL * CAPITAL OUTLAY	.00	.00	.00	.00	.00	.00
	TOTAL HCFR-EMS MATCH GRT 64.0	.00	.00	.00	.00	.00	.00
	TOTAL HC FIRE RESCUE - RESCUE	.00	.00	.00	.00	.00	.00
TOTAL REPORT		.00	.00	.00	.00	.00	.00

SELECTION CRITERIA: expledgr.key_orgn='02491'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1691 HC FIRE RESCUE - RESCUE
DEPARTMENT-02491 HC FIRE RESCUE - RESCUE
1ST SUBTOTAL-510 * PERSONAL SERVICES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5101200	SALARIES & WAGES-REGULAR	10,059,015.00	369,626.19	.00	7,018,903.87	3,040,111.13	69.78
5101212	SALARY-MARKET ADJUSTMENT	73,690.00	.00	.00	.00	73,690.00	.00
5101400	SALARIES & WAGES-OVERTIM	575,000.00	27,972.15	.00	379,229.91	195,770.09	65.95
5101501	SPECIAL PAY-STIPENDS	800.00	20.00	.00	358.00	442.00	44.75
5102100	FICA TAXES-MATCHING	813,502.00	29,548.12	.00	550,114.06	263,387.94	67.62
5102200	RETIREMENT CONTRIBUTIONS	3,434,142.00	132,056.11	.00	2,308,079.44	1,126,062.56	67.21
5102300	LIFE & HEALTH INSURANCE	3,164,392.00	94,410.20	.00	1,697,718.35	1,466,673.65	53.65
5102400	WORKERS COMP PREMIUMS	459,937.00	16,885.70	.00	313,931.91	146,005.09	68.26
	TOTAL * PERSONAL SERVICES	18,580,478.00	670,518.47	.00	12,268,335.54	6,312,142.46	66.03
1ST SUBTOTAL-530 * OPERATING EXPENSES							
5303101	PROFESSIONAL SERVICES	145,230.00	1,037.50	29,163.43	67,277.09	48,789.48	66.41
5303115	PROF SRV-MEDICAL DIRECTO	69,950.00	.00	23,316.64	46,633.28	.08	100.00
5303401	CONTRACTED SERVICES	31,215.00	.00	18,656.20	7,897.77	4,661.03	85.07
5303410	CONTR SRV-JANITORIAL/PES	4,800.00	266.14	831.72	2,628.15	1,340.13	72.08
5303413	CONTR SRV-MOWING	16,700.00	2,212.50	6,887.50	8,605.94	1,206.56	92.78
5303425	CONTR SRV-BILLING SRVCS	761,292.00	.00	.00	345,837.88	415,454.12	45.43
5303431	CONTR SRV-H H W DISPOSAL	900.00	.00	.00	488.69	411.31	54.30
5303449	CONTR SVC-OTH LIC/FEES	15,290.00	.00	.00	.00	15,290.00	.00
5303460	CONTR SRV-DISPATCHING	610,009.00	.00	.00	.00	610,009.00	.00
5303465	CONTR SRV-EMPL PHYSICALS	74,250.00	.00	.00	.00	74,250.00	.00
5304001	TRAVEL & PER DIEM	11,315.00	.00	.00	6,660.44	4,654.56	58.86
5304004	TRAVEL & PER DIEM-CLASS	1,000.00	.00	.00	.00	1,000.00	.00
5304101	COMM SVC,DEVICES,ACCESSR	69,056.00	453.39	.00	41,489.81	27,566.19	60.08
5304205	POSTAGE AND FREIGHT	7,700.00	.00	.00	2,726.90	4,973.10	35.41
5304302	UTILITY SRV-ELECTRIC	70,441.00	8,542.95	.00	54,495.75	15,945.25	77.36
5304303	UTILITY SRV-WTR,SWR,LPGA	19,450.00	867.58	.00	15,595.16	3,854.84	80.18
5304304	UTILITY SRV-TRASH REMOVA	15,016.00	47.22	4,041.08	10,464.12	510.80	96.60
5304401	RENTAL/LEASE-EQUIPMENT	28,010.00	125.57	313.92	23,168.61	4,527.47	83.84
5304405	RENTAL/LEASE-BUILDINGS	600.00	.00	.00	516.66	83.34	86.11
5304501	INSURANCE & BONDS-PREMIU	468,300.00	.00	.00	375,526.92	92,773.08	80.19
5304601	REPAIR/MAINT-BLDG & GRD	880,072.00	21,330.95	116,035.11	457,755.03	306,281.86	65.20
5304602	REPAIR/MAINT-VEHICLES	820,979.00	.00	.00	466,507.49	354,471.51	56.82
5304603	REPAIR/MAINT-EQUIPMENT	205,348.00	.00	4,800.00	114,817.15	85,730.85	58.25
5304604	REPAIR/MAINT-OFFICE EQUI	350.00	.00	.00	.00	350.00	.00
5304605	REPAIR/MAINT-DP EQUIPMEN	3,870.00	.00	.00	312.76	3,557.24	8.08
5304606	REPAIR/MAINT-SOFTWARE	116,341.00	.00	.00	30,778.29	85,562.71	26.46
5304609	REPAIR/MAINT-RADIO COSTS	73,500.00	.00	.00	73,021.00	479.00	99.35
5304701	PRINTING & BINDING	2,600.00	.00	.00	79.00	2,521.00	3.04
5304801	PROMOTIONAL ACTIVITIES	11,500.00	.00	.00	10,424.27	1,075.73	90.65
5304901	ADVERTISING-LEGAL	100.00	.00	.00	129.34	-29.34	129.34
5304922	FEES/COSTS-OTHER	1,375.00	.00	.00	.00	1,375.00	.00
5304923	FEES/COSTS-FILING FEES	1,375.00	.00	.00	60.91	1,314.09	4.43
5304933	FEES/COSTS-CST ALLO PLN	569,274.00	.00	.00	569,274.00	.00	100.00
5304936	FEES/COSTS-TC COMMISSN	277,280.00	.00	.00	290,142.86	-12,862.86	104.64
5304940	FEES/COSTS-PROP APPRSR	271,280.00	.00	.00	217,784.00	53,496.00	80.28

SELECTION CRITERIA: expledgr.key_orgn='02491'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1691 HC FIRE RESCUE - RESCUE
DEPARTMENT-02491 HC FIRE RESCUE - RESCUE
1ST SUBTOTAL-530 * OPERATING EXPENSES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5304953	FEES/COSTS-FLT GPS TRCKN	4,500.00	.00	.00	4,470.00	30.00	99.33
5304955	FEES/COSTS-FLT CAP RECV	3,125,891.00	.00	.00	2,828,122.02	297,768.98	90.47
5304956	FEES/COSTS-FLT FCLTY AL	5,600.00	.00	.00	2,452.86	3,147.14	43.80
5304957	FEES/COSTS-FLEET/ADMIN	13,920.00	.00	.00	12,751.37	1,168.63	91.60
5304959	FEES/COSTS-BANK CHARGES	12,000.00	.00	.00	.00	12,000.00	.00
5304965	FEES / COSTS-NEW HIRES	19,000.00	.00	.00	2,736.47	16,263.53	14.40
5305101	OFFICE SUPPLIES	12,000.00	122.25	1,297.85	3,564.48	7,137.67	40.52
5305201	OPERATING SUPPLIES	167,547.00	6,670.00	10,867.09	117,237.38	39,442.53	76.46
5305202	GAS, OIL & LUBRICANTS	804,940.00	31,143.98	.00	293,920.76	511,019.24	36.51
5305205	CLOTHING & UNIFORM APPRL	109,620.00	3,351.26	6,681.29	81,916.24	21,022.47	80.82
5305206	TOOLS & SMALL IMPLEMENTS	20,000.00	.00	.00	13,265.74	6,734.26	66.33
5305207	SAFETY GEAR AND SUPPLIES	15,250.00	3,827.93	.00	6,372.42	8,877.58	41.79
5305219	OPER SUPP-HCFR-HAZMAT	4,000.00	.00	.00	.00	4,000.00	.00
5305221	OPER SUPP-CMPTR SOFTWARE	24,559.00	.00	.00	9,093.03	15,465.97	37.03
5305222	OPER SUPP-CMPTR HARDWARE	6,200.00	.00	.00	1,301.54	4,898.46	20.99
5305225	OPER SUPP-MEDICAL SUPL'S	810,750.00	38,815.85	159,857.14	559,631.43	91,261.43	88.74
5305264	UNCAPITALIZED EQUIPMENT	430,970.00	.00	18,479.89	180,845.51	231,644.60	46.25
5305274	UNCAP EQUIP-TECH	52,000.00	.00	.00	1,901.13	50,098.87	3.66
5305401	BOOKS/PUBLICATIONS/SUBSC	1,184.00	.00	.00	187.04	996.96	15.80
5305402	DUES AND MEMBERSHIPS	1,020.00	.00	.00	45.00	975.00	4.41
5305420	SUBSCRIPTIONS-ELECTRONIC	37,727.00	.00	.00	37,636.50	90.50	99.76
5305506	EDUC-TRAINING & TUITION	66,975.00	.00	.00	29,547.76	37,427.24	44.12
5305510	EDUC-TUITION REIMBURSEMN	30,000.00	.00	.00	2,968.65	27,031.35	9.90
TOTAL *	OPERATING EXPENSES	11,431,421.00	118,815.07	401,228.86	7,431,066.60	3,599,125.54	68.52
1ST SUBTOTAL-560 *	CAPITAL OUTLAY						
5606101	LAND ACQUISITION	2,900,000.00	.00	.00	2,400,000.00	500,000.00	82.76
5606233	BLDGS-HCFRD	29,735.00	.00	25.50	29,709.00	.50	100.00
5606359	IMPROV-HCFRD	21,528.00	.00	.00	21,527.98	.02	100.00
5606401	EQUIPMENT $5,000 OR MORE	728,042.00	.00	.00	626,221.58	101,820.42	86.01
TOTAL *	CAPITAL OUTLAY	3,679,305.00	.00	25.50	3,077,458.56	601,820.94	83.64
1ST SUBTOTAL-570 *	DEBT SERVICE						
5707117	PRINCIPAL-LOC	40,213.00	.00	.00	.00	40,213.00	.00
5707201	INTEREST-BONDS	134,843.00	.00	.00	.00	134,843.00	.00
5707217	INTEREST-LOC	15,053.00	.00	.00	14,973.65	79.35	99.47
TOTAL *	DEBT SERVICE	190,109.00	.00	.00	14,973.65	175,135.35	7.88
1ST SUBTOTAL-580 *	GRANTS & AID						
5808101	AID TO GOVT AGENCIES	12,918.00	.00	.00	12,917.97	.03	100.00
TOTAL *	GRANTS & AID	12,918.00	.00	.00	12,917.97	.03	100.00
1ST SUBTOTAL-590 *	NON-OPERATING EXPENSES						
5909501	AMORTIZATION-BOND ISS CS	23,896.00	.00	.00	.00	23,896.00	.00
5909910	BUDGET RES FOR CONTINGNC	7,170,326.00	.00	.00	.00	7,170,326.00	.00
5909917	BUDGET RES-CAPITAL PROJC	7,322,954.00	.00	.00	.00	7,322,954.00	.00

SELECTION CRITERIA: expledgr.key_orgn='02491'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1691 HC FIRE RESCUE - RESCUE
DEPARTMENT-02491 HC FIRE RESCUE - RESCUE
1ST SUBTOTAL-590 * NON-OPERATING EXPENSES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
	TOTAL * NON-OPERATING EXPENSE	14,517,176.00	.00	.00	.00	14,517,176.00	.00
1ST SUBTOTAL-591	*TRANSFERS TO OTHER FUNDS						
5910011	TRNSF-GENERAL FUND (0011	197,500.00	.00	.00	.00	197,500.00	.00
5916610	TRNSF-HC CONS FIRE (1661	223,646.00	.00	.00	.00	223,646.00	.00
5920830	TRNSF-NON-ADVAL REV S202	134,843.00	.00	.00	.00	134,843.00	.00
5951210	TRNSF-HLTH SELF INS(5121	220,352.00	.00	.00	.00	220,352.00	.00
	TOTAL *TRANSFERS TO OTHER FUN	776,341.00	.00	.00	.00	776,341.00	.00
1ST SUBTOTAL-599	TRNSF-TO/FROM SAME FUND						
5999078	TRNSF-GRANT MATCH	6,819.00	.00	.00	.00	6,819.00	.00
	TOTAL TRNSF-TO/FROM SAME FUND	6,819.00	.00	.00	.00	6,819.00	.00
	TOTAL HC FIRE RESCUE - RESCUE	49,194,567.00	789,333.54	401,254.36	22,804,752.32	25,988,560.32	47.17
	TOTAL HC FIRE RESCUE - RESCUE	49,194,567.00	789,333.54	401,254.36	22,804,752.32	25,988,560.32	47.17
TOTAL REPORT		49,194,567.00	789,333.54	401,254.36	22,804,752.32	25,988,560.32	47.17

SUNGARD PENTAMATION
DATE: 07/15/2025
TIME: 08:56:17

HERNANDO CO BOARD OF CO COMMISSIONERS
REVENUE STATUS REPORT

PAGE NUMBER: 1
REVSTA11

SELECTION CRITERIA: revledgr.key_orgn='32201'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1691 HC FIRE RESCUE - RESCUE
DEPARTMENT-32201 HCFR-EMS MATCH GRT 64.003
1ST SUBTOTAL-33 * INTERGOVERNMENTAL REV

ACCOUNT - - - - - TITLE - - - - -	BUDGET	PERIOD RECEIPTS	RECEIVABLES	YEAR TO DATE RECEIPTS	AVAILABLE BALANCE	YTD/ BUD
3342201 ST GRANT-EMS MATCH 64.00	.00	.00	.00	.00	.00	.00
TOTAL * INTERGOVERNMENTAL REV	.00	.00	.00	.00	.00	.00
1ST SUBTOTAL-361 * MISC REV-INTEREST						
3611500 INTEREST-INVESTMENTS	.00	.00	.00	.00	.00	.00
TOTAL * MISC REV-INTEREST	.00	.00	.00	.00	.00	.00
1ST SUBTOTAL-399 TRNSF-TO/FROM SAME FUND						
3999078 TRANSFER/GRANT MATCH	.00	.00	.00	.00	.00	.00
TOTAL TRNSF-TO/FROM SAME FUND	.00	.00	.00	.00	.00	.00
TOTAL HCFR-EMS MATCH GRT 64.0	.00	.00	.00	.00	.00	.00
TOTAL HC FIRE RESCUE - RESCUE	.00	.00	.00	.00	.00	.00
TOTAL REPORT	.00	.00	.00	.00	.00	.00

MEMORANDUM OF AGREEMENT
BETWEEN
The FLORIDA DEPARTMENT OF HEALTH
And
Hernando County

This Memorandum of Agreement "Agreement" for the Emergency Medical Services Matching Grant, is entered into between the Florida Department of Health "Department", and Hernando County "Grantee", each a "Party" and jointly referred to as the "Parties". In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

SECTION I: DEFINITIONS

A. Definition of Terms:

1) Quarter: A three-month period of the executed agreement. The quarters for this Agreement are July through September (Quarter One); October through December (Quarter Two); January through March (Quarter Three); and April through June (Quarter Four).

38) Emergency Medical Services (EMS): A system that responds to emergencies in need of highly skilled pre-hospital clinicians.

39) Emergency Medical Services Matching Grant: Grant funds available to local agencies, municipalities, emergency medical services organizations, and youth athletic organizations for the purpose of conducting research, increasing existing levels of emergency medical services, evaluation, community education, injury prevention programs, and training in cardiopulmonary resuscitation and other lifesaving and first aid techniques that are contingent upon the recipient providing a matching cash sum.

40) Grantee: A local agency, municipality, EMS organization, or youth athletic organization for which the Department has approved an application for an Emergency Medical Services Matching Grant.

SECTION II: GENERAL TERMS AND CONDITIONS

A. General Statement: The Grantee will receive $29,754.00, the grantee will be required to match at either 10% or 25%, $9,918.00, for a total project amount of $39,672.00 from General Appropriation 515 of the 2024-2025 Appropriations Act Laws of Florida," Grants and Aids – Emergency Medical Services Matching Grants from Emergency Medical Services Trust Fund."

B. Legal Authority: This Agreement is made pursuant to the Specific Appropriation Line item 515, 2024-2025 Appropriations Act and Section 401.111, Florida Statutes.

C. Entire Agreement: This Agreement embodies the entire Agreement and understanding between the Parties, on the subject hereof.

D. Term: The term of this Agreement is upon completion of the approved Project, or one calendar year from the date of execution, whichever is earlier.

SECTION III: PROPERTY AND EQUIPMENT

A. Property and equipment are defined as non-expendable, tangible property having a useful life of more than one year with a cost of $5,000.00 or more.

1. All property and equipment purchased with Emergency Medical Services Matching Grant funds must be:

a. Necessary to carry out the approved project;

b. Justified and pre-approved by the Department;

c. Inventoried and tracked throughout the grant period; and

d. Protected with sufficient insurance and security safeguards.

B. All approved property and equipment must be purchased and received prior to the last three months of the grant period unless prior written approval from the Department has been obtained.

C. All equipment purchased with grant funds is the property of the grantee, and is subject to Chapter 273, Florida Statutes, dealing with state-owned tangible personal property and the disposition thereof. For research institutions not covered under Chapter 1000, Florida Statutes, equipment no longer deemed to be useful will remain state property and must be transferred or donated to a state agency or public university for redistribution or disposition.

SECTION IV: SERVICES TO BE PROVIDED

A. Task List: Grantee will perform the following tasks:

1) Ensure the following tasks are performed as needed:

a. Grantee must complete the project as specified in the Department approved Emergency Medical Services Matching Grant Program application (Attachment A hereinafter referred to as the "Project").

b. Grantee will obtain all supplies, services, and labor for use in the performance of this MOA at the lowest practicable cost and by means of competitive bidding wherever practicable or required by Florida law.

c. Provide a quarterly report to the Department outlining all items that were purchased during the quarter, as well as any remaining items to be purchased during the contract term.

SECTION V: DELIVERABLES AND METHOD OF PAYMENT

A. Deliverables: Grantee must complete and submit the following deliverable in the time and manner specified:

1) Quarterly: The Grantee must provide a quarterly report, reflecting all purchases made in accordance with the approved Attachment A, to the Department demonstrating progress toward completion of the Project as specified in the Department approved Attachment A.

B. Method of Payment:

1) Payment: This is a 100% advance payment.

2) Reporting Requirements: Grantee must submit a properly completed quarterly report to the Agreement Manager within 15 days of the end of each quarter. At a minimum, each report must be submitted on Grantee's letterhead, provide the invoice date, and all activities completed during the invoice period. On a separate page, the Grantee must provide the following:

a) Beginning budget amount;

b) Amount spent year to date;

c) Amount remaining in budget;

d) Statement certifying the accuracy of the invoice; and

e) Signature of an individual with the authority to bind the Grantee.

C. Special Provisions:

1) Allowable Costs: The Grantee may expend funds only for allowable costs resulting from obligations incurred during the Agreement term. Allowable costs are those that are related to the approved Attachment A.

2) Return of Funds: Any balance of unobligated funds advanced or paid, or funds that were not expended in accordance with the Attachment A, must be refunded to the Department within three months of the grant end date.

3) Monitoring: The Grantee must permit persons duly authorized by the Department to inspect any records, papers, documents, facilities, or goods and services of the Grantee that are relevant to this grant, and interview any clients, sub-contractors, and employees of the Grantee to assure the Department of satisfactory performance of the Terms and Conditions of this grant. Monitoring may take place at any time during the grant period or records retention period, with reasonable advance notice, during normal business hours. Following such evaluation, the Department may deliver to Grantee a written report of its findings and may include written recommendations with regard to Grantee's performance of the Terms and Conditions of this grant. Grantee will correct all noted deficiencies identified by the Department within the specified period of time set forth in the recommendations. Grantee's failure to correct noted deficiencies

may, at the sole and exclusive discretion of the Department, result in any one or a combination of the following: 1) Grantee being deemed in breach or default of this Agreement; 2) the termination of this grant.

4) Duties of Designated Grant Manager: The Grant Manager designated by the Department shall reconcile and verify all funds received against all funds expended during the term of this Agreement period and produce a final reconciliation report. The final report for this project must identify any funds paid in excess of the expenditures incurred by the Grantee or Sub-recipient.

5) Sovereign Immunity: Pursuant to section 768.28, Florida Statutes, the Department is immune from civil or criminal liability resulting from acts or omissions of the Grantee and the Grantee's agents, employees, or assigns.

6) Governing Law and Venue: This Agreement is executed and entered into in the State of Florida and will be construed and performed under the laws, rules, and regulations of the State of Florida. Venue must be in Leon County, Florida to the exclusion of all other jurisdictions.

7) Indemnification: Grantee will be liable for, and indemnify, defend, and hold the Department harmless from and against all claims, demands, suits, judgments, or damages, including, but not limited to, court costs and attorneys' fees and damages resulting from personal injury, including death or damage to property, arising out of the negligence, intentional or unintentional acts or omissions of the Grantee, and the Grantee's agents, assignees, sub-contractors, and employees, that may arise during the course of the operation of this Agreement, or that arise out of or relating to the subject property, the Project, or the use of grant money.

8) Modification: This Agreement may only be amended in writing and upon mutual agreement by the Parties.

9) Termination:

a) Termination Because of Lack of Funds: It is agreed that in the event funds to finance this Agreement, or part of this Agreement, become unavailable, the obligations of each Party, hereunder may be terminated upon no less than 24 hours' notice in writing to the other Party. Said notice will be delivered by certified mail, return receipt requested, or in person with proof of delivery. The Department will be the final authority as to the availability of state funds, and how any remaining funds will be allocated among Grantees.

b) Termination for Breach: Unless the Grantee's breach is excused by the Department, the Department may provide written notice to the Grantee specifically setting forth the breach and allow a 30-calendar day period whereby the Grantee may cure any such breach. The Department may terminate any part or the whole of this Agreement in any of the following circumstances:

i. If Grantee fails to provide services called for by this Agreement within the time specified herein or any extension thereof.

ii. If Grantee fails to perform any of the other provisions of this Agreement.

iii. Except as set forth above, termination will be upon no less than 24 hours' notice in writing delivered by certified mail, return receipt requested, or in person with proof of delivery.

c) All provisions of this Agreement that were not terminated, amended, or modified will remain in full effect and Grantee will continue performance under any remaining provisions.

d) After receipt of a notice of termination, and except as otherwise directed in writing, the Grantee will:

i. Stop work under this Agreement on the date and to the extent specified in the notice of termination and take any other actions as directed in writing from the Department.

ii. Place no further orders or contracts for materials, services, or facilities except as may be necessary for completion of such portion of work under the Agreement as is not terminated.

iii. Terminate all outstanding orders and contracts to the extent that they relate to the performance of work under this Agreement.

iv. Prepare all necessary reports and documents required under the terms of this Agreement. Documents must be prepared up to the date of termination and include the final report due upon completion of this Agreement. The Department will provide no additional funds for administrative fees or for the completion of final reports after the date of termination.

v. Notwithstanding anything to the contrary set forth herein, upon termination of this Agreement, the Grantee may continue work on the Project that is the subject of this MOA so long as such work is funded by sources other than the Department.

10) Notice: Any notices given by either party to the other party under this Agreement will be in writing and sent either: via email to the designated email address, by overnight courier, with a verified receipt; or by registered or certified United States Mail, postage prepaid. Either party's specified point of contacts may be changed by notifying the other party a minimum of one week prior to such change. Notice will be deemed sufficiently given upon receipt at the following addresses:

Department: Doug Woodlief,
Director, Division of Emergency Preparedness and Community Support
4052 Bald Cypress Way, Bin A-26
Tallahassee, FL 32399
Doug.Woodlief@flhealth.gov

Grantee: Brian Hawkins, Chairman
15470 Flight Path Drive
Brooksville, FL 34604
bhawkins@co.hernando.fl.us

11) Cooperation with Inspectors General: To the extent applicable, the Parties will cooperate with the inspector general in any investigation, audit, inspection, review, or hearing pursuant to section 20.055(5), Florida Statutes.

12) Public Records: The Grantee must keep and maintain public records, as defined in Chapter 119, Florida Statutes that are required by the Department to perform the services required by the grant. Questions regarding the application of Chapter 119, Florida Statutes, and its duty to provide public records relating to this Agreement, contact the custodian of public records at (850) 245-4005, PublicRecordsRequest@flhealth.gov or 4052 Bald Cypress Way, Bin A02, Tallahassee, FL 32399.

13) Prohibition on Use of Funds for DEI: Prohibition on Use of Funds for DEI: No state funding under this Agreement may be used for promoting, advocating for, or providing training or education on "Diversity, Equity, and Inclusion" ("DEI"). DEI is any program, activity, or policy that classifies individuals on the basis of race, color, sex, national origin, gender identity, or sexual orientation and promotes differential or preferential treatment of individuals on the basis of such classification or promotes the position that a group or an individual's action is inherently, unconsciously, or implicitly biased on the basis of such classification.

SECTION V: AUTHORIZATION

IN WITNESS THEREOF, the Parties hereto have caused this 16-page Agreement to be executed by their undersigned, duly authorized, officials:

Grantee: Hernando County

_____ Date: 8-12-2025

Name: Brian Hawkins
Title: Chairman

Florida Department of Health

_____ Date: _____

Name: Doug Woodlief
Title: Director, Division of Emergency Preparedness and Community Support

Approved as to form
and legal sufficiency
By: _____
County Attorney's Office

ATTACHMENT __1__

AUDIT REQUIREMENTS FOR AWARDS OF STATE AND FEDERAL FINANCIAL ASSISTANCE

The administration of resources awarded by the Department of Health to recipient organization may be federal or state financial assistance as defined by 2 CFR § 200.40 and/or section 215.97, Florida Statutes, and may be subject to audits and/or monitoring by the Department of Health, as described in this section. For this agreement, the Department of Health has determined the following relationship exist:

1. _____ **Vendor/Contractor (215.97(z), F.S.) and (2 CFR § 200.23)**. Funds used for goods and services for the Department of Health's own use and creates a procurement relationship with Recipient which is not subject to single audit act compliance requirements for the Federal/State program as a result of this contract agreement.

   A vendor/contractor agreement may also be used with an established Service Organization (SO) that is serving as a Third-Party Administrator and in this case, is subject to SSAE18 audit reporting requirements (see Part III. Other Audit Requirements).

2. __X__ **Recipient/Subrecipient of state financial assistance (215.97(o)(y), F.S.)**. Funds may be expended only for allowable costs resulting from obligations incurred during the specified contract period. In addition, any balance of unobligated funds which has been advanced or paid must be refunded to the Department of Health as the state awarding agency. As well as funds paid in excess of the amount to which the recipient/subrecipient is entitled under the terms and conditions of the contract must be refunded to the Department of Health.

3. _____ **Recipient/Subrecipient of federal financial assistance (2 CFR § 200.40)** . Funds paid in excess of the amount to which the recipient/subrecipient is entitled under the terms and conditions of the contract must be refunded to the Department of Health as the Pass-Through state awarding agency. In addition, the recipient/subrecipient may not earn or keep any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the Federal award or this agreement.

Note: A vendor/contractor vs. recipient/subrecipient determination must conclude with the completion of **Exhibit 2** to identify the recipient's audit's relationship with the department.

MONITORING

In addition to reviews of audits conducted in accordance with 2 CFR Part 200, Subpart F (formerly A-133) - Audit Requirements, and section 215.97, Florida Statutes (F.S.), as revised (see AUDITS below), monitoring procedures may include, but not be limited to, on-site visits by Department of Health staff, limited scope audits as defined by 2 CFR §200.425, or other procedures. By entering into this agreement, the recipient agrees to comply and cooperate with any monitoring procedures or processes deemed appropriate by the Department of Health. In the event the Department of Health determines that a limited scope audit of the recipient is appropriate, the recipient agrees to comply with any additional instructions provided by Department of Health staff to the recipient regarding such audit. The recipient further agrees to comply and cooperate with any inspections, reviews, investigations, or audits deemed necessary by the Chief Financial Officer (CFO) or Auditor General.

AUDIT GUIDANCE

PART I: FEDERALLY FUNDED

This part is applicable if Recipient is a State or local government or a non-profit organization as defined in 2 CFR §200.90, §200.64, and §200.70.

1. If a recipient expends $1,000,000 or more in Federal awards during its fiscal year, the recipient must have a single or program-specific audit conducted in accordance with the provisions of 2 CFR 200, Subpart F - Audit Requirements. **EXHIBIT 1** to this form lists the federal resources awarded through the Department of Health by this agreement. In determining the federal awards expended in its fiscal year, the recipient shall consider all sources of federal awards, including federal resources received from the Department of Health. The determination of amounts of federal awards expended should be in accordance with the guidelines established in 2 CFR §§200.502-503. An audit of the recipient conducted by the Auditor General in accordance with the provisions of 2 CFR §200.514 will meet the requirements of this Part.

2. In connection with the audit requirements addressed in Part I, paragraph 1, Recipient shall fulfill the requirements relative to auditee responsibilities as provided in 2 CFR §§ 200.508-.512.

3. If a recipient expends less than $1,000,000 in Federal awards in its fiscal year, the recipient is not required to have an audit conducted in accordance with the provisions of 2 CFR 200, Subpart F - Audit Requirements. If the recipient expends less than $1,000,000 in federal awards in its fiscal year and elects to have an audit conducted in accordance with the provisions of 2 CFR 200, Subpart F - Audit Requirements, the cost of the audit must be paid from non-federal resources (i.e., the cost of such an audit must be paid from recipient resources obtained from other than federal entities).

Note: Audits conducted in accordance with this part shall cover the entire organization for the organization's fiscal year. Compliance findings related to contracts with the Department of Health shall be based on the contract agreement's requirements, including any rules, regulations, or statutes referenced in the contract. The financial statements shall disclose whether the matching requirement was met for each applicable contract. All questioned costs and liabilities due to the Department of Health shall be fully disclosed in the audit report with reference to the Department of Health contract involved. If not otherwise disclosed as required by 2 CFR § 200.510, the schedule of expenditures of Federal awards shall identify expenditures by funding source and contract number for each contract with the Department of Health in effect during the audit period.

Financial reporting packages required under this part must be submitted within the earlier of 30 days after receipt of the audit report or 9 months after the end of Recipient's fiscal year end.

PART II: STATE FUNDED

This part is applicable if the recipient is a nonstate entity as defined by section 215.97(1)(n), Florida Statutes.

1. If a recipient expends a total amount of state financial assistance equal to or in excess of $750,000 in any fiscal year of such recipient (for fiscal years ending June 30, 2017 or thereafter), recipient must have a State single or project-specific audit for such fiscal year in accordance with section 215.97, Florida Statutes; applicable rules of the Department of Financial Services; Chapter 10.550 (local governmental entities) or Chapter 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General. **EXHIBIT I** to this contract indicates state financial assistance awarded through the Department of Health by this contract. In determining the state financial assistance expended in its fiscal year, recipient shall consider all sources of state financial assistance, including state financial assistance received from the Department of Health, other state agencies, and other nonstate entities. State financial assistance does not include Federal direct or pass-through awards and resources received by a nonstate entity for Federal program matching requirements.

2. In connection with the audit requirements addressed in Part II, paragraph 1, recipient shall ensure that the audit complies with the requirements of section 215.97(8), Florida Statutes. This includes submission of a financial reporting package as defined by section 215.97(2), Florida Statutes, and Chapter 10.550 (local governmental entities) or Chapter 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General.

3. If a recipient expends less than $750,000 in state financial assistance in its fiscal year (for fiscal years ending June 30, ,2017 or thereafter), an audit conducted in accordance with the provisions of section 215.97, Florida Statutes, is not required. In the event that a recipient expends less than $750,000 in state financial assistance in its fiscal year and elects to have an audit conducted in accordance with the provisions of section 215.97, Florida Statutes, the cost of the audit must be paid from the nonstate entity's resources (i.e., the cost of such an audit must be paid from recipient resources obtained from other than state funds).

Note: An audit conducted in accordance with this part shall cover the entire organization for the organization's fiscal year. Compliance findings related to contracts with the Department of Health shall be based on the contract's requirements, including any applicable rules, regulations, or statutes. The financial statements shall disclose whether the matching requirement was met for each applicable contract. All questioned costs and liabilities due to the Department of Health shall be fully disclosed in the audit report with reference to the Department of Health contract involved. If not otherwise disclosed as required by Florida Administrative Code Rule 69I-5.003, the schedule of expenditures of state financial assistance shall identify expenditures by contract number for each contract with the Department of Health in effect during the audit period.

Financial reporting packages required under this part must be submitted within 45 days after delivery of the audit report, but no later than 9 months after recipient's fiscal year end for local governmental entities. Non-profit or for-profit organizations are required to be submitted within 45 days after delivery of the audit report, but no later than 9 months after recipient's fiscal year end. Notwithstanding the applicability of this portion, the Department of Health retains all right and obligation to monitor and oversee the performance of this contract as outlined throughout this document and pursuant to law.

PART III: OTHER AUDIT REQUIREMENTS

This part is applicable to a contractor, vendor and/or provider organization serving as a third-party administrator on behalf of FDOH programs and is classified or determined in the FDOH contract agreement to be a Service Organization (SO).

If the contracted entity is determined to be a Service Organization (SO), the entity must perform an attestation to the System Organization Controls (SOC) and submit to FDOH a "Statement on Standards for Attestation Engagements (SSAE18) audit report within the assigned timeframe as agreed upon in the SO's contract agreement. The hired Auditor must make an evaluation consistent with the FDOH contract terms and conditions to determine which SSAE18 report types to perform for the required SOC types. Below are the options available for the SSAE18 reports;

TYPES:

1. **SOC 1** – A report on controls over financial reporting.

   - **Type 1 Report** - Report on the fairness of the presentation of management's description of the service organization's system and the suitability of the design of the controls to achieve the related control objectives included in the description as of a specified date.

   - **Type 2 Report** - Report on the fairness of the presentation of management's description of the service organization's system and the suitability of the design and **operating effectiveness** of the controls to achieve the related control objectives included in the description throughout a specified period. (**Auditor conducts testing**)

2. **SOC 2** – A report on controls that may be relevant to security, availability, processing Integrity, confidentiality or privacy. These reports are intended to meet the needs of a broad range of users that need detailed information and assurance about the controls at a service organization relevant to security, availability, and processing integrity of the systems the service organization uses to process users' data and the confidentiality and privacy of the information processed by these systems. These reports can play an important role in:

   - Oversight of the organization
   - Vendor management programs
   - Internal corporate governance and risk management processes
   - Regulatory oversight

   - **Type 1 Report** - Report on the fairness of the presentation of management's description of the service organization's system and the suitability of the design of the controls to achieve the related control objectives included in the description as of a specified date.

   - **Type 2 Report** - Report on the fairness of the presentation of management's description of the service organization's system and the suitability of the design and **operating effectiveness** of the controls to achieve the related control objectives included in the description throughout a specified period. (**Auditor conducts testing**)

PART IV: REPORT SUBMISSION

1. Copies of single audit reporting packages for state financial assistance (CSFA) and federal financial assistance (CFDA) conducted in accordance with **2 CFR § 200.512 and section 215.97(2), Florida Statutes**, shall be submitted by or on behalf of recipient electronically to the Federal and the FDOH Single Audit Clearinghouse website addresses below:

   A. The Department of Health, Single Audit Clearinghouse (SAC) website portal:

      SAC Submission (https://fdohsac.azurewebsites.net/)

      Pursuant to 2 CFR § 200.521, and section 215.97(2), Florida Statutes, recipient shall submit a complete audit report package and any management letter issued by an auditor electronically to the Department.

      Audits must be submitted in accordance with the instructions set forth in Exhibit 3 hereto and accompanied by the "Single Audit Data Collection Form, Exhibit 4." Absent of electronic submission capability or during system maintenance or downtime, prior approval can be obtained to submit report package via email to SingleAudits@flhealth.gov or on an approved electronic storage medium via mail to:

      Florida Department of Health
      Contracts and Grants Management Unit
      Attention: FCAM, Single Audit Review
      4052 Bald Cypress Way, Bin B01
      Tallahassee, FL 32399-1701.

   B. The Federal Audit Clearinghouse (**FAC**), the Internet Data Entry System (IDES) is the place to submit the Federal single audit reporting package, including form SF-SAC, for Federal programs. Single audit submission is required under the Single Audit Act of 1984 (amended in 1996) and 2 CFR § 200.36 and § 200.512. The Federal Audit Clearinghouse requires electronic submissions as the only accepted method for report compliances. FAC's website address is:

      https://harvester.census.gov/facweb/

   C. The Florida Auditor General's Office:

      One electronic copy email by or on behalf of recipient directly to the Auditor General's Office at: flaudgen_localgovt@aud.state.fl.us.

2. In addition to item 1, electronic copies of reporting packages for federal financial assistance (ALN formerly, CFDA) conducted in accordance with **2 CFR § 200.512** shall also be submitted by or on behalf of recipient directly to each funded passed through entity:

   A. When applicable, and/or other Federal agencies in accordance with 2 CFR §200.331 and § 200.517.

3. Copies of SSAE18 reports and supporting documents shall be submitted by or on behalf of SO/Third Party Administrator directly to the FDOH designated Contract Manager (CM) as outlined in each SO contract agreement.

Note: Any reports, management letter, or other information required to be submitted to the Department of Health pursuant to this contract shall be submitted timely in accordance with 2 CFR § 200.512 and Florida Statutes, Chapter 10.550 (local governmental entities) or Chapter 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, as applicable.

Recipients, when submitting financial reporting packages to the Department of Health for audits done in accordance with 2 CFR § 500.512 or Chapter 10.550 (local governmental entities) or Chapter 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, should indicate the date that the reporting package was delivered to recipient in correspondence accompanying the reporting package.

PART V: RECORD RETENTION

Recipient shall retain sufficient records demonstrating its compliance with the terms of this contract for a period of six years from the date the audit report is issued and shall allow the Department of Health or its designee, the CFO, or the Auditor General access to such records upon request. Recipient shall ensure that audit working papers are made available to the Department of Health, or its designee, CFO, or Auditor General upon request for a period of six years from the date the audit report is issued, unless extended in writing by the Department of Health.

End of Text

EXHIBIT 1

Contract #: M2520

Federal Award Identification #:_____

1. **FEDERAL RESOURCES AWARDED TO THE SUBRECIPIENT PURSUANT TO THIS AGREEMENT CONSIST OF THE FOLLOWING:**

Federal Agency 1_____ ALN# _____Title_____$_____

Federal Agency 2 _____ALN# _____Title_____$_____

TOTAL FEDERAL AWARDS $_____

COMPLIANCE REQUIREMENTS APPLICABLE TO THE FEDERAL RESOURCES AWARDED PURSUANT TO THIS AGREEMENT ARE AS FOLLOWS:

_____

_____

_____

2. **STATE RESOURCES AWARDED TO THE RECIPIENT PURSUANT TO THIS AGREEMENT CONSIST OF THE FOLLOWING:**

State financial assistance subject to section 215.97, Florida Statutes: CSFA# 64.003 Title EMS Matching Awards

$ 29,754.00

State financial assistance subject to section 215.97, Florida Statutes: CSFA# _____ Title_____

$_____

TOTAL STATE FINANCIAL ASSISTANCE AWARDED PURSUANT TO SECTION 215.97, FLORIDA STATUTES

$_____

COMPLIANCE REQUIREMENTS APPLICABLE TO STATE RESOURCES AWARDED PURSUANT TO THIS AGREEMENT ARE AS FOLLOWS:

_____

_____

State financial assistance not subject (exempt) to section 215.97, Florida Statutes: $ 0

State financial assistance not subject (exempt) to section 215.97, Florida Statutes: $ 0

Matching and Maintenance of Effort *

State Matching resources for federal award(s):

Agency: N/A_____ALN#_____Title_____ $_____

State Maintenance of Effort (MOE) for federal program(s):

Agency: N/A_____ALN#_____Title_____ $_____

***Matching** Resources are subject to Federal single audit and shall be included by recipient when computing the threshold for Federal single audit requirements totals. These amounts shall also be included under notes in the financial audit or footnoted in the Schedule of Expenditures of Federal Awards. **Whereas **MOE** Resources awarded as state financial assistance are subject to Florida single audit and shall be included by recipient when computing the threshold for Florida single audit requirements totals under section 215.97, Florida Statutes and included in the Schedule of Expenditures of State Awards (SESA).

EXHIBIT 2

PART I: AUDIT RELATIONSHIP DETERMINATION

Recipients who receive state or federal resources may or may not be subject to the audit requirements of 2 CFR § 200.500, and/or section 215.97, Florida Statutes, recipients who are determined to be recipients or subrecipients of federal awards and/or state financial assistance may be subject to the audit requirements if the audit threshold requirements set forth in Part I and/or Part II of Exhibit 1 is met. Recipients who have been determined to be vendors are not subject to the audit requirements of 2 CFR § 200.501, and/or section 215.97, Florida Statutes. Recipients who are "higher education entities" as defined in Section 215.97(2)(h), Florida Statutes, and are recipients or subrecipients of state financial assistance, are also exempt from the audit requirements of Section 215.97(2)(a), Florida Statutes. Regardless of whether the audit requirements are met, recipients who have been determined to be recipients or subrecipients of Federal awards and/or state financial assistance must comply with applicable programmatic and fiscal compliance requirements.

For the purpose of single audit compliance requirements, the Recipient has been determined to be:

_____ Vendor/Contractor not subject to 2 CFR § 200.501 and/or section 215.97, Florida Statutes
__X__ Recipient/subrecipient subject to 2 CFR § 200.501and/or section 215.97, Florida Statutes
_____ Exempt organization not subject to 2 CFR § 200.501; For Federal awards for-profit subrecipient organizations are exempt as specified in 2 CFR § 200.501(h).
_____ Exempt organization not subject to section 215.97, Florida Statutes, for state financial assistance projects, public universities, community colleges, district school boards, branches of state (Florida) government, and charter schools are exempt. Exempt organizations must comply with all compliance requirements set forth within the contract.

For other audit requirements, the Recipient has been determined to be:

_____ Service Organization (SO) subject to SSAE18 reporting requirements

NOTE: If a recipient is determined to be a recipient/subrecipient of federal and/or state financial assistance and has been approved by the department to subcontract, it must comply with section 215.97(7), Florida Statutes, and Florida Administrative Code Rule 69I-.5006, [state financial assistance] and 2 CFR § 200.330 [federal awards].

PART II: FISCAL COMPLIANCE REQUIREMENTS

FEDERAL AWARDS OR STATE MATCHING FUNDS ON FEDERAL AWARDS. Recipients who receive Federal awards, state maintenance of effort funds, or state matching funds on Federal awards and who are determined to be a subrecipient must comply with the following fiscal laws, rules and regulations:

1. 2 CFR Part 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
2. Reference Guide for State Expenditures
3. Other fiscal requirements set forth in program laws, rules, and regulations.

*Some Federal programs may be exempted from compliance with the Cost Principles Circulars as noted in the 2 CFR § 200.401(5)(c). In all instances, Recipients are required to follow the FDOH agreement terms and conditions, and the Federal passed through agency's grant guidance under **2 CFR, Subtitle B** for additional citations.

STATE FINANCIAL ASSISTANCE. Recipients who receive state financial assistance and who are determined to be a recipient/subrecipient must comply with the following fiscal laws, rules and regulations:

1. Section 215.97, Florida Statutes
2. Florida Administrative Code Chapter 69I-5,
3. State Projects Compliance Supplement
4. Reference Guide for State Expenditures
5. Other fiscal requirements set forth in program laws, rules and regulations.

This document and other FDOH instructions may be obtained online through the FL Health website under Audit Guidance. *Enumeration of laws, rules and regulations herein is not exhaustive or exclusive. Funding to recipients will be held to applicable legal requirements whether or not outlined herein.

End of Text

EXHIBIT 3

INSTRUCTIONS FOR ELECTRONIC SUBMISSION OF SINGLE AUDIT REPORTS

Part I: Submission to FDOH

Single Audit reporting packages ("SARP") must be submitted to the Department in an electronic format. This change will eliminate the need to submit multiple copies of the reporting package to the Contract Managers and various sections within the Department and will result in efficiencies and cost savings to recipient and the Department. Upon receipt, the SARP's will be posted to a secure server and accessible to Department staff.

The electronic copy of the SARP should:

- Be in a Portable Document Format (PDF).
- Include the appropriate letterhead and signatures in the reports and management letters.

  Be a single document. However, if the financial audit is issued separately from the Single Audit reports, the financial audit reporting package may be submitted as a single document and the Single Audit reports may be submitted electronically as a single document to the FDOH SAC website address: fdohsac.gazarewebsites.net
- Be an exact copy of the final, signed SARP provided by the Independent Audit firm.
- Not have security settings applied to the electronic file.
- Be named using the following convention under the CPA's issued license number: [fiscal year] [name of the audited entity exactly as stated within the audit report].pdf. For example, if the SARP is for the 2016-17 fiscal year for the City of Gainesville, the document should be entitled 2016 City of Gainesville.pdf.
- Be accompanied by the attached "Single Audit Data Collection Form." This document is necessary to ensure that communications related to SARP issues are directed to the appropriate individual(s) and that compliance with Single Audit requirements is properly captured.

Questions regarding electronic submissions may be submitted via e-mail to SingleAudits@flhealth.gov or by telephone to the Single Audit Review Section at (850) 245-4520.

Part II: Submission to Federal Audit Clearinghouse

Click Here for instructions and guidance to submit the completed SF-SAC report to the Federal Audit Clearinghouse website or click Here to access the SF-SAC Worksheet & Single Audit Component Checklist Form.

Part III: Submission to Florida Auditor General

Click Here for questions and other instructions for submitting Single SAC reports to the State of Florida, Auditor General's Office

EXHIBIT 4

Single Audit Data Collection Form

Part 1: GENERAL INFORMATION

1. Fiscal period ending date for the Single Audit.

Month	Day	Year
/	/	

2. Auditee Identification Number

a. Primary Employer Identification Number (EIN)

__ __ -- __ __ __ __ __ __ __

b. Are multiple EINs covered in this report ☐Yes ☐No

c. If "yes", complete No. 3.

3. ADDITIONAL ENTITIES COVERED IN THIS REPORT

Employer Identification #	Name of Entity
__ __ -- __ __ __ __ __ __ __	
__ __ -- __ __ __ __ __ __ __	
__ __ -- __ __ __ __ __ __ __	
__ __ -- __ __ __ __ __ __ __	

4. AUDITEE INFORMATON

a. **Auditee name:**

Auditee Primary DUNS#:

b. **Auditee address (number and street)**

City

State **Zip Code**

c. **Auditee contact**

Name:

Title:

d. **Auditee contact telephone**

( ) -

e. **Auditee contact FAX**

( ) -

f. **Auditee contact E-mail**

5. PRIMARY AUDITOR INFORMATION

a. **Primary auditor name:**

b. **Primary auditor address (number and street)**

City

State **Zip Code**

c. **Primary auditor contact**

Name:

Title:

d. **Primary auditor contact telephone**

( ) -

e. **Primary auditor E-mail**

( ) -

f. **Audit Firm License Number**

6. AUDITEE CERTIFICATION STATEMENT – This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of 2 CFR § 200. 512 and/or section 215.97, Florida Statutes, for the period described in Item 1; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the aforementioned Circular and/or Statute; (3) the attached audit is a true and accurate copy of the final audit report issued by the auditor for the period described in Item 1; and (4) the information included in this data collection form is accurate and complete. I declare the foregoing is true and correct.

AUDITEE CERTIFICATION Date ____/____/____

Date Audit Received from Auditor: _____/ _____/ _____

Name of Certifying Official: _____

(Please print clearly)

Title of Certifying Official: _____

(Please print clearly)

Signature of Certifying Official: _____

docusign

Certificate Of Completion

Envelope Id: E85D801E-6E4B-47E9-ADE7-40B07703E71F
Subject: Contract M2520: Is routing for execution
Source Envelope:
Document Pages: 17
Certificate Pages: 5
AutoNav: Enabled
EnvelopeId Stamping: Enabled
Time Zone: (UTC-05:00) Eastern Time (US & Canada)

Signatures: 0
Initials: 0

Status: Sent

Envelope Originator:
Galen Johnson
galen.johnson@flhealth.gov
IP Address: 167.78.4.20

Record Tracking

Status: Original
6/24/2025 2:57:12 PM

Holder: Galen Johnson
galen.johnson@flhealth.gov

Location: DocuSign

Signer Events	Signature	Timestamp
Brian Hawkins bhawkins@co.hernando.fl.us Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 7/14/2025 2:58:23 PM ID: 9ad9ee48-d7a7-4c48-82c7-266c78792606		Sent: 6/25/2025 7:52:31 AM Resent: 7/14/2025 2:19:39 PM Viewed: 7/14/2025 2:58:23 PM
Doug Woodlief douglas.woodlief@flhealth.gov Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 7/12/2025 8:12:22 AM ID: 527ac81c-1033-4a26-a38b-dcd6f9ef3202		

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp
Claire Guerriero claire.guerriero@flhealth.gov Operations Review Specialist Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign	VIEWED Using IP Address: 167.78.4.21	Sent: 6/24/2025 3:01:02 PM Viewed: 6/25/2025 7:52:30 AM

Carbon Copy Events	Status	Timestamp
Amy Lefstead amy.lefstead@flhealth.gov Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 6/28/2024 11:06:35 AM ID: 9fa033a1-cb62-410e-b311-1ba025c68af2	COPIED	Sent: 6/24/2025 3:01:02 PM

Carbon Copy Events	Status	Timestamp
Sam Samlal sam.samlal@flhealth.gov Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 7/11/2025 4:01:47 PM ID: 5475f660-0708-436f-a88a-3fcf4a11f482	COPIED	Sent: 6/24/2025 3:01:02 PM

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	6/24/2025 3:01:02 PM

Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Carahsoft OBO Florida Department of Health (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through your DocuSign, Inc. (DocuSign) Express user account. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. For such copies, as long as you are an authorized user of the DocuSign system you will have the ability to download and print any documents we send to you through your DocuSign user account for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a $0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Carahsoft OBO Florida Department of Health:
You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:
To contact us by email send messages to: antonio.dawkins@flhealth.gov

To advise Carahsoft OBO Florida Department of Health of your new e-mail address
To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at antonio.dawkins@flhealth.gov and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..
In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.
To request paper copies from Carahsoft OBO Florida Department of Health
To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to antonio.dawkins@flhealth.gov and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.
To withdraw your consent with Carahsoft OBO Florida Department of Health
To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
ii. send us an e-mail to antonio.dawkins@flhealth.gov and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows2000? or WindowsXP?
Browsers (for SENDERS):	Internet Explorer 6.0? or above
Browsers (for SIGNERS):	Internet Explorer 6.0?, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	•Allow per session cookies •Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection

** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

Acknowledging your access and consent to receive materials electronically
To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.
By checking the 'I Agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document: and

- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access: and

- Until or unless I notify Carahsoft OBO Florida Department of Health as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by Carahsoft OBO Florida Department of Health during the course of my relationship with you.

RESOLUTION NO.: 2025-136

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY AMENDING THE BUDGET TO REFLECT INCREASED FUNDS OR REVENUES NOT ANTICIPATED IN THE 2025 BUDGET, PURSUANT TO §129.06 OF THE FLORIDA STATUTES, APPROPRIATING AND EXPENDING INCREASED FUNDS AS PROVIDED BY THE AMENDED BUDGET; AND ADDING INCREASED AND UNANTICIPATED REVENUES TO THE PROPER FUND OF THE BUDGET.

WHEREAS, Hernando County is in receipt of funds not anticipated when the budget for the 2025 Fiscal Year was adopted; and,

WHEREAS, pursuant to §129.06 of the Florida Statutes, the budget for Fiscal Year 2025 must be amended to account for these unanticipated increased revenues; and,

WHEREAS, the total 2025 Fiscal Year Adopted Budget will be adjusted in the amount set forth below and the total estimated receipts, including balances brought forward, shall equal the total of the appropriations and reserves.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, AS FOLLOWS:

REVENUES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
1691-32201-3342201	ST GRANT-EMS MATCHING	0	29,754	29,754
1691-32201-3999078	TRANSF/GRANT MATCH	0	9,918	9,918
		0	39,672	39,672

EXPENSES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
1691-32201-5305201	OPERATING SUPPLIES	0	2,196	2,196
1691-32201-5606401	EQUIPMENT >$5K	0	37,476	37,476
		0	39,672	39,672
1691-02491-5606401	EQUIPMENT >$5K	728,042	-9,918	718,124
1691-02491-5999078	TRNSF-GRANT MATCH	6,819	9,918	16,737
		734,861	0	734,861

SEAL

Attest: Deputy Clerk

DOUGLAS A. CHORVAT, JR.
Clerk of Circuit Court & Comptroller

ADOPTED this 12th day of August, 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

By:
Brian Hawkins
Chairperson

** **Reference: Legistar # / Mtg Date. LS 15900 / 7.22.25**

Office of Management and Budget use only:

Fund Number: 1691 Department 32201 / 02491 Approved by: AG Date: 7/16/25 BR2025-042

Revised 9/30/24
No.

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: County Attorney
Prepared By: Jon Jouben
Initiator: Jon Jouben
DOC ID: 16153
Legal Request Number:
Bid/Contract Number:

TITLE

Authorization for County Attorney to Execute Settlement Participation Agreements for Mediated Settlements With Nine Manufacturers of Generic Opioid Products Regarding Opioid Litigation

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

CHART OF PROPOSED SETTLEMENTS						
Defendant	**Total Cash**	**Years**	**Total Product (WAC)**	**Cash + Product (WAC)**	**Total Product Cash Conv.**	**Cash + Product (CC)**
Alvogen	$22,000,000	1	N/A	$22,000,000	N/A	$22,000,000
Amneal	$92,500,000	10	$180,000,000	$272,500,000	$45,000,000	$137,500,000
Apotex	$75,000,000	1	N/A	$75,000,000	N/A	$75,000,000
Hikma	$115,000,000	1	$35,000,000	$150,000,000	$7,000,000	$122,000,000
Indivior	$51,000,000	5	$140,000,000	$191,000,000	$35,000,000	$86,000,000
Mylan	$335,000,000	9	N/A	$335,000,000	$0	$335,000,000
Sandoz	$99,500,000	1	N/A	$99,500,000	N/A	$99,500,000
Sun	$36,500,000	1	N/A	$36,500,000	N/A	$36,500,000
Zydus	$17,500,000	1	N/A	$17,500,000	N/A	$17,500,000
TOTALS	**$844,000,000**		**$355,000,000**	**$1,199,000,000**	**$87,000,000**	**$931,000,000**

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: County Attorney
Prepared By: Jon Jouben
Initiator: Jon Jouben
DOC ID: 16143
Legal Request Number:
Bid/Contract Number:

TITLE

Authorization for County Attorney to Vote for Approval of Thirteenth Joint Bankruptcy Plan for Purdue Pharma, L.P., and to Electronically Sign Governmental Entity Settlement Agreement a/k/a GESA Sackler Release Regarding Opioid Litigation

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Facsimile: (212) 701-5800
Marshall S. Huebner
Benjamin S. Kaminetzky
Eli J. Vonnegut
Christopher S. Robertson
Joshua Y. Sturm
Abraham Bane

Counsel to the Debtors
and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	**Chapter 11**
PURDUE PHARMA L.P., *et al.*,	**Case No. 19-23649 (SHL)**
Debtors.[1]	**(Jointly Administered)**

NOTICE OF FILING OF GOVERNMENTAL ENTITY DIRECT SHAREHOLDER SETTLEMENT AGREEMENT

PLEASE TAKE NOTICE that on March 18, 2025, the Debtors filed the *Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7306] (the "**Thirteenth Amended Plan**") and the *Disclosure Statement for Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its*

[1] The Debtors in these cases, along with the last four digits of each Debtor's registration number in the applicable jurisdiction, are as follows: Purdue Pharma L.P. (7484), Purdue Pharma Inc. (7486), Purdue Transdermal Technologies L.P. (1868), Purdue Pharma Manufacturing L.P. (3821), Purdue Pharmaceuticals L.P. (0034), Imbrium Therapeutics L.P. (8810), Adlon Therapeutics L.P. (6745), Greenfield BioVentures L.P. (6150), Seven Seas Hill Corp. (4591), Ophir Green Corp. (4594), Purdue Pharma of Puerto Rico (3925), Purdue Products L.P. (4140), Purdue Pharmaceutical Products L.P. (3902), Purdue Neuroscience Company (4712), Nayatt Cove Lifescience Inc. (7805), Button Land L.P. (7502), Rhodes Associates L.P. (N/A), Paul Land Inc. (7425), Quidnick Land L.P. (7584), Rhodes Pharmaceuticals L.P. (6166), Rhodes Technologies (7143), UDF LP (0495), SVC Pharma LP (5717) and SVC Pharma Inc. (4014). The Debtors' corporate headquarters is located at One Stamford Forum, 201 Tresser Boulevard, Stamford, CT 06901.

Affiliated Debtors [D.I. 7307] (the "**Disclosure Statement for Thirteenth Amended Plan**"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

PLEASE TAKE FURTHER NOTICE that on May 16, 2025, the Debtors filed an updated *Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7445] (the "**May 16 Thirteenth Amended Plan**") and an updated *Disclosure Statement for Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7446] (the "**Disclosure Statement for May 16 Thirteenth Amended Plan**").

PLEASE TAKE FURTHER NOTICE that on June 5, 2025, the Debtors filed a further updated *Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7508] (the "**June 5 Updated Thirteenth Amended Plan**" and, together with the May 16 Thirteenth Amended Plan and Thirteenth Amended Plan, the "**Plan**") and a further updated *Disclosure Statement for Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7509] (the "**Disclosure Statement for June 5 Thirteenth Amended Plan**" and, together with the Disclosure Statement for May 16 Thirteenth Amended Plan and the Disclosure Statement for Thirteenth Amended Plan, the "**Disclosure Statement**").

PLEASE TAKE FURTHER NOTICE that, as described in the Disclosure Statement, in connection with the Shareholder Settlements, certain holders of Non-Federal Domestic Governmental Claims, the Master Disbursement Trust and the Sackler Payment Parties will enter into the Governmental Entity Shareholder Direct Settlement Agreement (the "**GESA**") which,

among other things, will govern direct settlement payment determinations, enforcement, and release terms for Settling Creditors holding Non-Federal Domestic Governmental Claims.

PLEASE TAKE FURTHER NOTICE that the Debtors will not be party to the GESA, the GESA will not constitute a Plan Supplement document, and the GESA is filed for informational purposes only.

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file the GESA (without its associated exhibits) attached hereto as **Exhibit A**.

PLEASE TAKE FURTHER NOTICE that the GESA may be amended, supplemented, or modified in accordance with its terms by the Parties prior to its execution.

PLEASE TAKE FURTHER NOTICE that copies of the Plan, the Disclosure Statement, the GESA and certain documents related thereto may be obtained free of charge by visiting the website of Kroll Restructuring Administration LLC at https://restructuring.ra.kroll.com/purduepharma. You may also obtain copies of any pleadings by visiting the Bankruptcy Court's website at http://www.nysb.uscourts.gov in accordance with the procedures and fees set forth therein.

Dated: June 17, 2025
New York, New York

DAVIS POLK & WARDWELL LLP

By: */s/ Eli J. Vonnegut*

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Counsel to the Debtors
and Debtors in Possession

Exhibit A

Governmental Entity Settlement Agreement

GOVERNMENTAL ENTITY

& SHAREHOLDER

DIRECT SETTLEMENT AGREEMENT[1]

BY AND AMONG

[●]

[_____], 2025

[1] **NTD**: This draft is a work in progress which is subject to ongoing review and discussion and will need to be revised as all definitive documents evolve. Internal cross-references to be confirmed when revisions are complete.

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[2] NTD: Exhibit list to be conformed/finalized.

GOVERNMENTAL ENTITY & SHAREHOLDER SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of [●], 2025 (the "Agreement"), sets forth the terms of settlement between and among the Settling States, the MDT, solely as of the Effective Date, with respect to Article 4, or otherwise as expressly set forth herein, the Participating Subdivisions, and the Payment Parties (as those terms are defined below). Upon the Effective Date and satisfaction of the conditions set forth in Article 2 and Article 8, this Agreement will be binding on the Settling States, Participating Subdivisions and the Payment Parties. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Article 8.

This Agreement addresses and resolves the Settling State and Participating Subdivision alleged direct claims against the Shareholder Released Parties and claims against the Released Parties. However, it is only one part of a set of agreements addressed through the Plan. Party obligations and agreement terms are also addressed in the Plan and its related documents, including the Master Settlement Agreement and the Governmental Remediation Trust Agreement; provided, that (i) in the event of any conflict between this Agreement and the Governmental Remediation Trust Agreement, the terms of this Agreement shall govern; (ii) in the event of any conflict between this Agreement and the Master Settlement Agreement, relating to payment determinations pursuant to this Agreement, enforcement, and/or release terms set forth herein, the terms of this Agreement shall govern, (iii) in the event of any other conflict between this Agreement and the Master Settlement Agreement, the terms of the Master Settlement Agreement shall govern, and (iv) in the event of any conflict between this Agreement and the Plan or Confirmation Order (a) with respect to any matter affecting, or a dispute involving, a party that is not a Party or otherwise bound by this Agreement, the Plan or Confirmation Order shall govern, as applicable, and (b) with respect to all other matters, this Agreement shall govern. This Agreement shall not be enforced against any Person not party to or otherwise bound by this Agreement. The determination of whether there is any inconsistency between this Agreement and the Plan or Confirmation Order shall be made by the Bankruptcy Court.

ARTICLE 1.
DEFINITIONS; INTERPRETATION PROVISIONS

Section 1.01 Unless otherwise specified, the following definitions apply:

"A-Side Payment Party" has the meaning set forth in the Master Settlement Agreement.

"Accelerated Payment States" means certain States that qualify for an accelerated payment schedule with Annual Remediation Payments being made over nine or ten Payment Dates. If they become Settling States, Connecticut and Oregon are scheduled to receive payments through Payment Date 9; and Kentucky, Maine, Nevada, New Hampshire, New Mexico, Utah, West Virginia and the Oklahoma Subdivisions (to the extent they are Participating Subdivisions) are scheduled to receive payments through Payment Date 10.

"Advisory Committee" has the meaning set forth in Section 5.05(b)(iv).

"Agreement" means this agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

"Alleged Harms" means the alleged past, present, and future financial, societal, public nuisance, and other harms, as well as any expenditures related to the foregoing, arising out of the conduct, omission, or liability of the Debtors and relating to Covered Conduct, including the alleged use, misuse, and abuse of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have

allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, abuse, death, and other related diseases and disorders, and that have allegedly been caused by Shareholder Released Parties.

"Allocation Statute" means a state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

"Annual Fees Payment" means the amounts payable by the Payment Groups on each Payment Date comprised of the State Direct Expenses payment and the Local Government Costs and Expenses Fund payment as determined pursuant to this Agreement, and not including the Annual Remediation Payment. For the avoidance of doubt, the Annual Fees Payment does not include amounts designated pursuant to Section 5.9 of the Plan as attorneys' fees and costs based on Estate Distributions.

"Annual Remediation Payment" means the amounts owing pursuant to the Master Settlement Agreement by the Payment Groups on each Payment Date as determined pursuant to this Agreement and comprised of the Base Payments and Incentive Payments. For the avoidance of doubt, the Annual Remediation Payment does not include amounts owning pursuant to the Master Settlement Agreement for Estate Distributions.

"Appropriate Official" has the meaning set forth in Section 13.06(c).

"Authorized Action" has the meaning set forth in Section 13.25(c).

"B-Side Payment Party" has the meaning set forth in the Master Settlement Agreement.

"Bankruptcy Cases" has the meaning set forth in the Master Settlement Agreement.

"Bankruptcy Code" has the meaning set forth in the Master Settlement Agreement.

"Bar" means either: (1) a law barring or having the effect of barring Subdivisions in a Settling State from maintaining Shareholder Released Claims against Shareholder Released Parties (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full) or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain any Shareholder Released Claims against Shareholder Released Parties, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Shareholder Released Party (apart from the Annual Remediation Payments by any Payment Group under this Agreement) shall not constitute a Bar.

"Base Payment" has the meaning set forth in Section 4.05.

"Business Day" means a day, other than Saturday, Sunday or a federal holiday.

"Case-Specific Resolution" means either: (1) a law barring or having the effect of barring the Subdivision at issue from maintaining any Shareholder Released Claims against any Shareholder Released Parties (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the

Subdivision may not maintain any Shareholder Released Claims at issue against any Shareholder Released Parties, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Shareholder Released Party (apart from the annual payments by any Payment Group under this Agreement) shall not constitute a Case-Specific Resolution.

"Cause of Action" means any Claim, action, class action, claim, cross-claim, counterclaim, third-party claim, cause of action, controversy, dispute, demand, right, Lien, indemnity, contribution, rights of subrogation, reimbursement, guaranty, suit, obligation, liability, debt, damage, judgment, loss, cost, attorneys' fees and expenses, account, defense, remedy, offset, power, privilege, license or franchise, in each case, of any kind, character or nature whatsoever, asserted or unasserted, accrued or unaccrued, known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, foreseen or unforeseen, direct or indirect, choate or inchoate, secured or unsecured, allowable or disallowable, Allowed or Disallowed, assertible directly or derivatively (including, without limitation, under alter-ego theories), in rem, quasi in rem, in personam or otherwise, whether arising before, on or after the Petition Date, arising under federal or state statutory or common law, or any other applicable international, foreign or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, in contract or in tort, at law, in equity or pursuant to any other theory or principle of law, including fraud, negligence, gross negligence, recklessness, reckless disregard, deliberate ignorance, public or private nuisance, breach of fiduciary duty, avoidance, willful misconduct, veil piercing, alter ego, unjust enrichment, disgorgement, restitution, contribution, indemnification, rights of subrogation and joint liability, regardless of where in the world accrued or arising. For the avoidance of doubt, "Cause of Action" expressly includes (i) any Cause of Action held by a natural person who is not yet born or who has not yet attained majority as of the Petition Date or as of the Effective Date, (ii) any right of setoff, counterclaim or recoupment and any Cause of Action for breach of contract or for breach of duty imposed by law or in equity, (iii) the right to object to or otherwise contest Claims or Interests, (iv) any Cause of Action pursuant to section 362 of the Bankruptcy Code or chapter 5 of the Bankruptcy Code, (v) any claim or defense, including fraud, mistake, duress and usury and any other defense set forth in section 558 of the Bankruptcy Code, and (vi) any claim under any state or foreign law, including for the recovery of any fraudulent transfer or similar theory.

"Claim" has the meaning set forth in the Plan.

"Claim-Over" means a Cause of Action asserted by a Non-Shareholder Released Party against a Shareholder Released Party or, as applicable, Released Party on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

"Co-Defendants" has the meaning set forth in the Plan.

"Compensatory Restitution Amount" means the aggregate amount paid or incurred by or on behalf of any Payment Party hereunder for Opioid Remediation, which includes each Annual Remediation Payment and does not include amounts paid as attorneys' fees and costs or identified pursuant to Section 5.02(b) as being used to pay attorneys' fees, investigation costs or litigation costs, which shall be up to the amount of the Total Maximum Remediation Payment.

"Confirmation Order" has the meaning set forth in the Plan.

"Consent Judgment" means a consent judgment in a form to be agreed by the Settling States and the Sackler Parties' Representative prior to the Effective Date that, among other things, (1) approves this Agreement and (2) reflects the release set forth in Section 10.01, including the dismissal with prejudice of any Shareholder Released Claims that the Settling State has brought against Shareholder Released Parties

or, as applicable, the Released Parties, provided, that notwithstanding the foregoing, any such dismissal may be subject to pursuit by the MDT of a Release Remedy (as defined in the Master Settlement Agreement) under the Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to a Payment Party.

"Covered Conduct" means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Plan Effective Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, misstatement, misleading statement, or other activity) relating in any way to (1) compounding, counseling or documentation relating to any Product or class of Products; (2) the discovery, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, recall, withdrawal, distribution, delivery, monitoring, reporting, supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to, any Product, or any system, plan, policy or advocacy relating to any Product or class of Products, including, but not limited to, any unbranded promotion, marketing, programs, or campaigns relating to any Product or class of Products; (3) the characteristics, properties, risks, or benefits of any Product; (4) the reporting, disclosure, non-reporting or nondisclosure to federal, state or other regulators of orders placed with any Shareholder Released Parties or physicians or pharmacists identified by any Shareholder Released Party as potentially engaging in suspicious or problematic conduct; or (5) diversion control programs or suspicious order monitoring.

"Debtors" means Purdue Pharma L.P., Purdue Pharma Inc., Purdue Transdermal Technologies L.P., Purdue Pharma Manufacturing L.P., Purdue Pharmaceuticals L.P., Imbrium Therapeutics L.P., Adlon Therapeutics L.P., Greenfield BioVentures L.P., Seven Seas Hill Corp., Ophir Green Corp., Purdue Pharma of Puerto Rico, Avrio Health L.P., Purdue Pharmaceutical Products L.P., Purdue Neuroscience Company, Nayatt Cove Lifescience Inc., Button Land L.P., Rhodes Associates L.P., Paul Land Inc., Quidnick Land L.P., Rhodes Pharmaceuticals L.P., Rhodes Technologies UDF LP, SVC Pharma LP, and SVC Pharma Inc (each, a "Debtor").

"Designated State" means New York.

"Effective Date" means the Plan Effective Date unless it is extended by written agreement of the Sackler Parties' Representative and the MDT Advisory Council.

"Eligible States" means all States except for Oklahoma, which has a preexisting settlement. Oklahoma Subdivisions are eligible to participate pursuant to Exhibit H.

"Emergence Payment States" means certain States that, if they become Settling States and qualify for Incentive Payment A, are scheduled to receive their full Statewide Payment Amount on Payment Date 1. These states are Delaware, the District of Columbia, Rhode Island, and Vermont.

"Estate Causes of Action" means, in each case whether or not asserted, any and all Causes of Action that any Debtor or its Estate may have, hold, or control, or be entitled to assert, or that any Person may be entitled to assert, currently or in the future, by, through, under, or on behalf of any Debtor or its Estate, and each of their respective successors or assigns, including, without limitation, any and all Causes of Action that: (i) were included in the proposed complaint filed by the Creditors' Committee [D.I. 6685-2]; (ii) seek to avoid or recover any transfer of property or value by any Debtor or its Estate, or to avoid any obligation incurred by any Debtor or its Estate, including on a theory of fraudulent transfer, fraudulent conveyance, preference, turnover, unjust enrichment, constructive trust, or conversion; (iii) arise from an injury suffered by a Debtor, including Causes of Action arising from a breach of fiduciary duty, mismanagement, corporate waste, or similar theories arising out of a Person's ownership, management, oversight, operation, status,

tenure, conduct, omission, liability, action, or inaction at any time as a stockholder, affiliate, owner, partner, member, manager, director, officer, employee, servant, agent, representative, attorney, creditor, successor, assign, or other relationship with a Debtor or any of its predecessors; (iv) arise from disregarding the separateness of any Debtor or its Estate or imputing the liability of any Debtor or its Estate to another Person, including on a theory of successor liability, vicarious liability, respondeat superior, alter ego, veil piercing, agency, control person liability, or joint venture; (v) arise from a common injury that (a) could be asserted by creditors of a Debtor or its Estate or (b) arises from a breach of duty owed to a Debtor or its Estate; (vi) are property of any Debtor or its Estate or can be asserted, settled, or released by any Debtor or its Estate under the Bankruptcy Code or other applicable law; or (vii) are other derivative claims duplicative of any of the foregoing. Estate Causes of Action shall not include any Cause of Action arising from a breach by a non-Debtor of a legally cognizable duty or statutory prohibition – including not to engage personally in fraud, misrepresentation, or misconduct that causes a nuisance, in each case under consumer protection laws and like regulatory laws or statutes (such as UDAP laws) or the common law – which duty or statutory obligation is owed by such non-Debtor directly to the Person asserting such Cause of Action (or to the citizenry on whose behalf such Person is charged to act), where the injury caused by such breach is particular to the Person asserting such Cause of Action (or the citizenry on whose behalf such Person is charged to act) and is not an injury common to creditors of the Debtor or its Estate.

"Estate Distributions" has the meaning set forth in the Plan.

"Excluded Claim" means (i) any criminal action or criminal proceeding arising under a criminal provision of any statute instituted (A) by a Domestic Governmental Entity (as defined in the Plan) that has authority to bring such a criminal action or criminal proceeding, and (B) to adjudicate a person's guilt or to set a convicted person's punishment; (ii) any Cause of Action against a non-Debtor Person (as defined in the MSA) by any federal, state or local authority with respect to taxes (other than tax laws targeting Covered Conduct[3]) imposed on such non-Debtor Person; (iii) any Estate Cause of Action (as defined in the Plan) that the applicable Releasor does not have authority to release or bring or any Cause of Action against an Excluded Party (as defined in the Plan); (iv) any Cause of Action against any Person to the extent based on the actual conduct of such Person after the Settlement Effective Date (as defined in the MSA); (v) any Cause of Action against Persons or Entities who are not Released Parties or Shareholder Released Parties; (vi) any Cause of Action belonging to private individuals or private entities; or (vii) any claim arising under the Plan, the Master Settlement Agreement, or this Agreement for enforcement of the Plan, the Master Settlement Agreement, or this Agreement; (viii) any claim, potential claim or a cause of action held by a Domestic Governmental Entity (as defined under the Plan) against any (A) Co-Defendants or their insurers, including for the avoidance of doubt, any Settling Co-Defendant or their insurers, or any (B) pharmacy benefit manager (including any entity or third-party administrator of prescription drug programs) that is not a Shareholder Released Party.

"Fee Reimbursement Order" means the *Order Authorizing the Debtors to Assume the Reimbursement Agreement and Pay the Fees and Expenses of the Ad Hoc Committee's Professionals* [Dkt. No. 553] entered in the Bankruptcy Cases.

[3] Provided, however, that none of the following as currently enacted shall be considered a tax law targeting Covered Conduct: 16 Del. Code Chapter 48B; fees assessed by the Minnesota Board of Pharmacy under Minnesota Statutes section 151.065; any penalty assessed under Minnesota's Opiate Product Registration Fee law, Minnesota Statutes section 151.066; the Minnesota Care Wholesale Drug Distributor and Use Tax, Minnesota Statutes section 292.52;the Excise Tax on sale of Opioids, Article 20-D of New York's Tax Law; the Opioid Stewardship Act, Article 33,Title 2-A of New York's Public Health Law; and Rhode Island's Opioid Stewardship Act, R.I. Gen. Laws §§21-28.10, et seq.

"Final Dispute Response Notice" has the meaning set forth in Section 4.04(c)(ii).

"Fire District" shall correspond to Special Districts categorized by the U.S. Census Bureau under the function name (a) "Local Fire Protection" or (b) "Fire Protection and Water Supply."

"General Purpose Government" means the three types of local governments recognized by the U.S. Census Bureau as "General Purpose" – county, municipal, and township governments – and match its 2017 list of Governmental Units. [4] This includes, but is not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government.

"Governmental Remediation Trust" has the meaning set forth in the Plan.

"Governmental Remediation Trust Agreement" has the meaning set forth in the Plan.

"Health District" shall correspond to Special Districts categorized by the U.S. Census Bureau under the function name "Health."

"Hospital District" shall correspond to Special Districts categorized by the U.S. Census Bureau under the function name "Hospital."

"Hospital Shareholder Direct Settlement Agreement" has the meaning set forth in the Plan.

"Implementation Administrator" means Rubris, Inc., which is the vendor to be retained, prior to the Effective Date, pursuant to the Fee Reimbursement Order F, and, as applicable, following the Effective Date, by the MDT, to provide notice pursuant to Section 7.01 and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Settlement Participation Forms.

"Incentive B Eligible Subdivisions" has the meaning set forth in Section 4.06(e)(iii)(B).

"Incentive C Eligible Subdivisions" has the meaning set forth Section 4.06(f)(iii)(B).

"Incentive Payment" means each of Incentive Payment A, Incentive Payment B, Incentive Payment C and Incentive Payment D made to the Settling States pursuant to their eligibility to receive such payment, as applicable.

"Incentive Payment A" means the incentive payment described in Section 4.06(d).

"Incentive Payment A Catch-up Payment" has the meaning set forth in Section 4.06(d)(v).

"Incentive Payment B" means the incentive payment described in Section 4.06(e).

"Incentive Payment C" means the incentive payment described in Section 4.06(f).

"Incentive Payment D" means the incentive payment described in Section 4.06(g).

"Incentive Payment D Lookback Date" has the meaning set forth in Section 4.06(g)(iv).

[4] All such entities are found on the "General Purpose" tab of the Census Bureau's 2017 Government Units Listing spreadsheet available at https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP.

"Incentive Payment Final Eligibility Date" means with respect to a Settling State, the date that is ninety (90) calendar days prior to the Payment Date for Payment Date 4, unless the Sackler Parties' Representative, the MDT Advisory Council, and the relevant Settling State agree to allow Incentive Payments for a Settling State to be adjusted for a Later Participating Subdivision that becomes a Participating Subdivision after the Incentive Payment Final Eligibility Date.

"Initial Participating Subdivision" means a Subdivision that meets the requirements set forth in Section 7.04.

"Initial Subdivision Participation Date" means the ninetieth (90^{th}) calendar day immediately following Preliminary Agreement Date, unless it is extended by written agreement of the Sackler Parties' Representative, the States' AG Negotiating Group, the MDL PEC, and the MSGE Group.

"Injunctive Relief Terms" means the terms described in Article 3.

"Later Litigating Subdivision" means a Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Shareholder Released Claim against a Shareholder Released Party after the Initial Subdivision Participation Date and had not previously filed a lawsuit against a Debtor; or (2) adds a Shareholder Released Claim against a Shareholder Released Party after the Initial Subdivision Participation Date to a lawsuit brought before the Initial Subdivision Participation Date that, prior to the Initial Subdivision Participation Date, did not include any Shareholder Released Claims against a Shareholder Released Party or any Causes of Action against a Debtor that would otherwise constitute a Shareholder Released Claim if asserted against a Shareholder Released Party; or (3) (a) was a Litigating Subdivision whose Shareholder Released Claims against Shareholder Released Parties were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Initial Subdivision Participation Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Initial Subdivision Participation Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Shareholder Released Claim against a Shareholder Released Party or one hundred eighty (180) calendar days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Shareholder Released Claims being dismissed; (4) (a) was a Litigating Subdivision whose Shareholder Released Claims against Shareholder Released Parties were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Initial Subdivision Participation Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Initial Subdivision Participation Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Shareholder Released Claim against a Shareholder Released Party other than seeking a stay or dismissal; or (5) was a Prior Litigating Subdivision and subsequently files a lawsuit bringing a Shareholder Released Claim against a Shareholder Released Party after the Initial Subdivision Participation Date.

"Later Participating Subdivision" means a Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section 7.05.

"Library District" shall correspond to Special Districts categorized by the U.S. Census Bureau under the function name "Libraries."

"Litigating Subdivision" means a Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that brought any Shareholder Released Claim against any Debtor and/or any Shareholder Released Party in connection with Covered Conduct on or prior to the Initial Subdivision Participation Date; *provided, however,* that a Subdivision (or Subdivision official) that is a Prior Litigating Subdivision shall not be considered a

Litigating Subdivision. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

"Litigation Costs" has the meaning set forth in the Master Settlement Agreement.

"Local Government Costs and Expenses Fund" has the meaning set forth in the Plan.

"Master Disbursement Trust" or "MDT" has the meaning set forth in the Plan.

"Master Settlement Agreement" or "MSA" means that certain Master Settlement Agreement entered into by and among the MDT and each of the parties listed pursuant to the Exhibits A and B of the Master Settlement Agreement and PRA L.P. on or about the date hereof, as it may be amended or supplemented from time to time.

"Maximum Annual Remediation Payment" means the maximum Annual Remediation Payment payable pursuant to the Master Settlement Agreement on a Payment Date by the Payment Groups.

"MDL PEC" means the MDL Plaintiffs' Executive Committee as defined in the Plan.

"MDT Advisory Council" has the meaning set forth in the Plan.

"MDT Segregated Account" means a segregated account of the MDT to be used in accordance with Section 4.04.

"MSGE Group" means the Multi-State Governmental Entities Group as defined in the Plan.

"National Arbitration Panel" means the panel comprised as described in Section 6.06(b)(ii).

"National Disputes" has the meaning set forth in Section 6.06(b)(i).

"Non-Federal Acute Care Hospital" has the meaning set forth in the Plan.

"Non-Litigating Subdivision" means any Subdivision that is neither a Litigating Subdivision nor a Later Litigating Subdivision.

"Non-Litigating Threshold Subdivision" means any Subdivision that is a General Purpose Government and that is not otherwise a Litigating Subdivision and (1) (a) filed a timely proof of claim against the Debtors in the Bankruptcy Cases pursuant to the applicable deadline set forth in the *Order Establishing (I) Deadlines for Filing Proofs of Claim and Procedures Relating Thereto, (II) Approving the Proof of Claim Forms, and (III) Approving the Form and Manner of Notice Thereof, Case No.*, Purdue Pharma L.P. *et al.*, 19-23649 (Bankr. S.D.N.Y. Feb. 3, 2020) [Dkt. No. 800] and (b) is a Primary Subdivision or (2) was a "Litigating Subdivision" or "Later Litigating Subdivision" under any of the Prior National Settlements as of the Initial Subdivision Participation Date. Attached as Exhibit W is a list of the Non-Litigating Threshold Subdivisions in each Eligible State. Exhibit W will be updated (including with any corrections) periodically, and a final version of Exhibit W will be attached hereto as of the Reference Date.

"Non-Participating Subdivision" means any Subdivision that is not a Participating Subdivision.

"Non-Party Covered Conduct Claim" means a Cause of Action against any Non-Shareholder Released Party involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Shareholder Released Party).

"Non-Party Settlement" means a settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Shareholder Released Party.

"Non-Settling State" means any Eligible State that is not a Settling State.

"Non-Shareholder Released Party" means an entity that is not a Shareholder Released Party or Released Party.

"Oklahoma Subdivisions" means [Subdivisions within Oklahoma as specified in Exhibit H].[5]

"Opioid Remediation" means care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures[6] except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the misuse and abuse of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

"Participating Subdivision" means any Subdivision that meets the requirements for becoming a Participating Subdivision under Section 7.02 and Section 7.03. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

"Parties" means the Payment Parties, the Settling States and, solely as of the Effective Date, with respect to Article 4, or otherwise as expressly set forth herein, the MDT (each, a "Party").

"Payment Date" means each date on which a payment is required to be made by a Payment Group pursuant to the terms of the Master Settlement Agreement.

"Payment Group" has the meaning set forth in the Master Settlement Agreement.

"Payment Party" means an A-Side Payment Party or a B-Side Payment Party.

"Plan" refers to the chapter 11 plan filed by the Debtors and has the meaning set forth in the Master Settlement Agreement.

"Plan Effective Date" has the meaning set forth in the Master Settlement Agreement.

"Preliminary Agreement Date" has the meaning set forth in Section 2.02.

"Preliminary Payment Determination" has the meaning set forth in Section 4.04(c).

"Primary Fire Districts" shall mean Fire Districts that cover a population of 25,000, or 0.20% of a State's population if a State's population is greater than 18 million. If not easily calculable from state data

[5] Provisions related to Oklahoma Subdivisions are further addressed in Exhibit H.

[6] Reimbursement includes amounts paid to any governmental entities for past expenditures or programs.

sources and agreed to between the State and the Sackler Parties' Representative, a Fire District's population is calculated by dividing the population of the county or counties a Fire District serves by the number of Fire Districts in the county or counties. For Settling States that earned Incentive A in the July 21, 2021 Janssen Settlement Agreement, Primary Fire Districts are presumptively the list agreed to between the Settling State and Janssen.

"Primary Subdivision" means a Subdivision that is a General Purpose Government with population over 10,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

"Prime Rate" means the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the "prime rate" then in effect; *provided*, that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason, the "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. or its successor as its prime rate in effect at its principal office in New York City (or the location of its successor's headquarters).

"Prior Litigating Subdivision" means a Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof,) that brought any Shareholder Released Claim against any Debtor and/or any Shareholder Released Party prior to the Initial Subdivision Participation Date and all such Debtor and Shareholder Released Claims were separately settled, were dismissed through a final order that is not subject to appeal so that there are no such active claims by the Subdivision (or Subdivision official), including through an order that substitutes another party for the Subdivision (or Subdivision official) or were finally adjudicated prior to the Initial Subdivision Participation Date; provided, however, that if the final adjudication was pursuant to a Bar, such Subdivision shall not be considered a Prior Litigating Subdivision. Notwithstanding the prior sentence, the Sackler Parties' Representative and the Settling State of the relevant Subdivision may agree in writing that the Subdivision shall not be considered a Prior Litigating Subdivision. Any entity that otherwise would qualify as a Prior Litigating Subdivision that subsequently brings a Shareholder Released Claim against any Debtor and/or any Shareholder Released Party shall not be considered a Prior Litigating Subdivision.

"Prior National Settlements" means each of (1) the July 21, 2021 Settlement Agreement concerning McKesson Corporation, Cardinal Health, Inc., and AmerisourceBergen Corporation; (2) the July 21, 2021 Janssen Settlement Agreement; (3) the November 14, 2022 Walmart Settlement Agreement; (4) the November 22, 2022 Allergan Settlement Agreement; (5) the November 22, 2022 Teva Settlement Agreement; (6) the December 9, 2022 Walgreens Settlement Agreement; (7) the December 9, 2022 CVS Settlement Agreement; and (8) the March 22, 2024 Kroger Settlement Agreement.

"Prior Settling Subdivision" means a Subdivision that has fully resolved its claims with Shareholder Released Parties outside of this Agreement.

"Pro Rata" means, with respect to any Payment Group on a Payment Date, the portion of an Annual Remediation Payment or Annual Fee Payment, as applicable, assigned to such Payment Group pursuant to Exhibit M-X.

"Products" means any and all products developed, designed, manufactured, marketed or sold, in research or development, or supported by, the Debtors, whether work in progress or in final form, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such product, including, but not limited to (a)any such products that are: (i) an opioid or opiate, as well as any product containing any such substance; or (ii) benzodiazepine, carisoprodol, or gabapentin; or (iii) a combination or "cocktail" of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates and (b) any such

product consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, oxycodone, oxymorphone, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triozolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance.

"Proofs of Claim" has the meaning set forth in the Plan.

"Purdue" means Purdue Pharma L.P.

"Reference Date" means the date on which the Sackler Parties' Representative shall provide to the States' AG Negotiating Group, the MDL PEC, and the MSGE Group the Sackler (Subdivision) Participation Notice of its election to proceed pursuant to Section 8.03.

"Release" means, with respect to a Settling State, a release in the form attached hereto as Exhibit V, and with respect to a Participating Subdivision, the release granted pursuant to the Subdivision Settlement Participation Form.

"Released Claims" has the meaning set forth in Exhibit [V] or Exhibit [K], as applicable.

"Released Parties" means, collectively, (i) the Debtors, and (ii) each of the Debtors' Related Parties, solely in their respective capacities as such; *provided*, *however*, that, notwithstanding the foregoing or anything herein to the contrary, no Excluded Party (as defined in the Plan) or Shareholder Release Snapback Party (as defined in the Plan) shall be a Released Party in any capacity or respect. For purposes of this definition of "Released Parties," the phrase "solely in their respective capacities as such" means, with respect to a Person, solely to the extent a claim against such Person (x) arises from such Person's conduct or actions taken in such capacity, or from such Person's identified capacity in relation to another specified Released Party and not, in either case, from such Person's conduct or actions independent of such capacity, and (y) to the extent such Person's liability depends on or derives from the liability of such other Released Party, such claim would be released if asserted against such other Released Party. For the avoidance of doubt, "Released Party" shall not include any Co-Defendants or their insurers, including for the avoidance of doubt any Settling Co-Defendant or their insurers.

"Releasors" means the State Releasors and the Subdivision Releasors.

The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision.

"Remediation Accounts Fund" means the component of the Settlement Fund described in Article 5.

"Revocation Event" means with respect to a Bar, Settlement Class Resolution, or Case- Specific Resolution, a revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar, Settlement Class Resolution, or Case-Specific Resolution on Shareholder Released Claims, or any other action or event that otherwise deprives the Bar, Settlement Class Resolution, or Case-Specific Resolution of force or effect in any material respect.

"Sackler Parties' Representative" means Plerus AB LLC, a limited liability company organized under the laws of Delaware.

"Sackler (States) Participation Initial Deadline" has the meaning set forth in Section 2.02.

"Sackler (States) Participation Notice" has the meaning set forth in Section 2.02.

"Sackler (Subdivision) Participation Notice" means the notice delivered by the Sackler Parties' Representative to the States' AG Negotiating Group, the MDL PEC, and the MSGE Group pursuant to which the Sackler Parties' Representative elects to proceed with this Agreement based on the satisfaction (which shall be determined at the Sackler Parties' Representative's sole discretion) of the conditions set forth in Article 8.

"Sackler Party" has the meaning set forth in the Master Settlement Agreement.

"School District" shall correspond to Special Districts categorized by the U.S. Census Bureau under the tab "School District" or "DEP School District."

"Separately Settling Payment Group" has the meaning set forth in Section 13.04(b).

"Settlement Class Resolution" means a class action resolution in a court of competent jurisdiction in a Settling State (that is not successfully removed to federal court) with respect to a class of Subdivisions in that Settling State that (1) conforms with that Settling State's statutes, case law, and rules of procedure regarding class actions; (2) is approved and entered as an order of a court of competent jurisdiction in that Settling State and such order has become a final order; (3) is binding on all Non-Participating Subdivisions in that Settling State (other than opt outs as permitted under the next sentence); (4) provides that all such Non-Participating Subdivisions may not bring any Shareholder Released Claims against any Shareholder Released Parties, whether on the ground of this Agreement (or the releases herein) or otherwise; and (5) does not impose any costs or obligations on a Payment Party or Shareholder Released Party other than those provided for in this Agreement, or contain any provision inconsistent with any provision of this Agreement. If applicable state law requires that opt-out rights be afforded to members of the class, a class action resolution otherwise meeting the foregoing requirements shall qualify as a Settlement Class Resolution unless Subdivisions collectively representing more than one percent (1%) of the total population of that Settling State opt out. In seeking certification of any Settlement Class Resolution, the applicable Settling State and Participating Subdivisions shall make clear that certification is sought solely for settlement purposes and shall have no applicability beyond approval of the settlement for which certification is sought. Nothing in this Agreement constitutes an admission by any Party that class certification would be appropriate for litigation purposes in any case or for purposes unrelated to this Agreement.

"Settlement Administrator" means BrownGreer PLC, or such other entity as may be engaged, prior to the Effective Date, pursuant to the Fee Reimbursement Order, or by the MDT from and after the Effective Date (in each case, subject to the reasonable consent of the Sackler Parties' Representative), as a representative of the Governmental Remediation Trust (as defined in the Plan) that annually determines the Annual Remediation Payment (including calculating offset or reduction Incentive Payments pursuant to Article 4 and any amounts subject to offset or reduction pursuant to Article 12), administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, Subdivision Fund, and the State Direct Expenses fund pursuant to this Agreement. References herein to the Settlement Administrator shall refer to the Settlement Administrator in its capacities as the representative of the Governmental Remediation Trust, the MDT or both, as context requires.

"Settlement Fund" means the interest-bearing fund established pursuant to the [Governmental Remediation Trust Agreement] into which Annual Remediation Payments and Estate Distributions received by the MDT that are ultimately payable to the Governmental Remediation Trust. The Settlement Fund may be held and administered by the Settlement Administrator so long as it meets the foregoing requirements.

"Settlement Payment" has the meaning set forth in the Master Settlement Agreement.

"Settlement Payment Dispute Notice" has the meaning set forth in Section 4.04(c)(i).

"Settling Co-Defendants" has the meaning set forth in the Plan.

"Settling State" means an Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section 8.01.

"Shareholder Released Claims" has the meaning set forth in the Release**.**

"Shareholder Released Party" or "Shareholder Released Parties" has the meaning set forth in the Plan.

"Special District" means formal and legally recognized sub-entities of a State recognized by the U.S. Census Bureau[7] that are not General Purpose Governments. "Special Districts" shall include Fire Districts, Health Districts, Hospital Districts, and Library Districts. For the avoidance of doubt, "Special District" does not include entities that include any of the following words or phrases in its name: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

"Special Operating Reserve" has the meaning set forth in the Plan.

"State" means any state of the United States of America, the District of Columbia, American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands. Additionally, the use of non-capitalized "state" to describe something (e.g., "state court") shall also be read to include parallel entities in commonwealths, territories, and the District of Columbia (e.g., "territorial court").

"State Direct Expenses" means the amount payable by the Payment Groups on each Payment Date to the Settling States for their litigation expenses (including attorneys' fees) as determined pursuant to Section 9.02, Exhibit M-X, and Exhibit S of this Agreement. The maximum amount of State Direct Expenses is $136,550,050.39 and is subject to reductions described herein and prepayments. For the avoidance of doubt, the State Direct Expenses do not include amounts designated pursuant to Section 5.9(b) of the Plan for the payment of expenses of the Settling States based on Estate Distributions.

"State Expenses Fund" has the meaning set forth in the Plan.

"State Fund" means the component of the Settlement Fund described in Article 5.

"State Participation Initial Deadline" has the meaning set forth in Section 2.01(b).

"State Participation Notice" means the written notice given to the Sackler Parties' Representative by the Attorneys General of each of the Eligible States pursuant to which such Eligible State elects to proceed with this Agreement and becomes a Settling State.

"State Releasors" means (1) each Settling State; (2) without limitation and to the maximum extent of the power of each Settling State's Attorney General to release Causes of Action, (a) the Settling State's departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind

[7] All such entities are found on the "Special District," "School District," and "DEP School District" tabs of the Census Bureau's 2017 Government Units Listing spreadsheet available at https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. For the avoidance of doubt, certain Special Districts are not Subdivisions for purposes of this settlement term sheet, as noted elsewhere.

and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, and other Special Districts in a Settling State, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement; (3) all past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts within a Settling State; and (4) any of the Settling State's past and present executive departments, agencies, divisions, boards, commissions, and instrumentalities that have the authority to bring Shareholder Released Claims or Released Claims, whether or not any of them participate in the Agreement (for the purposes of this clause (4), executive departments, agencies, divisions, boards, commissions, and instrumentalities are those that are under the executive authority or direct control of the Settling State's Governor).

"State Review Deadline" has the meaning set forth in Section 2.01(a).

"State-Subdivision Agreement" means an agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

"States AG Negotiating Group" means the negotiating committee of State Attorneys General comprised of: California, Connecticut, Delaware, Florida, Illinois, Massachusetts, New York, North Carolina, Oregon, Pennsylvania, Tennessee, Texas, Vermont, Virginia, and West Virginia, but excluding any State that (i) does not become a Settling State by the Preliminary Agreement Date or (ii) ceases to be a Settling State at any point after the Preliminary Agreement Date.

"Statewide Payment Amount" means the amount from an Annual Remediation Payment to be paid to a Settling State and its Participating Subdivisions listed on Exhibit G.

"Statutory Trust" means a trust fund established by state law to receive funds allocated to a Settling State's Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State's Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State's Settlement Fund, but this is not required.

"Subdivision" means any (1) General Purpose Government or Special District within a Settling State, and (2) any other subdivision, subdivision official (acting in an official capacity on behalf of the subdivision) or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, public institutions) that has filed a lawsuit (a) against any of the Debtors or that includes a Shareholder Released Claim against a Shareholder Released Party in a direct, *parens patriae*, or any other capacity or (b) against any other person or entity released pursuant to any of the Prior National Settlements in connection with a "Released Claim" as such term (or equivalent terminology) is defined in those settlements; provided, however, "Subdivision" shall not include: (i) any Non-Federal Acute Care Hospitals,

(ii) School Districts, (iii) Health Districts that have filed Proofs of Claim as Third-Party Payors, or (iv) any hospitals listed on Exhibit A of the Hospital Shareholder Direct Settlement Agreement.

"Subdivision Allocation Percentage" means the portion of a Settling State's Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Article 5 if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section 5.04(c) (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section 5.04(c)) that addresses allocation from the Subdivision Fund, whether before or after the Initial Subdivision Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section 5.04(c). The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section 7.01, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section 5.04(c) (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section 5.04(c)) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

"Subdivision Fund" means the component of the Settlement Fund described in Section 5.01.

"Subdivision Participation Threshold Notice" means a notice from the States' AG Negotiating Group to the Sackler Parties' Representative, the MSA PEC and the MSGE Group stating whether or not the States elect to proceed with the Agreement and, if proceeding, listing all Settling States.

"Subdivision Releasors" means with respect to Shareholder Released Claims and such other Claims released pursuant to the Release, (1) each Participating Subdivision, (2) without limitation and to the maximum extent of the power of a Participating Subdivision to release Causes of Action, (a) the Participating Subdivision's departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, and other Special Districts, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief on behalf of or generally applicable to the general public with respect to a Participating Subdivision.[8] The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision.

"Subdivision Settlement Participation Form" means the form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and of such Subdivision's claims, and (3) require the dismissal with prejudice of any Shareholder Released Claims and such other Claims released pursuant to the Release that have been filed by any such Participating Subdivision, but subject in all cases to the exercise by the

[8] In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form as set forth in Exhibit K providing for a release to the fullest extent of the Subdivision's authority.

MDT of a Release Remedy (as defined in the Master Settlement Agreement) pursuant to and in accordance with Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to a Payment Party.

"Tax Matters" has the meaning set forth in Section 13.06.

"Third-Party Payors" has the meaning set forth in the Plan.

"Threshold Motion" means a motion to dismiss or equivalent dispositive motion made at the outset of litigation against any of the Shareholder Released Parties for Covered Conduct under applicable procedure.

"Total Direct Settlement Amount" means the sum of Annual Remediation Payments and Annual Fee Payments.

"Total Maximum Direct Settlement Amount" means the sum of the Total Maximum Remediation Payment and the total maximum amount of Annual Fee Payments to be paid under the Master Settlement Agreement as determined by this Agreement. The Total Maximum Direct Settlement Amount is $3,485,264,791.64.

"Total Maximum Remediation Payment" means the sum of all Maximum Annual Remediation Payments of all Payment Dates and Payment Groups, as set forth in Exhibit M-2. The Total Maximum Remediation Payment is $3,090,786,868.28, subject to an increase pursuant to Article 9.

Section 1.02 Interpretation Provision.

(a) "The words "hereof," "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Annexes and Exhibits are to the Articles, Sections, Annexes and Exhibits of this Agreement unless otherwise specified.

(c) All Exhibits and Annexes annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Annex but not otherwise defined therein shall have the meaning as defined in this Agreement.

(d) Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular, and words denoting either gender shall include both genders as the context requires. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(e) Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation," whether or not they are in fact followed by those words or words of like import.

(f) The word "will" shall be construed to have the same meaning and effect as the word "shall."

(g) The word "party" shall, unless the context otherwise requires, be construed to mean a party to this Agreement. Any reference to a party to this Agreement or any other agreement or document

contemplated hereby shall include such party's estate, legal and personal representatives, successors and permitted assigns.

(h) Any reference in this Agreement to an estate of a deceased individual or trust as a person or party shall, unless the context otherwise requires, be construed to be or include, as the context may require, the personal representatives and trustees thereof, respectively, acting in their capacity as such personal representatives and trustees.

(i) Any reference in this Agreement to the rights and obligations of the estate of a deceased individual or a trust that does not have a separate legal personality under applicable law shall be construed as a reference to the rights and obligations of the personal representatives of such estate and the trustees of those trusts, respectively, in their capacity as such.

(j) All references to "$" and dollars shall be deemed to refer to United States currency unless otherwise specifically provided.

(k) All references to a day or days shall be deemed to refer to a calendar day or calendar days, as applicable, unless otherwise specifically provided.

(l) Any reference to any contract shall be a reference to such agreement or contract, as amended, amended and restated, modified, supplemented or waived.

(m) A reference to any legislation or to any provision of any legislation shall include any modification, amendment, re-enactment thereof, any legislative provision substituted therefor and all rules, regulations and statutory instruments issued or related to such legislation.

(n) Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement. No prior draft of this Agreement nor any course of performance or course of dealing shall be used in the interpretation or construction of this Agreement. No parol evidence shall be introduced in the construction or interpretation of this Agreement unless the ambiguity or uncertainty in issue is plainly discernable from a reading of this Agreement without consideration of any extrinsic evidence. Although the same or similar subject matters may be addressed in different provisions of this Agreement, the Parties intend that, except as reasonably apparent on the face of the Agreement or as expressly provided in this Agreement, each such provision shall be read separately, be given independent significance and not be construed as limiting any other provision of this Agreement (whether or not more general or more specific in scope, substance or content).

(o) Any reference in this Agreement, including in any exhibit or schedule, to a "maximum" scheduled amount refers to the highest (gross) theoretical amount before applying any reductions, credits, offsets, or limitations under this Agreement or any related document.

ARTICLE 2.
PARTICIPATION BY ELIGIBLE STATES AND CONDITION TO PRELIMINARY AGREEMENT

Section 2.01 Notice to Eligible States; States Participation Initial Deadline. By [●], 2025, this Agreement shall be distributed to all Eligible States.

(a) The Eligible States shall have thirty (30) calendar days from the date this Agreement is distributed to Eligible States (the "State Review Deadline") to review this Agreement. The Attorney

General of any Eligible State may elect to cause the State to become a Settling State by providing its State Participation Notice to the States AG Negotiating Group and shall commit to obtaining any necessary additional state releases prior to the Effective Date. On or prior to the State Review Deadline, the States AG Negotiating Group shall provide a list of the Eligible States that elect to become Settling States and their State Participation Notices to the Sackler Parties' Representative.

(b) On or prior to the third (3rd) Business Day following the State Review Deadline (the "State Participation Initial Deadline"), unless every Eligible State has delivered a State Participation Notice on or prior to the State Participation Initial Deadline and thereby becomes a Settling State, the Settling States may elect, in their sole discretion, to terminate this Agreement by having the States AG Negotiating Group deliver a written termination notice to the Sackler Parties' Representative. If the Settling States elect not to proceed, this Agreement will have no further effect and other commitments or obligations contained herein will be void. The State Participation Initial Deadline may be extended by written agreement of the Sackler Parties' Representative and the States AG Negotiating Group.

Section 2.02 Condition to Preliminary Agreement. On or prior to the seventh (7th) day following the State Participation Initial Deadline (the "Sackler (States) Participation Initial Deadline"), unless every Eligible State has delivered a State Participation Notice on or prior to the State Participation Initial Deadline and thereby becomes a Settling State, the Sackler Parties' Representative may elect, in its sole discretion, to terminate this Agreement by delivering a written termination notice to the States AG Negotiating Group. If the Sackler Parties' Representative delivers a termination notice on or prior to the Sackler (States) Participation Initial Deadline in compliance with the immediately preceding sentence, then this Agreement shall terminate and will have no further effect with respect to the Payment Parties and all releases and other commitments or obligations contained herein will be void. If the Sackler Parties' Representative determines that every Eligible State has delivered a State Participation Notice on or prior to the State Participation Initial Deadline and thereby becomes a Settling State, or otherwise elects not to terminate this Agreement, then the Sackler Parties' Representative shall so notify the States AG Negotiating Group, which notice shall include an instruction to the Implementation Administrator to proceed with the Subdivision solicitation contemplated by Article 7 (a "Sackler (States) Participation Notice"). The date, if any, on which the Sackler Parties' Representative delivers a Sackler (States) Participation Notice is referred to as the "Preliminary Agreement Date".

Section 2.03 Later Joinder by Eligible States. After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of the Sackler Parties' Representative and the States AG Negotiating Group. If an Eligible State becomes a Settling State more than sixty (60) calendar days after the Preliminary Agreement Date, but on or before the Effective Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Effective Date without written approval by the Sackler Parties' Representative and the MDT Advisory Council.

Section 2.04 Litigation Activity. Following the Preliminary Agreement Date, Eligible States that elected to become Settling States shall cease litigation activity against the Shareholder Released Parties and the Released Parties, including by jointly seeking stays or, where appropriate, severance of claims against the Shareholder Released Parties or Released Parties, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied, provided, however, that nothing herein shall require any Settling State to take any action in connection with this Section 2.04 or otherwise that would prejudice such State's ability to recommence or continue such litigation in the event the Effective Date does not occur or, if with respect to a particular Payment Party and pursuant to the Master

Settlement Agreement, the MDT pursues the Release Remedy (as defined in the Master Settlement Agreement) under Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to such Payment Party.

ARTICLE 3.
INJUNCTIVE RELIEF

Section 3.01 Injunctive Relief. As part of the Consent Judgment, the Parties agree to enter into the injunctive relief terms set forth in the Master Settlement Agreement.

Section 3.02 State Enforcement. In addition to all of the rights, remedies, and enforcement provisions in the Master Settlement Agreement, a Settling State may enforce MSA Section 8.05 (Naming Rights) and MSA Section 8.08 (Opioid Business) in the state or other court that enters the Settling State's Consent Judgment for alleged violations that occur in such state.

ARTICLE 4.
SETTLEMENT FUND PAYMENTS[9]

Section 4.01 General Provisions and Payment Overview

(a) **Master Settlement Agreement**. The payment obligations addressed in this Agreement are a subset of the Payment Group obligations set out in the Master Settlement Agreement. The parties hereto acknowledge and agree that (i) the liability of each Payment Group with respect to the obligations of each other Payment Group are limited in the manner contemplated by this Agreement and the Master Settlement Agreement, and (ii) payment in full to the MDT by or on behalf of a Payment Group of its payment obligations under the Master Settlement Agreement shall satisfy in full all of such Payment Group's payment obligations hereunder.

(b) **Annual Remediation Payments.** The aggregate amount of the Annual Remediation Payments required to be made by the Payment Groups pursuant to the Master Settlement Agreement shall be determined pursuant to this Article 4; provided that (1) each Payment Group's responsibility for an Annual Remediation Payment shall be computed Pro Rata to the Payment Groups and (2) all payments determined under this Article 4 shall be made to the MDT in the manner contemplated by the Master Settlement Agreement. The MDT shall make corresponding payments into the Settlement Fund or the MDT Segregated Account, as required by this Agreement. The Settlement Administrator shall in turn direct the payments from the Settlement Fund and the MDT Segregated Account, as applicable, to the Settling States in the manner contemplated hereby.

(c) **Offset Provisions.** In addition to payment calculation provisions in this Article 4, there are potential adjustments to Annual Remediation Payments as set out in Article 12.

(d) **State Payment Schedules.** Certain Settling States shall be paid over fewer than 16 Payment Dates. Emergence Payment States will be paid on Payment Date 1 and Accelerated Payment States will be paid through Payment Dates 9 or 10. All other Settling States are scheduled to be paid over all 16 Payment Dates. The payment schedule for each Eligible State is set forth in Exhibit M-5.

[9] [Oklahoma Subdivisions are eligible to participate in this Agreement pursuant to Exhibit H and subject to the amounts scheduled in Exhibit M-5.]

(e) **Fees and Costs.** Attorneys' fees and costs are addressed separately from Annual Remediation Payments. The Local Government Costs and Expenses Fund payment and State Direct Expenses payment are addressed in Article 9.

(f) **Payment Charts**. The Payment Groups' maximum scheduled payment amounts to be made pursuant to this Agreement and the allocation of those payments across Annual Remediation Payments and Annual Fee Payments are set forth in Exhibit M. In showing "maximum" payments, Exhibit M sets forth amounts before the application of any reductions or adjustments required by this Agreement, including those related to Non-Settling States and before accounting for any prepayments. The amounts in the Exhibit M charts have been adjusted to reflect the Samantha Hunt payment terms. Each Payment Group's share of each Payment Date's payment obligations under this Agreement shall be calculated pursuant to Exhibit M-X and are subject to the prepayment provisions set forth in the Master Settlement Agreement. Exhibit M to this Agreement will be updated from time to time to reflect any changes made to Exhibit M of the Master Settlement Agreement (e.g., to account for prepayments), to the extent applicable.

(i) Exhibit M-1: Payment Schedule – sets out the Maximum Annual Remediation Payment, the maximum Annual Fees Payment and the total maximum payment by Payment Date.

(ii) Exhibit M-2: Schedule of Maximum Payments – for each Payment Date, Exhibit M-2 sets forth the maximum amounts for Base Payment, Incentive Payment A, Incentive Payment B, Incentive Payment C, Incentive Payment D, Annual Remediation Payment, Local Government Costs and Expenses Fund and State Direct Expenses.

(iii) Exhibit M-3: Annual Fees Payment Schedule – breaks down the Local Government Costs and Expenses Fund payment and the State Direct Expenses payment by Payment Date, without considering any reductions described in Article 9.

(iv) Exhibit M-4: Maximum Remediation Payments by Payment Group – sets forth the Maximum Annual Remediation Payments by Payment Group by Payment Date.

(v) Exhibit M-5: States Maximum Payments Schedule – for each Eligible State, Exhibit M-5 sets forth the maximum amounts for Base Payment, Incentive Payment A, Incentive Payment B, Incentive Payment C, and Incentive Payment D.

Section 4.02 Annual Remediation Payments. Subject to the terms and conditions of the Master Settlement Agreement, the Payment Groups shall make sixteen (16) Annual Remediation Payments, each comprised of Base Payments and Incentive Payments as provided in this Article 4 and as determined by the Settlement Administrator pursuant to this Agreement (including the offsets in Article 12 and permitted prepayments).

Section 4.03 Annual Remediation Payment Distributions

(a) Each Payment Date shall occur as and when required by the Master Settlement Agreement. The Annual Remediation Payments for each Payment Date shall be determined as set forth in Article 4 and made to the MDT pursuant to the Master Settlement Agreement.

(b) The MDT shall pay the Annual Remediation Payments and the Annual Fee Payment for each Payment Date to the Settlement Fund. Payments shall be disbursed by the Settlement Administrator promptly after each payment to the Settlement Fund by the MDT to each Settling State and to its Initial Participating Subdivisions listed on Exhibit G; *provided, however*, that for any Settling State where the

Consent Judgment has not been entered as of the Effective Date, the Settlement Administrator shall not disburse funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G until ten (10) calendar days after the entry of the Consent Judgment in that Settling State. The Settlement Administrator shall notify the Sackler Parties' Representative of the entry of a Consent Judgment for each State prior to disbursing funds to such State. Neither the Payment Parties nor the Sackler Parties' Representative shall have any obligation or liability with respect to the obligations of the MDT or the Settlement Fund, including under this Section 4.03(b) and Section 4.04(d).

Section 4.04 Payment Determination Process

(a) To determine each Annual Remediation Payment the Settlement Administrator shall use the necessary data to compute amounts under this Agreement as of ninety (90) calendar days prior to the applicable Payment Date, unless another provision of the Agreement specifies a different date.

(b) The Settlement Administrator shall determine the Statewide Payment Amount for each Settling State, and the amount owed by each Payment Group for the Annual Remediation Payment, the State Direct Expenses, and the Local Government Costs and Expenses Fund payments for such Payment Date, consistent with the provisions in Exhibit M-X. As part of this determination, the Settlement Administrator shall:

(i) determine the Statewide Payment Amount for each Settling State by calculating the amount of Base Payments and Incentive Payments to which the Settling State is entitled by applying the criteria under Section 4.05, Section 4.06, and Article 9;

(ii) apply any offsets or reductions as specified under this Article 4 and Article 12 and reflecting all prepayments permitted pursuant to this Agreement and the Master Settlement Agreement; and

(iii) determine the amount owed by each Payment Group, to the MDT, and the amount owed by the MDT to the Settlement Fund or the MDT Segregated Account, as applicable, which shall be directed to the Settling States.

(c) Not later than fifty (50) calendar days prior to the applicable Payment Date, the Settlement Administrator shall give notice to the Sackler Parties' Representative, any Settling State, and the MDT Advisory Council of the amounts determined pursuant to Section 4.04(b) (such notice, a "Preliminary Payment Determination") and the following timeline shall apply:

(i) Within twenty-one (21) calendar days of the Preliminary Payment Determination provided by the Settlement Administrator, the Sackler Parties' Representative, any Settling State or the MDT Advisory Council may dispute, in writing, the amounts provided by the Settlement Administrator. Such disputing party must provide a written notice of dispute to the Settlement Administrator, the MDT Advisory Council, any affected Settling State, and the Sackler Parties' Representative identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) and Payment Group(s) affected (a "Settlement Payment Dispute Notice"). If no Settlement Payment Dispute Notice is timely provided, then the Preliminary Payment Determination is deemed accepted for all purposes. Only matters included in a timely Settlement Payment Dispute Notice will be allowed to be the subject of any dispute regarding the Annual Remediation Amount payable on a given Payment Date.

(ii) Any party that received a Settlement Payment Dispute Notice may submit a response, in writing, to the Settlement Administrator, the MDT Advisory Council, any affected

Settling State, and the Sackler Parties' Representative identifying the basis for disagreement with the Payment Dispute Notice (a "Final Dispute Response Notice") within fourteen (14) calendar days that either:

(A) Agrees to one or more proposals in the Settlement Payment Dispute Notice; or

(B) Rejects one or more proposals in the Settlement Payment Dispute Notice and identifies the basis for disagreement. Any item within the Settlement Payment Dispute Notice that is rejected in the Final Dispute Response Notice will be deemed disputed

(iii) If no party timely delivers a Final Dispute Response Notice, then the Settlement Payment Dispute Notice is accepted for all purposes, and the Settlement Administrator shall adjust amounts determined pursuant to Section 4.04(b) consistent with the Payment Dispute Notice.

(iv) If a Final Dispute Response Notice is timely provided to the Settlement Administrator, the Settlement Administrator shall notify the Sackler Parties' Representative of the preliminary amount to be paid, in the aggregate and for each Payment Group, which shall be the greater of (i) the amount originally calculated by the Settlement Administrator or (ii) the amount that would be consistent with the Payment Dispute Notice, *provided, however,* that in no circumstances shall the preliminary amount determined for a Payment Group for a Payment Date be higher than the Maximum Annual Remediation Payment for that Payment Group for a Payment Date. For the avoidance of doubt, a transfer of payments from the MDT Segregated Account for other Payment Dates does not count toward determining whether the amount determined is higher than the Maximum Annual Remediation Payment.

(v) The Settlement Administrator shall place any disputed amount of the preliminary amount paid by the Payment Groups in accordance with the Master Settlement Agreement into the MDT Segregated Account[10] and shall disburse all undisputed amounts to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section 4.04(d). Upon resolution of a dispute after the Payment Date, amounts in the MDT Segregated Account related to that Payment Date shall be disbursed as follows: (i) to the Settlement Fund if determined to be required payments or (ii) to the applicable Payment Party (or Parties), as designated by the Sackler Parties' Representative, if determined not to be required payments.

(d) The Settlement Administrator shall allocate the Settling State's amount received into the Settlement Fund (including both the Statewide Payment Amount and its portion of the Estate Distributions) for each Payment Date pursuant to Article 5, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

(i) As soon as possible but not later than ten (10) calendar days following the determination described in Section 4.04(b) and Section 4.04(c) and the determination of a Settling State's portion of the Estate Distributions for the relevant Payment Date, the Settlement Administrator shall give notice to each Settling State and their Participating Subdivisions listed on Exhibit G of the amount to be received by such Settling State, the amount to be received by the

[10] Note to Draft: There needs to be accounting for 12.4% in attorneys' fees (either elsewhere or in the Plan) that the Plan will say should be disbursed to the fee funds if some or all of this money is paid to Settlement Fund.

separate types of funds for such Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for such Settling State.

(ii) Within fourteen (14) calendar days of the notice provided by the Settlement Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

(iii) Within fourteen (14) calendar days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Administrator, any affected Settling State and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

(iv) If no response is filed, the Settlement Administrator shall adjust the amount calculated consistent with the written notice of dispute.

(v) The Settlement Administrator shall not release any disputed amount to the Settling State and its Participating Subdivisions eligible for payment until such dispute has been resolved.

(vi) For the avoidance of doubt, neither the Payment Parties nor the Sackler Parties' Representative shall be liable for any breach of this Section 4.04(d) by any party.

(e) Disputes described in this Section 4.04 shall be resolved in accordance with the terms of Section 6.06.

(f) For the avoidance of doubt, a Subdivision not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

Section 4.05 Base Payments. Subject to the offset and reduction provisions set forth in this Agreement, the obligation of the Payment Groups to make payments to the MDT pursuant to the Master Settlement Agreement shall include "Base Payments" in a maximum total amount equal to $818,286,868.28, subject to an increase pursuant to Article 9. The Base Payments shall be due in installments consistent with Exhibit M-2 over the sixteen (16) Payment Dates starting with Payment Date 1. The Base Payment portion of an Annual Remediation Payment of a Payment Group shall be Pro Rata.

Section 4.06 Incentive Payments.

(a) Subject to the offset and reduction provisions set forth in Article 4 and Article 12, the obligation of the Payment Groups to make payments to the MDT pursuant to the Master Settlement Agreement shall include potential additional Incentive Payments totaling up to a maximum of $2,272,500,000, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth in Section 4.06(d) to (g) are met in each Settling State. The Incentive Payment portion of an Annual Remediation Payment of a Payment Group shall be Pro Rata.

(b) A Settling State qualifies to receive Incentive Payments in addition to Base Payments if it meets the incentive eligibility requirements as set forth in Section 4.06(d) to (g). The maximum total Incentive Payment for any Settling State for a given Payment Date shall be no more than the maximum total for Incentive Payments listed for that Settling State and Payment Date as set forth in Exhibit M-5. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth in Section 4.06(d) to (g) are met in such Settling State.

(c) Incentive Payments shall be available from four (4) categories, referred to as Incentive Payment A, Incentive Payment B, Incentive Payment C, and Incentive Payment D and shall be determined with respect to a specific Settling State based on its eligibility for that Payment Date under the criteria set forth in Section 4.06(d) to (g). Eligibility for Incentive Payment A, Incentive Payment B, Incentive Payment C, and Incentive Payment D shall be determined on a Settling State-by-Settling State basis and for each Payment Date as set forth in Section 4.06(d) to (g). Except to the limited extent provided for in Section 4.06(d) with respect to Incentive Payment A, a Settling State may not earn and shall not be paid on any later Payment Date an annual incentive payment for a prior Payment Date, or any portion thereof, that it failed to qualify for that Payment Date. Incentive Payment A, Incentive Payment B, and Incentive Payment C will be due in installments over the sixteen (16) Payment Dates beginning with Payment Date 1, and except for the Emergence Payment States, Incentive Payment D will be due in installments beginning with Payment Date 7, as described in Section 4.06(g). Each Payment Group shall only be responsible for its Pro Rata share of each Incentive Payment. The total amount of Incentive Payments in an Annual Remediation Payment shall be the sum of the Incentive Payments for which individual Settling States are eligible for that Payment Date under the criteria set forth in Section 4.06(d) to (g).

(d) Incentive Payment A.

(i) Incentive Payment A is mutually exclusive with Incentive Payments B and C; if a Settling State receives Incentive Payment A, such Settling State is not eligible for Incentive Payments B or C.

(ii) The total potential maximum amount for Incentive Payment A is $2,083,125,000, assuming all Eligible States qualify for Incentive Payment A on all Payment Dates and ignoring all offsets and reductions (including prepayments) contemplated or permitted by this Agreement. Each Settling State that qualifies for Incentive Payment A for a Payment Date shall be entitled to receive the amount set forth on Exhibit M-5 for such Settling State and Payment Date, subject to this Agreement and the Master Settlement Agreement.

(iii) Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of Payment Date 3:

(A) there is a Bar in that Settling State in full force and effect;

(B) there is a Settlement Class Resolution in that Settling State in full force and effect;

(C) there is a ruling from the State's highest court barring all Subdivisions from bringing or maintaining Shareholder Released Claims;

(D) the Shareholder Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities:

(i) all Litigating Subdivisions (including Special Districts that are Litigating Subdivisions);

(ii) all Primary Subdivisions that are not also Litigating Subdivisions;

(iii) all Non-Litigating Threshold Subdivisions that are not captured by Section 4.06(d)(iii)(D)(i)-(ii);

(iv) all Subdivisions that are Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district; and

(v) all Primary Fire Districts; or

(E) a combination of the actions in clauses (A) to (D) above has achieved the same level of resolution of a Cause of Action (e.g., a Bar against future litigation combined with full joinder by Litigating Subdivisions, Non-Litigating Threshold Subdivisions and Primary Fire Districts). For the avoidance of doubt, this clause (E) cannot be satisfied unless all Litigating Subdivisions, Primary Subdivisions, Non-Litigating Threshold Subdivisions, relevant Hospital Districts and Primary Fire Districts are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions.

(iv) A Settling State that does not qualify for Incentive Payment A as of ninety (90) days prior to Payment Date 3 shall not be eligible for Incentive Payment A for that Payment Date or any subsequent Payment Dates.

(v) If a Settling State does not qualify for Incentive Payment A for Payment Date 1, and becomes eligible for Incentive Payment A for Payment Date 2, it shall receive the payment that it would have received for Incentive Payment A for Payment Date 1 (the "Incentive Payment A Catch-up Payment") on Payment Date 2. If a Settling State does not qualify for Incentive Payment A for Payment Dates 1 or 2, and becomes eligible for Incentive Payment A for Payment Date 3, it shall receive Incentive Payment A Catch-up Payment for both Payment Dates 1 and 2 on Payment Date 3. The Incentive Payment A Catch-up Payments shall be reduced by any amounts paid to the Settling State under Incentives Payments B or C prior to the Settling State's eligibility for Incentive Payment A.

(vi) Each Payment Group's share of Incentive Payment A shall be computed on a Pro Rata basis.

(vii) On or prior to the thirtieth (30^{th}) calendar day immediately preceding the Initial Subdivision Participation Date, the Settling States shall provide the Sackler Parties' Representative with a list of Settling States with existing laws or rulings that they consider sufficient to qualify as a Bar. Settling States with putative Bars shall make their representatives and advisers reasonably available to the Sackler Parties' Representative and its advisers for investigating the sufficiency of each Bar. The Sackler Parties' Representative shall notify the Settling States and the Implementation Administrator whether such existing laws or rulings are sufficient to qualify as a Bar no later than the Initial Subdivision Participation Date (such response not to be unreasonably withheld, denied or delayed).

(e) Incentive Payment B.

(i) Incentive Payment B shall be available to Settling States that are not eligible for Incentive Payment A for the applicable Payment Date. Settling States may be eligible for both Incentive Payment B and Incentive Payment C.

(ii) The total potential maximum amount for Incentive Payment B for all Settling States combined is $1,230,937,500, assuming all Eligible States qualify for the maximum Incentive Payment B on all Payment Dates and ignoring all offsets and reductions (including prepayments) contemplated or permitted by this Agreement.

(iii) Eligibility for Incentive Payment B is determined as follows:

(A) A Settling State's eligibility for Incentive Payment B for a Payment Date shall be determined as of ninety (90) calendar days prior to the Payment Date; provided that the percentage of Incentive Payment B for which a Settling State is eligible as of the Incentive Payment Final Eligibility Date shall cap its eligibility for that Payment Date and all subsequent Payment Dates.

(B) Each Settling State's maximum Incentive Payment B for a Payment Date is set forth in Exhibit M-5. The amount of Incentive Payment B for which a Settling State is eligible for a Payment Date shall be a percentage of that State's maximum Incentive Payment B based on the extent to which (x) Litigating Subdivisions and Non-Litigating Threshold Subdivisions in the State are Participating Subdivisions or (y) there is a Case-Specific Resolution against Litigating Subdivisions and Non-Litigating Threshold Subdivisions in the State, collectively, "Incentive B Eligible Subdivisions." The percentage of the State's maximum share of Incentive Payment B that the State is eligible for a Payment Date shall be determined according to the table below:

Percentage of Litigating Subdivision and Non-Litigating Threshold Subdivision Population that is Incentive B Eligible Subdivision Population[11]	**Incentive Payment B Eligibility Percentage**

[11] The "Percentage of Litigating Subdivision and Non-Litigating Threshold Subdivision Population that is Incentive B Eligible Subdivision Population" shall be determined by the aggregate population of the Settling State's Litigating Subdivisions and Non-Litigating Threshold Subdivisions that are Incentive B Eligible Subdivisions divided by the aggregate population of the Settling State's Litigating Subdivisions and Non-Litigating Threshold Subdivisions. In calculating the Settling State's population that resides in Litigating Subdivisions and Non-Litigating Threshold Subdivisions, (a) the population of the Settling State's Litigating Subdivisions and Non-Litigating Threshold Subdivisions shall be the sum of the population of all Litigating Subdivisions and Non-Litigating Threshold Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Litigating Subdivision and/or Non-Litigating Threshold Subdivision, and (b) the population that resides in Incentive B Eligible Subdivisions shall be the sum of the population of the Incentive B Eligible Subdivisions, notwithstanding that persons may be included within the population of more than one Incentive B Eligible Subdivision. An individual Litigating Subdivision or Non-Litigating Threshold Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless of whether it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Litigating Subdivision or Non-Litigating Threshold Subdivision will be excluded from the numerator or denominator under this sentence unless a Litigating Subdivision or Non-Litigating Threshold Subdivision otherwise counted in the denominator has the authority to release the Claims of the Litigating Subdivision or Non-Litigating Threshold Subdivision to be excluded. For the avoidance of doubt, a Settling State in which the population that resides

Less than 85%	0%
85% or more but less than 86%	30%
86% or more but less than 91%	40%
91% or more but less than 95%	50%
95% or more but less than 97%	60%
97% or more but less than 99%	75%
99% or more but less than 100%	95%
100%	100%

(iv) For each Payment Date, the Settlement Administrator shall: (i) identify all Settling States that are eligible for Incentive Payment B pursuant to this Section 4.06(e); (ii) determine the Incentive Payment B eligibility percentage for each such Settling State; (iii) multiply the Incentive Payment B eligibility percentage for each such Settling State by its maximum Incentive Payment B for that Payment Date as set forth in Exhibit M-5. If all Litigating Subdivisions and Non-Litigating Threshold Subdivisions in a Settling State are Participating Subdivisions, and that Settling State is otherwise eligible for Incentive Payment B, that Settling State will receive its full allocable share of Incentive Payment B consistent with the foregoing calculations.

(v) Each Payment Group's share of Incentive Payment B shall be computed on a Pro Rata basis.

(f) Incentive Payment C.

(i) Incentive Payment C shall be available to Settling States that are not eligible for Incentive Payment A for the applicable Payment Date. Settling States may be eligible for both Incentive Payment B and Incentive Payment C.

(ii) The total potential maximum amount for Incentive Payment C for all Settling States combined is $852,187,500, assuming all Eligible States qualify for the maximum Incentive Payment C on all Payment Dates and ignoring all offsets and reductions (including prepayments) contemplated or permitted by this Agreement.

(iii) Eligibility for Incentive Payment C is determined as follows:

(A) A Settling State's eligibility for Incentive Payment C for a Payment Date shall be determined as of ninety (90) calendar days prior to the Payment Date; provided that the percentage of Incentive Payment C for which a Settling State is eligible as of the Incentive Payment Final Eligibility Date shall cap its eligibility for that Payment Date and all subsequent Payment Dates.

in Incentive B Eligible Subdivisions is less than eighty-five percent (85%) of the population of Litigating Subdivisions and Non-Litigating Threshold Subdivisions shall not be eligible for any portion of Incentive Payment B.

(B) Each Settling State's maximum Incentive Payment C for a Payment Date is set forth in Exhibit M-5. The amount of Incentive Payment C for which a Settling State is eligible for a Payment Date shall be a percentage of that State's maximum Incentive Payment C based on the extent to which (i) Non-Litigating Subdivisions that are Primary Subdivisions with a population over 30,000, Litigating Subdivisions, and Non-Litigating Threshold Subdivisions in the Settling State are Participating Subdivisions or (ii) there is a Case-Specific Resolution against Non-Litigating Subdivisions that are Primary Subdivisions with a population over 30,000, Litigating Subdivisions, and Non-Litigating Threshold Subdivisions in the Settling State, collectively, "Incentive C Eligible Subdivisions." The percentage of the State's maximum share of Incentive Payment C that the State is eligible for a Payment Date shall be determined according to the table below:

Percentage of Relevant Subdivision Population that is Incentive C Eligible Population [12]	**Incentive Payment C Eligibility Percentage**
Less than 60%	0%
60% or more but less than 70%	25%
70% or more but less than 75%	35%
75% or more but less than 80%	40%
80% or more but less than 85%	45%
85% or more but less than 90%	55%
90% or more but less than 93%	60%
93% or more but less than 94%	65%
94% or more but less than 95%	75%
95% or more but less than 98%	90%

[12] The "Percentage of Relevant Subdivision Population that is Incentive C Eligible Population" shall be determined by the aggregate population of the Settling State's Incentive C Eligible Subdivisions divided by the aggregate population of the Settling State's Non-Litigating Primary Subdivisions with a population over 30,000, Litigating Subdivisions and Non-Litigating Threshold Subdivisions ("*Incentive Payment C Subdivisions*"). None of the population figures shall include Prior Litigating Subdivisions. In calculating the Settling State's population that resides in Incentive Payment C Subdivisions, (a) the population shall be the sum of the population of all Incentive Payment C Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive Payment C Subdivision, and (b) the population that resides in Incentive C Eligible Subdivisions shall be the sum of the population of the Incentive C Eligible Subdivisions, notwithstanding that persons may be included within the population of more than one Incentive C Eligible Subdivision. An individual Incentive Payment C Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit. For the avoidance of doubt, a Settling State in which the population that resides in Incentive C Eligible Subdivisions is less than sixty percent (60%) of the population of Incentive Payment C Subdivisions shall not be eligible for any portion of Incentive Payment C.

98% or more but less than 100%	95%
100%	100%

(iv) For each Payment Date, the Settlement Administrator shall: (i) identify all Settling States that are eligible for Incentive Payment C pursuant to this Section 4.06(f); (ii) determine the Incentive Payment C eligibility percentage for each such Settling State; (iii) multiply the Incentive Payment C eligibility percentage for each such Settling State by its maximum Incentive Payment C for that Payment Date as set forth in Exhibit M-5. If all Non-Litigating Subdivisions that are Primary Subdivisions with a population of more than 30,000, Litigating Subdivisions and Non-Litigating Threshold Subdivisions in a Settling State are Participating Subdivisions, and that Settling State is otherwise eligible for Incentive Payment C, that Settling State will receive its full allocable share of Incentive Payment C consistent with the foregoing calculations.

(v) Each Payment Group's share of Incentive Payment C shall be computed on a Pro Rata basis.

(g) Incentive Payment D.

(i) Incentive Payment D shall be available to Settling States that meet the criteria described in this Section 4.06(g). However, for so long as any Settling State qualifies for Incentive A, that State automatically qualifies for Incentive Payment D. Incentive Payment D shall be paid starting on the Payment Date 7, except for the Emergence Payment States that shall be eligible to receive the Incentive Payment D on Payment Date 1, provided that, such Emergence Payment State also qualifies for Incentive Payment A for Payment Date 1.

(ii) The total potential maximum amount for Incentive Payment D is $189,375,000 for all Settling States, assuming all Eligible States qualify for the maximum Incentive Payment D on all Payment Dates and ignoring all offsets and reductions (including prepayments) contemplated or permitted by this Agreement. Each eligible Settling State's Incentive Payment D on a given Payment Date shall equal its maximum Incentive Payment D for such Payment Date as set forth in Exhibit M-5, subject to reduction as described below.

(iii) Each Payment Group's share of Incentive Payment D shall be computed on a Pro Rata basis.

(iv) A Settling State qualifies for a Payment Group's Incentive Payment D on any Payment Date if, by the applicable Incentive Payment D Lookback Date (as defined below) and subject to Section 4.06(g)(vi) and (vii), no Later Litigating Subdivision (as limited below) in that Settling State has filed a lawsuit against a Shareholder Released Party in that Payment Group after the Initial Subdivision Participation Date that has survived a Threshold Motion. Incentive Payment D is the only Incentive Payment that shall be determined on an individual Payment Group basis as different Payment Groups may experience different litigation by Later Litigating Subdivisions.

For purposes of Incentive Payment D, a Later Litigating Subdivision is limited to (i) a Subdivision that is a General Purpose Government and (ii) a Primary Fire District.

Except with respect to Emergence Payment States, Settling State's qualification for Incentive Payment D shall be determined as of sixty (60) calendar days prior to that date (the "Incentive Payment D Lookback Date").

(v) The Settlement Administrator shall determine a Settling State's eligibility for Incentive Payment D as of the applicable Incentive Payment D Lookback Date. Prior to the Incentive Payment D Lookback Date for each Payment Date, the Sackler Parties' Representative may provide the Settlement Administrator and the MDT Advisory Council with notice identifying any Settling State(s) it believes do not qualify for Incentive Payment D and information supporting its belief.

(vi) If a relevant Later Litigating Subdivision's lawsuit in that Settling State survives a Threshold Motion, the Settling State shall lose all eligibility for Incentive Payment D, subject to Section 4.06(g)(vii). However, a Settling State can become re-eligible for future payments of Incentive Payment D if the lawsuit that survived a Threshold Motion is dismissed pursuant to a later motion on grounds included in the Threshold Motion by the relevant Incentive Payment D Lookback Date, in which case the Settling State shall be eligible for Incentive Payment D less any litigation fees and expenses incurred or paid by or on behalf of Shareholder Released Parties in the interim for the relevant litigation, except that if the dismissal motion occurs after the completion of opening statements in such action, the Settling State shall not be eligible for Incentive Payment D.

(vii) For so long as any Settling State qualifies for Incentive Payment A, that State automatically qualifies for Incentive Payment D. However, if a Later Litigating Subdivision in that Settling State has filed a lawsuit against a Shareholder Released Party after the Initial Subdivision Participation Date that has survived a Threshold Motion, then payments in respect of Incentive Payment D from the Payment Group of which such Shareholder Released Party is a member to such Settling State shall be reduced by any litigation fees and expenses incurred or paid by or on behalf of the Shareholder Released Parties in the interim for the relevant litigation.

Section 4.07 Reserved.

Section 4.08 Pre-payment Option

(a) Each Payment Group shall have the right to prepay all or any portion of its unpaid share of the Annual Remediation Payment and the Annual Fees Payments, as adjusted pursuant to this Agreement, subject to and in accordance with Section 2.02 of the MSA, including any limitations set forth therein.

(b) Each Payment Group shall have the right make advance payments of all or any portion of its unpaid share of the Annual Remediation Payment and the Annual Fees Payments, as adjusted pursuant to this Agreement, subject to and in accordance with Section 2.03 of the MSA or as otherwise permitted by the MSA, including any limitations set forth therein.

ARTICLE 5.
ALLOCATION AND USE OF SETTLEMENT PAYMENTS

Section 5.01 Components of Settlement Fund. The Settlement Fund shall be funded by the Annual Remediation Payments and Estate Distributions made to the MDT that are ultimately payable to the Governmental Remediation Trust and shall be comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Article 4 by the MDT into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Payments placed into the Settlement Fund do not revert back to the Payment Groups.

Section 5.02 Use of Settlement Payments.

(a) It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section 5.02(b). In no event may less than ninety-five (95%) of the Payment Groups' amount of Annual Remediation Payments made pursuant to Article 4 over the entirety of all Annual Remediation Payments (but not for any single Payment Date) be spent on Opioid Remediation.

(b) While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Administrator and the Sackler Parties' Representative how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section 5.02(b) shall be available to the public. Such reporting shall be made to the Settlement Administrator with respect to each six-month period ending on June 30 or December 31 of any year in which funds are received from the Settlement Fund. Settling States and Participating Subdivisions shall make each such report within ninety (90) days of the end of the applicable six-month period. The Settlement Administrator shall set up a system to receive and preserve reports from Settling States and Participating Subdivisions that have used monies from the Settlement Fund for purposes that do not qualify as Opioid Remediation. The Settlement Administrator will not require Settling States and Participating Subdivisions without any such uses of money to submit a report, and the Settlement Administrator may treat the failure to submit a report as confirmation that a Settling State or Participating Subdivision had no such uses of money. For the avoidance of doubt, (i) any Annual Remediation Payment amounts not identified under this Section 5.02(b) as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section 5.06 and (ii) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

Section 5.03 Allocation of Settlement Fund. The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

(a) Base Payments. The Settlement Administrator will allocate Base Payments under Section 4.05 among the Settling States on a state-specific basis pursuant to Section 4.05. Base Payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section 5.04.

(b) Incentive Payments. The Settlement Administrator will treat Incentive Payments under Section 4.06 on a state-specific basis. Incentive Payments for which a Settling State is eligible under Section 4.06 will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its

Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section 5.04.

(c) Application of Adjustments. If an offset or reduction under Article 12 applies with respect to a Settling State, the offset or reduction shall be applied proportionally to all amounts that would otherwise be apportioned and distributed to the State Fund, the Remediation Accounts Fund, and the Subdivision Fund for that Settling State.

(d) Estate Distributions. The Settlement Administrator will treat Estate Distributions on a state-specific basis as specified in the [Governmental Remediation Trust Agreement]. Estate Distributions directed to a Settling State will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section 5.04.

(e) Settlement Administrator. Prior to the Effective Date, the Sackler Parties' Representative and the States' AG Negotiating Group, the MDL PEC, and the MSGE Group will agree to a detailed mechanism consistent with the foregoing for the Settlement Administrator to follow in allocating, apportioning, and distributing payments.

Section 5.04 Settlement Fund Reallocation and Distribution. As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section 5.04(a) and Section 5.04(b), then the default provisions of Section 5.04(d) apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section 5.04(a) and Section 5.04(b) address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

(a) Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section 5.03 shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section 5.02(b), and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.[13] For a State-Subdivision Agreement to be applied to the relevant portion of an Annual Remediation Payment, notice must be provided to the Sackler Parties' Representative and the Settlement Administrator at least sixty (60) calendar days prior to the Payment Date.

(b) Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section 5.02(b), and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section 5.03 shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or

[13] Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms.

Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in this Article 5 of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section 5.04(b) only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

(c) Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Administrator is not required to honor a voluntary redistribution for which notice is provided to it less than sixty (60) calendar days prior to the applicable Payment Date.

(d) Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section 5.04(a) and Section 5.04(b) do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section 5.03 shall be distributed as follows:

(i) Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

(ii) Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section 5.05. Each Settling State shall submit to the Settlement Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

(iii) Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section 7.10 shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

(iv) Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section 5.04(c) to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

(e) Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Article 7, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to

Later Participating Subdivisions to the extent such a distribution would violate Section 7.05 through Section 7.09. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section 5.04(a) or by an Allocation Statute or a Statutory Trust described in Section 5.04(b).

Section 5.05 Provisions Regarding the Remediation Accounts Fund.

(a) State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section 5.04(a) or Section 5.04(b), as applicable, and all direct payments to Subdivisions comply with Section 7.05 through Section 7.09.

(b) Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

(i) *Regional Remediation*.

(A) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section 5.05(b)(iv) to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (x) define its initial regions, which shall consist of one (1) or more General Purpose Governments and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (y) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(B) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(C) The Settling State (x) has the authority to adjust the definition of the regions, and (y) may annually revise the percentages allocated to each region to reflect the number of General Purpose Governments in each region that are Non-Participating Subdivisions.

(ii) *Subdivision Block Grants*. Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling

States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action, (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

(iii) *Small Settling States*. Notwithstanding the provisions of Section 5.05(b)(i), Settling States with populations under four (4) million that do not have existing regions described in Section 5.05(b)(i) shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section 5.05(b)(ii) shall be divided regionally so that each block-grant eligible Subdivision is a region and the remainder of the state is a region.

(iv) *Advisory Committee*. The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the "Advisory Committee") to provide input and recommendations regarding remediation spending from that Settling State's Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(A) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(B) Composition that includes at least an equal number of local representatives as state representatives;

(C) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(D) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

Section 5.06 Nature of Payment. The Payment Parties, the Settling States and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Shareholder Released Claims and such other Claims released pursuant to the Release:

(a) They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

(b) (i) The Settling States and Participating Subdivisions sought compensatory restitution and remediation for alleged damage or harm caused by the potential violation of a law (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (ii) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (iii) the portion of the Compensatory Restitution

Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

(c) The payment of the Compensatory Restitution Amount by or on behalf of the Payment Groups constitutes, and is paid for, compensatory restitution and remediation for alleged damage or harm caused by the potential violation of a law (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

(d) For the avoidance of doubt: (i) the entire Compensatory Restitution Amount is properly characterized as described in this Section 5.06, (ii) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State, Participating Subdivision, or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (iii) no portion of the Total Direct Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (iv) no portion of the Total Direct Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

ARTICLE 6.
ENFORCEMENT.

Section 6.01 Enforceability.

(a) Except as provided in Sections 6.01(b) and 6.01(c), this Agreement is enforceable only by the Settling States and the Payment Parties and/or Sackler Parties' Representative and only to the extent set forth herein; Settling States and Participating Subdivisions shall not have enforcement rights against any Payment Party or Shareholder Released Party with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Except as provided in Section 6.01(b), Participating Subdivisions shall not have enforcement rights against any Payment Party or Shareholder Released Party with respect to this Agreement or any Consent Judgment; *provided*, *however*, that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

(b) Participating Subdivisions listed on Exhibit G have enforcement rights as to payment allocations and other matters addressed in Section 6.03(a)(ii) and (iii) and Section 6.04.

(c) Shareholder Released Parties or Released Parties may enforce Article 10 but, for the avoidance of doubt, Released Parties shall not be entitled to enforce Sections 10.02(a), (b) and (d).

(d) The obligations of the Payment Parties to make Settlement Payments are set forth in the Master Settlement Agreement and are enforceable by the MDT pursuant to the terms of the Master Settlement Agreement.

Section 6.02 Jurisdiction. Each Payment Party and Settling State consents to the jurisdiction of (i) the National Arbitration Panel with respect to any National Dispute matter, as defined in Section 6.06(b), and (ii) for disputes addressed pursuant to Section 6.06(a), the court which enters each Settling State's Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located. For the avoidance of doubt, no Payment Party or Shareholder Released Party consents to the jurisdiction of any state or court

pursuant to subsection (ii) of this Section for any purpose other than for the resolution of disputes addressed pursuant to Section 6.06(a).

Section 6.03 Specific Terms Dispute Resolution.

(a) Payment and Allocation Disputes

(i) The failure of a Payment Group to make full and complete payments of amounts determined pursuant to the terms of this Agreement shall be enforced by the MDT pursuant to the Master Settlement Agreement.

(ii) A dispute concerning amounts to be paid on a Payment Date to a Settling State or the Participating Subdivisions listed on a Settling State's Exhibit G shall be addressed pursuant to Section 6.06. Such disputes include, but are not limited to, the earning of Incentive Payments.

(iii) A dispute concerning the application of intrastate allocation and other provisions in Sections 5.03, 5.04 and 5.05 shall be addressed in state court pursuant to Section 6.06(a).

(b) Disputes Addressed in Master Settlement Agreement. Except for matters addressed this Article 6, any dispute that is addressed by the provisions set forth in the Master Settlement Agreement shall be resolved as provided for therein. Whether a dispute is addressed by the provisions set forth in the Master Settlement Agreement shall be resolved as provided therein.

(c) In the event that the Sackler Parties' Representative believes that the ninety-five percent (95%) threshold established in Section 5.02(a) is not being satisfied, any Party may request that the Sackler Parties' Representative and the MDT Advisory Council meet and confer regarding the use of funds to implement Section 5.02(a). The completion of such meet-and-confer process is a precondition to further action regarding any such dispute. The Sackler Parties' Representative and the MDT Advisory Council shall each use reasonable efforts to complete such meet-and-confer process in a timely manner. Further action concerning Section 5.02(a) shall: (i) be limited to Payment Groups seeking to reduce their Annual Remediation Payments by no more than five percent (5%) of the difference between the actual amount of Opioid Remediation and the ninety-five percent (95%) threshold established in Section 5.02(a); (ii) only reduce Annual Remediation Payments to those Settling States and their Participating Subdivision(s) that are below the ninety-five percent (95%) threshold established in Section 5.02(a); and (iii) not reduce Annual Remediation Payments restricted to future Opioid Remediation.

Section 6.04 State-Subdivision Enforcement.

(a) A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to assert allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section 5.05(b)(ii).

(b) A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to assert

allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

(c) As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

Section 6.05 [Reserved].

Section 6.06 Other Terms Regarding Dispute Resolution.

(a) Except to the extent provided by Section 6.03 or Section 6.06(b), all disputes shall be resolved by either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

(i) State court proceedings shall be governed by the rules and procedures of the relevant forum.

(ii) For the avoidance of doubt, disputes to be resolved in state court consist of the following:

(A) disputes concerning whether expenditures qualify as Opioid Remediation;

(B) disputes between a Settling State and its Participating Subdivisions as provided by Section 6.04, except to the extent a State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(C) whether this Agreement and relevant Consent Judgment are binding under state law;

(D) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims;

(E) whether the definition of a Bar, a Case-Specific Resolution, lead state agency as described in Section 5.04(d)(ii), Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(F) enforcement of the injunctive relief terms in Article 3.

(iii) Any Party may request that the National Arbitration Panel provide an interpretation of any provision of this Agreement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an amicus curiae brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

(b) National Disputes involving a Settling State and/or a Payment Party or Shareholder Released Party or Released Party (in the case of a Released Party, solely with respect to issues relating to the Release of such Released Party) shall be resolved by the National Arbitration Panel.

(i) "National Disputes" are disputes that are not addressed in Section 6.03, and which are exceptions to Section 6.06(a)'s presumption of resolution in state courts because they involve issues of interpretation of the provisions in Article 10 and the Release. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes include, but are not limited to, the following:

(A) the amount of offset attributable to Non-Settling States;

(B) defined terms relating to Article 10 and the Release;

(C) the interpretation and application of any most-favored nation provision in Section 13.04;

(D) questions regarding the performance and/or removal of the Settlement Administrator;

(E) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payment A, Incentive Payment B, Incentive Payment C or Incentive Payment D;

(F) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section 10.02(d)(iii);

(G) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(H) any dispute subject to resolution under Section 6.06(a) but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section 6.06(b).

(ii) The National Arbitration Panel shall be comprised of three (3) arbitrators. One (1) arbitrator shall be chosen by the Sackler Parties' Representative, one (1) arbitrator shall be chosen by the MDT Advisory Council with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party(s) that selected him/her.

(iii) Each arbitrator shall be impartial and independent regarding any dispute. If any party disputes the independence or impartiality of any arbitrator on the National Arbitration Panel, the party may request the National Arbitration Panel to replace such arbitrator. The National Arbitration Panel shall have the authority to remove an arbitrator on these grounds. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that an arbitrator removal occurs, the removed arbitrator shall be replaced by the party(s) that selected him/her.

(iv) The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year. The National Arbitration shall make reasonable efforts to decide all contractual interpretation issues that may arise in connection with this agreement within sixty (60) calendar days of filing, and in no event shall it take longer than one hundred eighty (180) calendar days of filing.

(v) The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

(vi) The seat of arbitration shall be New York, New York.

(vii) To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section 6.01, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

(viii) The arbitrators shall be guided by any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section 6.01, or a Payment Party, Shareholder Released Party, or Released Party on a state law issue.

(ix) The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Payment Parties, the Sackler Parties' Representative, the Settlement Administrator, and, as applicable, Released Parties. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Payment Party or the Sackler Parties' Representative whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

(x) Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

(xi) Each party shall bear its own costs in any arbitration or court proceeding arising under this Article 6. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Payment Groups and/or the Sackler Parties' Representative and Settling States/Participating Subdivisions shall be split fifty percent (50%) by the relevant Payment Parties and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute.

(c) Prior to initiating an action to enforce pursuant to this Section 6.06, the complaining party must:

(i) Provide written notice to the MDT Advisory Council and/or the Sackler Parties' Representative of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The MDT Advisory Council shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the MDT Advisory Council establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The MDT Advisory Council may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

(ii) Wait to commence any enforcement action until thirty (30) calendar days after the date that the MDT Advisory Council establishes for obtaining additional information from the involved parties.

(iii) If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section 6.06(a) or Section 6.06(b), the MDT Advisory Council will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the MDT Advisory Council's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

Section 6.07 Consent to Be Bound by MSA Arbitration Clauses. Subject to the introductory language in this Agreement relating to enforcement and conflict(s) between this Agreement, the Master Settlement Agreement, the Plan and/or the Confirmation Order, the Parties and each of the Participating Subdivisions acknowledge and agree that the terms and subject matter set forth in Section 11.13 of the MSA shall be binding upon and enforceable against each such Settling States and Participating Subdivisions.

ARTICLE 7.
PARTICIPATION BY SUBDIVISIONS.

Section 7.01 Notice. No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G.[14] To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties (which includes the update requirements in the definitions of "Litigating Subdivision" and "Non-Litigating Threshold Subdivision"), the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions listed on Exhibit G.

[14] Because the Shareholder Released Parties have settled with Oklahoma, but not with Oklahoma Subdivisions, the Implementation Administrator shall send individual written notice of the opportunity to participate in this Agreement and the requirements of participation to all Oklahoma Subdivisions. For purposes of this Section 7, references to a "Subdivision in a Settling State" shall include Subdivisions in Oklahoma.

The Settling States, with the cooperation of the Sackler Parties' Representative, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Subdivision Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date. The Sackler Parties' Representative shall have reasonable access to the Implementation Administrator and any of its records and analyses regarding the progress of the Subdivision solicitation as such records and analyses are produced.

Section 7.02 Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions. A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Shareholder Released Claims against all Shareholder Released Parties and such other Claims released pursuant to the Release against Released Parties, subject to the terms of this Agreement and provided that any such dismissal may be subject to the pursuit by the MDT of a Release Remedy (as defined in the Master Settlement Agreement) under Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to a Payment Party, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Article 5; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement.[15] The required Subdivision Settlement Participation Form is attached as Exhibit K.

Section 7.03 Requirements for Becoming a Participating Subdivision—Litigating Subdivisions/Later Litigating Subdivisions. A Litigating Subdivision or Later Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Administrator) and upon dismissal with prejudice of its lawsuit following the Effective Date, provided that any such dismissal may be subject to the pursuit by the MDT of a Release Remedy (as defined in the Master Settlement Agreement) under Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to a Payment Party. The required Subdivision Settlement Participation Form is attached as Exhibit K. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Administrator shall provide quarterly reports of this information to the parties to this Agreement, with such report being organized by Settling State.

Section 7.04 Initial Participating Subdivisions. A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section 7.02 or Section 7.03 by the Initial Subdivision Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the

[15] Note to Draft: The form of Subdivision Settlement Participation Form attached as Exhibit K to include all of the foregoing items.

Effective Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Settlement Participation Forms shall be returned to counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligation. The holding of Subdivision Settlement Participation Forms in escrow shall only be for the purpose of addressing the contingency that the Agreement does not become effective and the forms shall not be held in escrow by the Implementation Administrator for any other purpose.

Section 7.05 Later Participating Subdivisions. A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section 7.02 or Section 7.03 after the Initial Subdivision Participation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section 5.04 or Section 5.05. The following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

(a) A Later Participating Subdivision shall not receive any share of any Annual Remediation Payment due before it became a Participating Subdivision.

(b) A Later Participating Subdivision that becomes a Participating Subdivision more than six months after the Effective Date, shall receive seventy-five percent (75%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to that date (unless the Later Participating Subdivision is subject to Section 7.05(c) or Section 7.05(d)).

(c) A Later Participating Subdivision that, after the Initial Subdivision Participation Date, maintains a lawsuit for a Shareholder Released Claim(s) against a Shareholder Released Party and has judgment entered against it on every such Shareholder Released Claim before it became a Participating Subdivision (other than a consensual dismissal with prejudice) shall receive fifty percent (50%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to such judgment; *provided, however*, that if the Subdivision appeals the judgment and the judgment is affirmed with finality before the Subdivision becomes a Participating Subdivision, the Subdivision shall not receive any share of any Base Payment or Incentive Payments.

(d) A Later Participating Subdivision that becomes a Participating Subdivision while a Bar has been in effect for thirty (30) days or more shall receive twenty-five percent (25%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision without such Bar being in effect.

(e) The reductions set out in Section 7.05(a)-(d) may be waived by agreement between the Sackler Parties' Representative and the MDT Advisory Council.

Section 7.06 Prior Settling Subdivisions. A Prior Settling Subdivision cannot be a Participating Subdivision. However, subject to approval by the Subdivision's Settling State, the MDT Advisory Council and the Sackler Parties' Representative, a Prior Settling Subdivision can become a Participating Subdivision or a Later Participating Subdivision if the payments it receives for Opioid Remediation from the separate agreement do not exceed amounts it would have received in Annual Remediation Payments if it had been an Initial Participating Subdivision.

Section 7.07 No Increase in Payments. Except for any effect on Incentive Payments, amounts to be received by Later Participating Subdivisions shall not increase the payments due from the Payment Parties.

Section 7.08 Ineligible Subdivisions. Prior Litigating Subdivisions whose claims against the Shareholder Released Parties have already been fully resolved and dismissed with prejudice cannot be Participating Subdivisions, unless the Sackler Parties' Representative consents to their participation. Subdivisions located in Non-Settling States cannot be Participating Subdivisions.

Section 7.09 Non-Participating Subdivisions. Non-Participating Subdivisions shall not directly receive any portion of any Annual Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

Section 7.10 Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions. Any Base Payment and Incentive Payments allocated pursuant to Section 5.04 to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Article 7, including the amounts that remain unpaid after the reductions required by Section 7.05(b) through Section 7.05(d), will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

ARTICLE 8.
CONDITION TO EFFECTIVENESS OF AGREEMENT AND FILING OF CONSENT JUDGMENT

Section 8.01 Determination to Proceed with Settlement – Settling States. No later than fifteen (15) calendar days after the Initial Subdivision Participation Date, the Settling States, acting through the States' AG Negotiating Group, shall deliver a Subdivision Participation Threshold Notice to the Sackler Parties' Representative, the MSA PEC and the MSGE Group stating whether or not they elect to proceed with the Agreement and, if proceeding, listing all Settling States. If the Settling States elect not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void. Within seven (7) calendar days of the Settling States informing the Sackler Parties' Representative that there is sufficient participation to proceed pursuant to this Section 8.01, the Settling States will deliver all signatures and Releases required by the Agreement to be provided by the Settling States to the Sackler Parties' Representative.

Section 8.02 Determination to Proceed with Settlement – Sackler Parties' Representative. If the Settling States elect to proceed, the Sackler Parties' Representative will then have fifteen (15) calendar days to determine whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Cause of Action of the Litigating Subdivisions and the Non-Litigating Threshold Subdivisions in the Settling States (through participation under Article 7, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be communicated by the delivery of the Sackler (Subdivision) Participation Notice to the States' AG Negotiating Group, the MDL PEC, and the MSGE Group, which determination and communication shall be made, subject to any other agreements with any mediator parties, in the sole discretion of the Sackler Parties' Representative and may be based on any criteria or factors deemed relevant by the Sackler Parties' Representative.

Section 8.03 Reference Date. If the Sackler (Subdivision) Participation Notice communicates the Sackler Parties' Representative's decision to proceed, the Reference Date shall occur on the date of such communication and subject to Section 8.05, the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Effective Date subject to the terms of this Agreement. If the Sackler (Subdivision) Participation Notice communicates the Sackler Parties' Representative's decision to not proceed, this Agreement will have no further effect and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void. Following the Reference Date, Subdivisions that elected to become Participating Subdivisions shall cease litigation activity against the Shareholder Released Parties and Released Parties, including by jointly seeking stays or, where appropriate, severance of claim against the Shareholder Released Parties or Released Parties, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied, provided, however, that nothing herein shall require any Participating Subdivision to take any action in connection with this Section 8.03 or otherwise that would prejudice such Subdivision's ability to recommence or continue such litigation in the event the Effective Date does not occur or, if with respect to a particular Payment Party and pursuant to the Master Settlement Agreement, the MDT pursues the Release Remedy (as defined in the Master Settlement Agreement) under Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to such Payment Party.

Section 8.04 Consent Judgments. The Settling States will proceed to file the Consent Judgments after the Effective Date.

Section 8.05 Condition to Effectiveness of this Agreement. The Parties agree and acknowledge that this Agreement shall not become effective unless the conditions in Article 10 of the Master Settlement Agreement have been satisfied or waived by the Sackler Parties' Representative and the MDT in accordance with the terms of the Master Settlement Agreement (with the consent of the parties referenced therein, to the extent required to give effect to such satisfaction or waiver). If the conditions in Article 10 of the Master Settlement Agreement are not satisfied or waived by the Sackler Parties' Representative and the MDT (with the consent of the parties referenced therein, to the extent required to give effect to such satisfaction or waiver) pursuant to the terms of the Master Settlement Agreement on the Settlement Effective Date, or the Master Settlement Agreement is terminated, this Agreement will have no further effect and all releases (including the Releases and those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

ARTICLE 9.
ANNUAL FEE PAYMENTS

Section 9.01 Local Government Costs and Expenses Fund[16]. The agreed terms concerning the Local Government Costs and Expenses Fund incurred on behalf of Participating Subdivisions are set forth in Exhibit R and incorporated herein by reference. The schedule for the maximum amounts allocable to the Payment Groups on each Payment Date for Local Government Costs and Expenses Fund payments pursuant to this Agreement is set forth in Exhibit M-3 before accounting for any prepayments.[17] Each Payment Group's share of each Payment Date's Local Government Costs and Expenses Fund shall be calculated pursuant to Exhibit M-X. For the avoidance of doubt, the payments to the Local Government

[16] NTD: States discussing moving "Exhibit R" out of GESA and into MSA or Plan.

[17] Note to Draft: Sacklers must sign off on Exhibit R before this Agreement can be finalized.

Costs and Expenses Fund provided by this Section 9.01 do not include amounts designated pursuant to Section 5.9(a) of the Plan as attorneys' fees and costs based on Estate Distributions.

Section 9.02 State Direct Expenses. The agreed terms concerning allocation of the State Direct Expenses are set forth in Exhibit S and are incorporated herein by reference. State Direct Expenses shall not be paid to Non-Settling States. The schedule for the maximum amounts allocable to the Payment Groups on each Payment Date for State Direct Expenses payments is set forth in Exhibit M-3 before accounting for any prepayments. A Payment Group's payment obligation on any Payment Date shall be reduced by the portion of State Direct Expenses attributable to any Non-Settling State for that Payment Date as set out in Exhibit M-X. Each Payment Group's share of each Payment Date's State Direct Expenses shall also be calculated pursuant to Exhibit M-X.

Section 9.03 Payment and Disbursement. The Annual Fee Payment for each Payment Date shall be calculated by the Settlement Administrator pursuant to this Article 9 and made to the MDT pursuant to the Master Settlement Agreement. Disbursements for Subdivision and State attorneys' fees and expenses are made pursuant to Section 5.9 of the Plan. For the avoidance of doubt, except as provided in Section 9.04, the terms in this agreement concerning the Local Government Costs and Expenses Fund and the State Direct Expenses concern payment obligations and do not address the process for the disbursement of those funds, which is covered by the Plan. To the extent Annual Fee Payment obligations are greater than the fee disbursements required by the Plan on any Payment Date, any such excess shall be allocated ratably as additional Base Payment funds to States with scheduled Base Payments for that Payment Date.

Section 9.04 Excess Annual Fee Payment Amounts.

(a) Pursuant to Section 5.9 of the Plan, there is a cap on disbursements for the Local Government Cost and Expense Fund and a cap on disbursements for the State Expenses Fund. Should the cap for the Local Government Cost and Expense Fund be reached prior to the completion of the Local Government Costs and Expenses Fund payment obligations pursuant to Section 9.01 of this Agreement, the remaining Local Government Costs and Expenses Fund obligations pursuant to Section 9.01 of this Agreement shall be directed by the MDT to the Settlement Fund and be allocated ratably as additional Base Payment funds to States with scheduled Base Payments for that Payment Date. Similarly, should the cap for the State Expenses Fund be reached prior to the completion of the State Direct Expenses payment obligations pursuant to Section 9.02 of this Agreement, the remaining State Direct Expenses payments shall be directed by the MDT to the Settlement Fund and be allocated as additional Base Payment funds for that Payment Date. The Settlement Administrator shall keep the Settling States and the Sackler Parties' Representative reasonably informed about when the caps described in this Section 9.04 will be met.

ARTICLE 10.
RELEASE

Section 10.01 Delivery of Release. Each Settling State and Participating Subdivision shall, on behalf of itself and its applicable Releasors, deliver a Release, pursuant to this Agreement, which Releases shall be effective upon the occurrence of the Effective Date, provided that such Releases may be subject to the pursuit by the MDT of a Release Remedy (as defined in the Master Settlement Agreement) under Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to a Payment Party. For the avoidance of doubt, the delivery of the Consent Judgments following the Effective Date shall have no impact on the effectiveness of the Releases.

Section 10.02 Claim-Over and Non-Party Settlement.

(a) It is the intent of the Parties that:

(i) Shareholder Released Parties and Released Parties should not seek contribution or indemnification (other than pursuant to an insurance contract) from other parties for their payment obligations under this Agreement;

(ii) the payments made under the Master Settlement Agreement shall be the sole payments made by the Shareholder Released Parties to the Releasors involving, arising out of, or related to Shareholder Released Claims (or conduct that would give rise to a Shareholder Released Claim if engaged in by a Shareholder Released Party);

(iii) A Cause of Action by Releasors against non-Parties should not result in additional payments by Shareholder Released Parties, whether through contribution, indemnification or any other means; and

(iv) the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a Shareholder Released Party's liability to any other parties.

The provisions of this Section 10.02 are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

(b) No Shareholder Released Party shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, health care practitioner; provided that a Shareholder Released Party shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Shareholder Released Party or Released Party from recovering amounts owed pursuant to insurance contracts.

(c) To the extent that, on or after the Effective Date, any Releasor negotiates and enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization (whether individually or as a class of creditors), the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind against the Shareholder Released Parties and Released Parties substantially equivalent to that required from the Shareholder Released Parties in Section 10.02(b), or a release from such Non-Shareholder Released Party in favor of the Shareholder Released Parties and Released Parties (in a form equivalent to the releases contained in this Agreement, including the Release) of any Claim-Over. Each Releasor acknowledges and agrees that it shall take reasonable steps to enforce such agreement related to indemnification and contribution, and any other agreement related to indemnification and contribution from a prior opioid settlement, in each case as applicable, for the benefit of the Shareholder Released Parties and the Released Parties. Such agreement is a material term of this Agreement.

(d) In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Shareholder Released Party that does not contain a prohibition like that described in Section 10.02(c) or any Releasor files a Non-Party Covered Conduct Claim against a Non-Shareholder Released Party in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section 10.02(c), and such Non-Shareholder Released Party asserts a Claim-Over against a Shareholder Released Party, the Shareholder Released Party shall be relieved of the prohibition in Section 10.02(b) with respect to that Non-Shareholder

Released Party and that Releasor and the Sackler Parties' Representative shall take the following actions to ensure that the Shareholder Released Parties do not pay more with respect to Covered Conduct to Releasors or to Non-Shareholder Released Parties than the amounts owed under this Settlement Agreement by Payment Groups:

(i) The Sackler Parties' Representative shall notify that Releasor of the Claim-Over within sixty (60) calendar days of when it becomes aware of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

(ii) The Sackler Parties' Representative and that Releasor shall meet and confer concerning the means to hold Shareholder Released Parties harmless and ensure that they are not required to pay more with respect to Covered Conduct than the amounts owed by the Payment Groups under this Agreement;

(iii) That Releasor and the Sackler Parties' Representative shall take steps sufficient and permissible under the law of the state of the Releasor to hold Shareholder Released Parties harmless from the Claim-Over and ensure Shareholder Released Parties are not required to pay more with respect to Covered Conduct than the amounts owed by the Payment Groups under this Agreement. Such steps may include, where permissible:

(A) Filing of motions to dismiss or such other appropriate motion by the Sackler Parties' Representative or Shareholder Released Parties and supported by Releasors, in response to any claim filed in litigation or arbitration;

(B) Reduction of that Releasors' Claim and any judgment it has obtained or may obtain against such Non-Shareholder Released Party by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Shareholder Released Party;

(C) Placement into escrow of funds paid by the Non-Shareholder Released Parties such that those funds are available to satisfy the Claim-Over;

(D) Return of monies paid by Payment Groups to that Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Shareholder Released Party to satisfy the Claim-Over;

(E) Payment of monies to Shareholder Released Parties by that Releasor to ensure they are held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Shareholder Released Party;

(F) Credits to Payment Groups under this Agreement to reduce the overall amounts to be paid under the Agreement such that they are held harmless from the Claim-Over; and

(G) Such other actions as that Releasor and Payment Parties, the Sackler Parties' Representative may devise to hold Shareholder Released Parties harmless from the Claim-Over.

(iv) The actions taken pursuant to paragraph (iii) must, in combination, ensure that Payment Groups are not required to pay more with respect to Covered Conduct than the amounts owed by them under this Agreement.

(v) In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (iii), that Releasor and the Sackler Parties' Representative may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed.

(vi) The National Arbitration Panel shall have authority to require Releasors to implement a remedy that includes one or more of the actions specified in paragraph ((iii)) sufficient to hold Shareholder Released Parties fully harmless in accordance with this Section 10.02. In the event that the Panel's actions do not result in Shareholder Released Parties being held fully harmless in accordance with this Section 10.02, the Shareholder Released Parties shall have a claim for breach of this Agreement by Releasors, with the remedy being payment of sufficient funds to hold the Shareholder Released Parties harmless from the Claim-Over. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that the Shareholder Released Parties or Payment Parties may have.

(e) To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section 10.02(d) shall extend solely to a Non-Party Covered Conduct Claim against a clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. The Sackler Parties' Representative shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Shareholder Released Party asserts a Claim-Over arising out of contractual indemnity against it.

Section 10.03 General Release. In connection with the releases provided for in this Agreement (including the Release), each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

> **A GENERAL RELEASE DOES NOT EXTEND TO A CAUSE OF ACTION THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Shareholder Released Claims and such other Claims released pursuant to the Release, but each Settling State (for itself and its Releasors) and Participating Subdivision hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Shareholder Released Claims and such other Claims released pursuant to the Release that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

Section 10.04 Assigned Interest Waiver. To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against a Shareholder Released Party or Released Party (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to such Shareholder Released Party or Released Party, as applicable.

Section 10.05 Res Judicata. Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect of this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

Section 10.06 Representation and Warranty. The signatories hereto on behalf of their respective Settling States expressly represent and warrant that they have (or have obtained, or will obtain no later than the date set forth in Section 8.01) the authority to settle and release, to the maximum extent of the Settling State's power, all Shareholder Released Claims and such other Claims released pursuant to the Release of (1) their respective Settling States, (2) all past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts, and (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions, and instrumentalities that have the authority to bring a Shareholder Released Claim or Released Claim. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commissions, and instrumentalities are those that are under the executive authority or direct control of the Settling State's Governor. Also for the purposes of clause (3) of this Section 10.06, a release from a Settling State's Governor as set forth in Exhibit V is sufficient to demonstrate that the appropriate releases have been obtained.

Section 10.07 Effectiveness. The releases set forth in this Agreement (including the Release) shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

Section 10.08 Cooperation. Releasors (1) will not encourage any person or entity to bring or maintain any Shareholder Released Claim against any Shareholder Released Party or any other Claims released pursuant to the Release against any Released Parties and (2) will reasonably cooperate with and not oppose any effort by a Shareholder Released Party or Released Party, as applicable, to secure the prompt dismissal of any and all Shareholder Released Claims or any other Claims released pursuant to the Release against any Release Parties, including suits brought by non-Releasors based on Shareholder Released Claims or any other Claims released pursuant to the Release against any Released Parties. Applicable Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against a Shareholder Released Party or Released Party on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

Section 10.09 Non-Released Claims. Notwithstanding the foregoing or anything herein or in any definition of Released Claims to the contrary (either in this Agreement or in the Plan), neither this Agreement nor the Release shall waive, release or limit any Excluded Claims.

ARTICLE 11.
LATER LITIGATING SUBDIVISIONS

Section 11.01 Shareholder Released Claims against Shareholder Released Parties. If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Shareholder Released Claim against a Shareholder Released Party after the Effective Date the Shareholder Released Party shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Shareholder Released Claim. The Shareholder Released Party shall further notify the Settling State and Settlement Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Shareholder Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. The Shareholder Released Parties shall give the relevant Settling State a reasonable opportunity to extinguish the Shareholder Released Claims without any payment or any other obligations being imposed upon any Shareholder Released Parties (apart from the Total Direct Settlement Amount payable by the Payment Groups under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Shareholder Released Party shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

Section 11.02 No Support for Litigating Subdivisions. The Settling States will not encourage, facilitate, or assist in any manner whatsoever Subdivision litigation for Covered Conduct against any Shareholder Released Party or Released Party in any State, regardless of whether those claims were filed against the Shareholder Released Party or Released Party, as applicable, prior to, on, or after the Effective Date.

ARTICLE 12.
OTHER REDUCTIONS/OFFSETS.

Section 12.01 Settlement Class Resolution Opt Outs. If a Settling State is eligible for Incentive Payment A on the basis of a Settlement Class Resolution, and a Primary Subdivision that opted out of the Settlement Class Resolution maintains a lawsuit asserting a Shareholder Released Claim against a Shareholder Released Party, the following shall apply. If the lawsuit asserting a Shareholder Released Claim either survives a Threshold Motion or has an unresolved Threshold Motion fewer than sixty (60) calendar days prior to the scheduled start of a trial involving a Shareholder Released Claim, and is resolved with finality on terms requiring payment by the Shareholder Released Party, each Payment Group shall receive a dollar-for-dollar offset for the amount it paid against its obligation to make remaining Incentive Payment A payments that would be apportioned to that Settling State and to its Subdivisions.

Section 12.02 Revoked Bar, Settlement Class Resolution, or Case-Specific Resolution.

(a) If a Payment Group made any Annual Remediation Payments that included any Incentive Payments earned as a result of the existence of a Bar, Settlement Class Resolution, or Case-Specific Resolution in a Settling State, and there is subsequently a Revocation Event with respect to that Bar, Settlement Class Resolution, or Case-Specific Resolution after the determination of the amount of such Annual Remediation Payment, the Payment Parties shall receive a dollar-for-dollar offset against the portion of their remaining Annual Remediation Payments that would be allocated to that Settling State and its Participating Subdivisions. This offset will be calculated for each Payment Group as the dollar amount difference between (1) the total amount of Incentive Payments paid by the Payment Group by virtue of the Bar, Settlement Class Resolution, or Case-Specific Resolution subject to the Revocation Event and (2) the total amount of Incentive Payments that would have been due from the Payment Group during that time had the Bar, Settlement Class Resolution, or Case-Specific Resolution subject to the Revocation Event not been in effect. The amount of incentive payments that would have been due,

referenced in clause (2) above, will be calculated one hundred eighty (180) calendar days after the Revocation Event and the offset will be applied to the next payment that would be allocated to that Settling State and its Participating Subdivisions; for purposes of calculating the amount of Incentive Payments that would have been due, any relevant Subdivision shall be included as a Participating Subdivision if: (x) its Shareholder Released Claims are extinguished by any subsequent Bar, Settlement Class Resolution, or Case-Specific Resolution in effect as of the date of such calculation, or (y) it becomes a Participating Subdivision (in addition to all other Participating Subdivisions) prior to the date of such calculation.

(b) Without limiting the foregoing, if a Payment Group made a payment under Incentive Payment A solely on the basis of a Bar or Settlement Class Resolution in a Settling State and that Bar or Settlement Class Resolution is subsequently subject to a Revocation Event or that Settling State shall not be eligible for Incentive Payment A thereafter, unless the Settling State requalifies for Incentive Payment A through any method pursuant to Article 4, in which case the Settling State shall be eligible for Incentive Payment A less any litigation fees and costs incurred by the Payment Group in the interim as a result of the Revocation Event, except that, if the re-imposition occurs after the completion of opening statements in a trial involving a Shareholder Released Claim, the Settling State shall not be eligible for Incentive Payment A (unless this exception is waived by the Sackler Parties' Representative).

ARTICLE 13.
MISCELLANEOUS

Section 13.01 Population of General Purpose Governments. The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

Section 13.02 Population of Special Districts. For any purpose in this Agreement in which the population of a Special District is used other than Section 4.06(d) and Section 4.06(g): (a) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (b) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.[18] For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. The Sackler Parties' Representative and the States' AG Negotiating Group shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

Section 13.03 Population Associated with Sheriffs. For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

Section 13.04 Most-Favored Nation Provisions

(a) No Settling State or Participating Subdivision shall enter into a side settlement or other agreement with one or more Shareholder Released Parties concerning a Cause of Action addressed in this Agreement that provides compensation or other terms that are in addition to what the Settling State or Participating Subdivision receives pursuant to this Agreement and the Master Settlement Agreement.

[18] The estimates for counties and parishes were accessed at https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html. The estimates for cities and towns can currently be found at https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html.

(b) For so long as funds remain in the Special Operating Reserve that can be used by a settling Payment Group, all proposed settlement agreements between that Payment Group and non-federal governmental entities or the private claimants, or decisions not to appeal an appealable judgment, must be submitted to the MDT Advisory Council for consent (such consent not to be unreasonably withheld or delayed), as set forth below:

(i) For settlements involving a State or private party settlements, at least five (5) of the members of the MDT Advisory Council are required to consent;

(ii) For settlement involving a Subdivision, the Settling State in which the Subdivision is located shall participate in the MDT Advisory Council's discussions and shall have a vote on whether to approve the settlement as if it were a member of the MDT Advisory Council.

(iii) Upon approval, such settlement payments shall be deemed Litigation Costs.

(c) The MDT Advisory Council may consider any and all factors that it determines are relevant when providing its consent, including the amount of Litigation Costs (including defense costs). spent on litigation by the Payment Parties prior to any proposed settlement. This section shall not prohibit the Sackler Parties from taking the position in any arbitration (or any other proceeding) that the consideration of any particular factor by the MDT Advisory Council is unreasonable, and nothing shall prohibit the MDT Advisory Council from taking the position in any arbitration (or any other proceeding) that the consideration of any particular factor is reasonable.

(d) If a Payment Party or Payment Parties within a Payment Group (a "Separately Settling Payment Group") enters into a settlement agreement with any Non-Settling State that resolves a Cause of Action similar in scope to those released by a Settling State under this Agreement on overall payment terms that are more favorable to the Non-Settling State on a net present value basis (calculated with a 7.5% discount rate, discounted back to the date of the first payment) than the overall payment terms the Non-Settling State would have received under this Agreement based on the same level of participation, the Settling States, individually or collectively, may seek review, pursuant to this Section 13.04(d), of the overall payment terms of this Agreement solely concerning that Separately Settling Payment Group and the Non-Settling State agreement. This review and potential revision of payment terms allows such Settling State(s) to obtain overall payment terms at least as favorable as those secured by the Non-Settling State, solely with respect to the Separately Settling Payment Group. "Overall payment terms" refers to the consideration of, among other things, all payment terms of the Separately Settling Payment Group under the two agreements, taken together, including but not limited to the amount of payments, the timing of payments, the amount of payments that are being made to counsel of the Non-Settling State (as opposed to the Non-Settling State itself) and conditions or contingencies on payments. Any changes to a Separately Settling Payment Group's overall payment terms shall not adversely affect any other Payment Group.

(i) For any settlement involving Shareholder Released Claims entered into with a Non-Settling State, the Separately Settling Payment Group shall provide the MDT Advisory Council (with a copy to the Sackler Parties' Representative) with the settlement agreement or relevant consent judgment within thirty (30) calendar days of the settlement's consummation. The MDT Advisory Council shall promptly distribute a copy to all Settling States.

(ii) In the event that one or more Settling State(s) believes that the overall payment terms of an agreement by a Separately Settling Payment Group with a Non-Settling State are more favorable to the Non-Settling State as set forth in Section 13.04(d), the Settling State(s) and the Separately Settling Payment Group shall engage in the following process:

(A) Within sixty (60) calendar days of the date on which the MDT Advisory Council provides a settlement agreement or consent judgment to Settling States, the Settling State(s) shall provide notice to the Separately Settling Payment Group (with a copy to the Sackler Parties' Representative) of its intent to seek revision of this Agreement to provide payment terms that are, on an overall basis, as favorable as those obtained by the Non-Settling State as described above. To the extent allowed by law, such notice shall be confidential and not disclosed publicly and shall provide, in detail, the basis for the Settling State(s)'s belief that it is entitled to a revision of the Agreement.

(B) The Separately Settling Payment Group shall, within thirty (30) calendar days, provide a response to the Settling State(s) (with a copy to the Sackler Parties' Representative), explaining its position, in detail, as to whether the Settling State(s) are entitled to more favorable overall payment terms than those provided for in this Agreement.

(C) In the event the Settling State(s) and the Separately Settling Payment Group do not reach agreement as to the application of this Section 13.04(d), the Settling State(s) may, at the sole cost of the Settling State(s) and the Separately Settling Payment Group, petition the National Arbitration Panel to seek a ruling from the Panel as to the applicability of this Section 13.04(d), provided that the Settling State(s) may seek such review only if at least five (5) Settling States co-sign the petition. The Panel shall consider submissions and argument by the parties pursuant to the procedures set forth in Section 6.06(b).

(D) The Settling State and the Separately Settling Payment Group shall be bound by the determination of the National Arbitration Panel of the overall payment terms of this Agreement and the Non-Settling State agreement so that such Settling State(s) may obtain, with respect to the Separately Settling Payment Group, overall payment terms at least as favorable as those obtained by such Non-Settling State. A copy of the Panel's decision shall be promptly shared with the Sackler Parties' Representative and the MDT Advisory Council.

(E) In the event that the National Arbitration Panel determines that, following a settlement between a Separately Settling Payment Group and a Non-Settling State, the Separately Settling Payment Group delivered overall payment terms more favorable to the Non-Settling State than the Settling States, and the Separately Settling Payment Group fails to deliver consideration to the Settling States at least as favorable as the overall payment terms delivered to the Non-Settling State (as determined by the National Arbitration Panel) within thirty (30) calendar days of the National Arbitration Panels determination on this issue, the Settling States shall be permitted to exercise all remedies against the Separately Settling Payment Group, and the failure of the Separately Settling Payment Group to deliver such consideration to the Settling States shall be considered a "Specified Breach" under the MSA.

(F) In the event that the MDT Advisory Council does not consent to a particular settlement between a Separately Settling Payment Group and a Non-Settling State pursuant to Section 13.04(b), and the National Arbitration Panel determines that the MDT Advisory Council's withholding of consent was reasonable, and the Separately Settling Payment Group nevertheless consummates such settlement, such action by the Separately Settling Payment Group shall be considered a "Specified Breach" under the MSA and the Settling States shall be permitted to exercise all remedies against the Separately Settling Payment Group.

(e) If a Separately Settling Payment Group enters into a settlement agreement with any Non-Participating Subdivision in a Settling State that resolves a Cause of Action similar in scope to those released by a that State's Participating Subdivisions under this Agreement on overall payment terms that are more favorable to the Non-Participating Subdivision on a net present value basis (calculated with a 7.5% discount rate, discounted back to the date of the first payment) than the overall payment terms the Non-Participating Subdivision would have received under this Agreement (without adjusting for any difference in Incentive Payments that would have occurred if it had been a Participating Subdivision), the Settling State in which such Subdivision is located, on behalf of its Participating Subdivisions, may seek review, pursuant to this Section 13.04(e), of the overall payment terms of this Agreement solely concerning that Separately Settling Payment Group and the Non-Participating Subdivision agreement. This review and potential revision of payment terms allows such Settling State to obtain overall payment terms for its Participating Subdivisions that are at least as favorable as those secured by the Non-Participating Subdivision, solely with respect to the Separately Settling Payment Group. "Overall payment terms" refers to the consideration of, among other things, all payment terms of the Separately Settling Payment Group under the two agreements, taken together, including but not limited to the amount of payments, the timing of payments, the amount of payments that are being made to counsel of the Non-Participating Subdivision (as opposed to amounts being made to fee funds available to counsel of Participating Subdivisions) and conditions or contingencies on payments. Any changes to a Separately Settling Payment Group's overall payment terms shall not adversely affect any other Payment Group or affect the payment terms of Participating Subdivisions in any other Settling State.

(i) For any settlement involving Shareholder Released Claims entered into with a Non-Participating Subdivision, the Separately Settling Payment Group shall provide the MDT Advisory Council and the Setting State in which the Subdivision is located (with a copy to the Sackler Parties' Representative) with the settlement agreement or relevant consent judgment within thirty (30) calendar days of the settlement's consummation.

(ii) In the event that Setting State in which the Subdivision is located believes that the overall payment terms of an agreement by a Separately Settling Payment Group with the Non-Participating Subdivision are more favorable to the Non-Participating Subdivision as set forth in Section 13.04(e), the Settling State and the Separately Settling Payment Group shall engage in the following process:

(A) Within sixty (60) calendar days of the date on which the Setting State in which the Subdivision is located is provided the settlement agreement or consent judgment, the Settling State shall provide notice to the Separately Settling Payment Group (with a copy to the Sackler Parties' Representative) of its intent to seek revision of this Agreement to provide payment terms that are, on an overall basis, as favorable to its Participating Subdivisions as those obtained by the Non-Participating Subdivision as described above. To the extent allowed by law, such notice shall be confidential and not disclosed publicly and shall provide, in detail, the basis for the Settling State's belief that it is entitled to a revision of the Agreement.

(B) The Separately Settling Payment Group shall, within thirty (30) calendar days, provide a response to the Settling State (with a copy to the Sackler Parties' Representative), explaining its position, in detail, as to whether the Settling State's Participating Subdivisions are entitled to more favorable overall payment terms than those provided for in this Agreement.

(C) In the event the Settling State and the Separately Settling Payment Group do not reach agreement as to the application of this Section 13.04(e), the Settling State(s)

may, at the sole cost of the Settling State and the Separately Settling Payment Group, petition the National Arbitration Panel to seek a ruling from the Panel as to the applicability of this Section 13.04(e). The Panel shall consider submissions and argument by the parties pursuant to the procedures set forth in Section 6.06(b).

(D) The Settling State (including its Participating Subdivisions) and the Separately Settling Payment Group shall be bound by the determination of the National Arbitration Panel of the overall payment terms of this Agreement and the Non-Participating Subdivision agreement so that such Settling State's Participating Subdivisions may obtain, with respect to the Separately Settling Payment Group, overall payment terms at least as favorable as those obtained by such Non-Settling State. A copy of the Panel's decision shall be promptly shared with the Sackler Parties' Representative and the MDT Advisory Council.

(E) In the event that the National Arbitration Panel determines that, following a settlement between a Separately Settling Payment Group and a Non-Participating Subdivision that was not the subject of a waiver by the MDT Advisory Council of this Section 13.04, the Separately Settling Payment Group delivered overall payment terms more favorable to the Non-Participating Subdivision than the Participating Subdivisions and Settling States, as applicable, and the Separately Settling Payment Group fails to deliver consideration to the Participating Subdivisions and Settling States, as applicable, at least as favorable as the overall payment terms delivered to the Non-Participating Subdivision (as determined by the National Arbitration Panel) within thirty (30) calendar days of the National Arbitration Panels determination on this issue, the Settling States and Participating Subdivisions shall be permitted to exercise all remedies against the Separately Settling Payment Group, and the failure of the Separately Settling Payment Group to deliver such consideration to the Settling States and Participating Subdivisions shall be considered a "Specified Breach" under the MSA.

(F) In the event that the MDT Advisory Council does not consent to a particular settlement between a Separately Settling Payment Group and a Non-Participating Subdivision pursuant to Section 13.04(b), and the National Arbitration Panel determines that the MDT Advisory Council's withholding of consent was reasonable, and the Separately Settling Payment Group nevertheless consummates such settlement, such action by the Separately Settling Payment Group shall be considered a "Specified Breach" under the MSA and the Settling State where the Non-Participating Subdivision is located shall be permitted to exercise all remedies against the Separately Settling Payment Group.

(f) Exceptions.

(i) Section 13.04(d) through Section 13.04(e) do not apply to, and there is no ability of any Settling State or Participating Subdivision to seek or obtain revision of this Agreement based on, any agreement with a Shareholder Released Party (a) that is entered into with a Non-Settling State or Non-Participating Subdivision after the earlier of (i) the close of expert discovery or (ii) a date ninety (90) calendar days prior to the scheduled start date of a trial (including an administrative proceeding) between the Shareholder Released Party and the Non-Settling State (or Non-Participating Subdivision), provided that, where, in order to complete a settlement, the Non-Settling State (or Non-Participating Subdivision) and the Shareholder Released Party jointly request an adjournment of the scheduled start date of a trial within ninety (90) days of that date, this exception will apply as if the trial date had not been adjourned; or (b) that is entered into with a Non-Settling State (or Non-Participating Subdivision) that has obtained any court order or judicial determination

that grants judgment (in whole or in part) against any Shareholder Released Party in the Non-Settling State's (or Non-Participating Subdivision's) case following an adjudication where (x) the relevant Shareholder Released Party did not consent to the entry of such order or judgment; and (y) the relevant Shareholder Released Party contested to the granting of such award and the entry of such order. The National Arbitration Panel shall have no power to review agreements that satisfy any of the conditions described in this paragraph.

(ii) This Section 13.04 does not apply to, and there is no ability of any Settling State or Participating Subdivision to seek or obtain revision of this Agreement based on, any agreement between a Shareholder Released Party and federally recognized tribes.

(iii) Sections 13.04(d) and (e) will not apply to any agreement entered into more than eighteen (18) months after the Effective Date.

(iv) This Section 13.04 may be waived by the MDT Advisory Council, with a vote to do so by at least five (5) of the MDT Advisory Council members. For waivers concerning an agreement with a Non-Participating Subdivision, the Setting State in which the Subdivision is located shall participate in the MDT Advisory Council's discussions and shall have a vote on whether to approve the waiver.

Section 13.05 No Admission. No Payment Party, other Shareholder Released Party, or Released Party admits liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to any Shareholder Released Party or Released Party.

Section 13.06 Tax Cooperation and Reporting

(a) Subject to the limitations set forth herein, upon the reasonable written request by the Sackler Parties' Representative or PRA LP to the Designated State, the Designated State agrees to cooperate in good faith with the Sackler Party Representative or PRA LP, as the case may be, to timely provide such further information and documents in its possession or reasonably available to it or to the Settling States, and use reasonable efforts to timely execute and deliver such further documents in its possession or in the possession of the Settling States as may be reasonably necessary for Payment Parties or PRA LP to establish the statements set forth in Section 5.06 to the reasonable satisfaction of their tax advisors and their independent financial auditors, including as contemplated by Section 162(f) of the Internal Revenue Code of 1986, as amended, and 26 C.F.R § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance, or that are reasonably necessary with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding with the Internal Revenue Service or other governmental authority relating to such matters ("Tax Matters"). All requests must reasonably detail the purpose for requesting the documents or other information at that time.

(b) The Settling States agree to timely and reasonably cooperate with the Designated State in connection with any reasonable requests made hereunder. Such cooperation shall be limited to (x) the retention and provision (upon reasonable written request by the Sackler Parties' Representative or PRA LP) of records and information which are reasonably relevant to any such Tax Matters, and which are in the possession of the Settling States or reasonably available to them, and (y) making employees and other personnel reasonably available on a mutually convenient basis to timely provide additional information reasonably requested and explain any material provided hereunder to the extent such cooperation does not materially and adversely affect the cooperating party. The Sackler Parties' Representative shall use

reasonable efforts to make requests under this Section 13.06 no more frequently than quarterly, other than in connection with circumstances in which a more timely response is required to respond to a request from a taxing authority.

(c) Nothing in this Section 13.06 shall require the Designated State, any Settling State or any Participating Subdivision to (i) provide any information or document that has been filed with the Bankruptcy Court or otherwise made publicly available by the public posting of such information or document; (ii) retain information or records other than in accordance with any applicable retention policy except with respect to reasonable written requests by the Sackler Parties' Representative made to the Designated State; (iii) provide information or documents that have been previously provided to the Sackler Parties' Representative; (iv) search and/or produce e-mail or physical records, except to the extent reasonably necessary to identify information or documents relevant to any reasonable request made hereunder; (v) provide information or documents that would result in a violation of applicable law; (vi) provide information or documents that are privileged; (vii) bear any out-of-pocket costs or expenses; or (viii) provide information or documents that would result in a breach of a confidentiality agreement or obligation. In each such case where the Designated State, a Settling State or a Participating Subdivision does not provide a document or other information solely pursuant to the preceding sentence, the Designated State, Settling State or Participating Subdivision shall inform the Sackler Parties' Representative, to the extent legally permissible, of the basis on which information was not provided. Other than with respect to Section 5.02(b), and notwithstanding anything else herein to the contrary, the Settling States and Participating Subdivisions shall have no obligation to trace funds received pursuant to this Agreement or the Master Settlement Agreement; and no Settling State or Participating Subdivision shall have any obligation or responsibility for any other Settling State or Participating Subdivision under this Section 13.06.

(d) Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions shall designate one of its officers or employees to act as the "appropriate official" within the meaning of 26 C.F.R. § 1.6050X- 1(f)(1)(ii)(B) (the "Appropriate Official"). The Designated State shall use reasonable best efforts to direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to PRA LP and the Payment Parties and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns reasonably requested by PRA LP or a Payment Party, and (b) provides the Sackler Parties' Representative a copy of (i) the IRS Form 1098-F filed with respect to PRA LP or such Payment Party and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section 5.06 and as set forth in Section 13.06(e).

(e) Any form, return, amended return, or written statement filed or provided pursuant to Section 13.06(d), and any similar document, shall be prepared and filed in a manner consistent with reporting on IRS Form 1098-F. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section 13.06 other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall use reasonable best efforts to direct and ensure that the Appropriate Official provides to the Sackler Parties' Representative a draft of such form, return, amended return, or written statement in respect of the Payment Parties or PRA LP no later than sixty (60) calendar days prior to the due date thereof, and shall accept and reflect any reasonable revisions from or on behalf of the Sackler Parties' Representative on the return, amended return, or written statement in respect of the Payment Parties or PRA LP.

(f) For the avoidance of doubt, neither the Payment Parties, the Designated State, nor the Settling States make any warranty or representation to any Payment Party, Settling State, or Releasor as

to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof), and nothing in this Agreement shall impose on the Settling States any liability with respect to any tax or related obligation of the Shareholder Released Parties, or obligation to indemnify, defend, or otherwise hold harmless any Shareholder Released Party for any tax or other obligations.

Section 13.07 Third-Party Beneficiaries. Except as expressly provided in this Agreement or the Master Settlement Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the MDT, a Participating Subdivision (to the extent expressly set forth herein), a Settling State, the Sackler Parties' Representative, Shareholder Released Party, or a Released Party. The Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

Section 13.08 Calculation. Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

Section 13.09 Construction. None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

Section 13.10 Cooperation and Best Efforts. Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents, and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not, directly or indirectly, assist or encourage any challenge to this Agreement or any Consent Judgment by any other person, and will support the integrity and enforcement of the terms of this Agreement, the Master Settlement Agreement and the Consent Judgments. Each Party and each Participating Subdivision further agrees to use its good faith efforts and to cooperate with the other Parties and Participating Subdivisions to meet the deadlines set forth in this Agreement in a timely manner and without requiring extensions.

Section 13.11 Entire Agreement. This Agreement, including its exhibits and any other attachments, and together with the Master Settlement Agreement, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

Section 13.12 Execution. The Consent Judgments may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Judgment. One or more counterparts of the Consent Judgments may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart thereof. One or more counterparts of the Consent Judgments may be signed by electronic signature. The Payment Parties and MDT may execute their counterpart signature pages to this Agreement in a similar manner (e.g., on separate counterparts and by means of .pdf electronic transmission).

Section 13.13 Good Faith and Voluntary Entry. Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of

duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement and the other Agreements listed or referenced in Section 13.11) was made to them to induce them to enter into this Agreement.

Section 13.14 Legal Obligations. Nothing in this Agreement shall be construed as relieving Payment Parties of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules. Except with respect to the Injunctive Relief Terms, in the event of a conflict between this Agreement and any requirement or requirements of federal, state, or local laws, such that a Payment Party cannot comply with this Agreement without violating such a requirement or requirements, the Payment Party shall document such conflicts and notify the Attorney(s) General of the relevant Settling State(s) that it intends to comply with the requirement or requirements to the extent necessary to eliminate the conflict. With respect to the Injunctive Relief Terms, in the event of such a conflict, the procedures set forth in the Injunctive Relief Terms will be followed.

Section 13.15 No Prevailing Party. The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

Section 13.16 Waive Challenge. The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section 13.14.

Section 13.17 Non-Admissibility. The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement.

Section 13.18 Notices. All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated in Exhibit B.

Any Party, the MDL PEC, or the MSGE Group may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section 13.18.

Section 13.19 No Waiver. The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

Section 13.20 Preservation of Privilege. Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

Section 13.21 Successors. This Agreement shall be binding upon, and inure to the benefit of, the Payment Parties and their respective successors and assigns. To the extent a party to the Master Settlement Agreement may assign rights or obligations thereunder, or may be added or removed as a party thereto, such party may assign rights or obligations, or may be added or removed as a party, to this Agreement.[19]

Section 13.22 Modification, Amendment, Alteration. Between [●][20]and the Effective Date, in the event the States' AG Negotiating Group, MDL PEC, the MSGE Group, or the Sackler Parties' Representative concludes that corrections are required to this Agreement, the States' AG Negotiating Group, MDL PEC, the MSGE Group, and the Sackler Parties' Representative shall meet and confer and make such amendments as they agree are appropriate. After the Effective Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by the Sackler Parties' Representative, along with the signature of at least two-thirds of those then serving as Attorney General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section 5.05(b)(iv), by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

Section 13.23 Termination.

(a) Unless otherwise agreed to by each of the Sackler Parties' Representative and the Settling States, this Agreement and all of its terms (except Section 13.17) and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated, and the Agreement and all orders issued by the courts in the Settling States pursuant to the Agreement shall become null and void and of no effect if the Master Settlement Agreement terminates.

(b) Unless the Sackler Parties' Representative and the MDT Advisory Council agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration as set forth in Article 8 of the MSA, shall terminate as to all Parties as of Payment Date 16, provided that the Payment Parties have performed their respective payment obligations under the Agreement as of that date. Notwithstanding any other provision in this Section 13.23(b) or in this Agreement, all releases under this Agreement, including under the Release, will remain effective despite any termination under this Section 13.23(b).

(c) Nothing in this Section 13.23 shall affect the rights of the parties to terminate this Agreement on the terms and subject to the conditions set forth elsewhere in this Agreement or under the Master Settlement Agreement.

Section 13.24 Governing Law. Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against the Payment Parties or against which a Payment Party of the Sackler Parties' Representative is seeking enforcement.

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[20] NTD: This will be the date referenced in the introductory language of Section 2.01.

Section 13.25 [Reserved]

Section 13.26 Sackler Parties' Representative.

(a) Designation. Subject to the terms and conditions of this Section 13.26, the Sackler Parties' Representative is hereby designated as the representative of the Payment Parties with respect to the matters set forth in this Agreement, and solely to the extent set forth therein, and the other documents or agreements contemplated hereby or thereby to be performed by the Payment Parties.

(b) Authority. By the approval of this Agreement, each of the Payment Parties hereby irrevocably constitutes and appoints the Sackler Parties' Representative as the representative, agent, proxy and attorney-in-fact for each of the Payment Parties for all purposes authorized under this Agreement, including the full power and authority on behalf of the Payment Parties to (i) take all other actions to be taken by or on behalf of each Payment Party (or the Payment Parties collectively) in connection herewith and (ii) do each and every act and exercise any and all rights which each Payment Party (or the Payment Parties collectively) is permitted or required to do or exercise under this Agreement or any other agreement contemplated hereby. Each of the Payment Parties agrees that such agency and proxy are coupled with an interest, are therefore irrevocable without the written consent of the Sackler Parties' Representative and shall survive the bankruptcy, dissolution, liquidation, death or incapacity of any Payment Party. All decisions and actions by the Sackler Parties' Representative (to the extent authorized by this Agreement) shall be binding upon each of the Payment Parties, and no Payment Party shall have the right to object, dissent, protest or otherwise contest the same.

(c) Reliance. Each Payment Party agrees that the other Parties shall be entitled to rely on any action taken by the Sackler Parties' Representative on behalf of such Payment Party and its Payment Group (an "Authorized Action"), and that each Authorized Action shall be binding on each Payment Party and Payment Group as fully as if such Payment Party and Payment Group had taken such Authorized Action.

(d) Limitation of Liability. Each Sackler Party (including but not limited to each Payment Party) acknowledges and agrees that the Sackler Parties' Representative shall have no liability to, and shall not be responsible for any costs or expenses, judgments, fines, losses, claims, damages or liabilities of, any Party or to or of any of their respective officers, directors, employees, affiliates and/or agents in connection with any actions taken or omitted to be taken by the Sackler Parties' Representative under or in respect of this Agreement, except to the extent resulting from fraud or willful misconduct by the Sackler Parties' Representative.

(e) Survival. All of the immunities and powers granted to the Sackler Parties' Representative hereunder shall survive the termination of this Agreement.

EXHIBIT M-1: PAYMENT SCHEDULE

[See Attached.]

EXHIBIT M-2: SCHEDULE OF MAXIMUM PAYMENTS

[See Attached.]

EXHIBIT M-3: ANNUAL FEES PAYMENT SCHEDULE

[See Attached.]

EXHIBIT M-4: MAXIMUM REMEDIATION PAYMENTS BY PAYMENT GROUP

[See Attached.]

EXHIBIT M-5: MAXIMUM REMEDIATION PAYMENTS BY STATE

[See Attached.]

Exhibit M-X

Payment Calculations[21]

For each Payment Date, the following procedure will be used to calculate the Base Payments, Incentive Payments, Local Government Costs and Expenses and State Direct Expenses for each Payment Group other than A-Side Payment Group 8.

(a) For a given Payment Date and Payment Group, the following calculations shall be made to determine such Payment Group's Annual Remediation Payment:

(i) Base Payments. The Base Payment is determined by computing

(A) *the sum of* Base Payment Amounts, as set forth in Exhibit M-5, of all Settling States; *multiplied by*

(B) the Base Payment Amount of the Payment Group, as set forth in Exhibit M-2; *divided by*

(C) the sum of the Base Payment Amounts of all Payment Groups, as set forth in Exhibit M-2; *less*

(D) solely in the case of an A-Side Payment Group, an amount equal to 1/7th of the difference between (x) the Base Payment Amount for A-Side Payment Group 8, as set forth in Exhibit M-2, and (y) the amount determined by applying steps (A) – (C) for Base Payments to A-Side Payment Group 8.[22]

(ii) Incentive Payment A. The Incentive Payment A is determined by computing

(A) *the sum of* amounts, determined for each Settling State eligible to receive Incentive Payment A, equal to (1) the Incentive Payment A Amount for each such Settling State, as set forth in Exhibit M-5, *plus* (2) the Incentive Payment A Catch-up Payment, if any, of such Settling State; *multiplied by*

(B) the Incentive Payment A Amount of the Payment Group, as set forth in Exhibit M-2; *divided by*

(C) the sum of the Incentive Payment A Amounts of all Payment Groups, as set forth in Exhibit M-2, *less*

[21] Oklahoma shall be considered a Settling State solely for the purposes of calculations made under this Exhibit M-X and for no other purpose.

[22] For the avoidance of doubt, any reduction from step (D) shall count as Retained Payments for the applicable A-Side Payment Group.

(D) any applicable state-specific offset or reduction for such Settling State and such Payment Group as determined pursuant to Section 12.01 or Section 12.02(b).

(iii) Incentive Payment B: Incentive Payment B is determined by computing

(A) *the sum of* amounts, determined for each Settling State eligible to receive Incentive Payment B, equal to (1) the Incentive Payment B Amount for each such Settling State, as set forth in Exhibit M-5, *multiplied* by (2) the applicable Incentive Payment B eligibility percentage for such Settling State pursuant to Section 4.06(e), *less* (3) any applicable state-specific offset or reduction for such Settling State as determined pursuant to Section 12.02(a); *multiplied by*

(B) the Incentive Payment B Amount of the Payment Group, as set forth in Exhibit M-2; *divided by*

(C) the sum of the Incentive Payment B Amounts of all Payment Group, as set forth in Exhibit M-2.

(iv) Incentive Payment C: Incentive Payment C is determined by computing

(A) *the sum of* amounts, determined for each Settling State eligible to receive Incentive Payment C, equal to (1) the Incentive Payment C Amount for such Settling State, as set forth in Exhibit M-5, *multiplied* by (2) the applicable Incentive Payment C eligibility percentage for such Settling State pursuant to Section 4.06(f), *less* (3) any applicable state-specific offset or reduction of such Settling State as determined by Section 12.02(a); *multiplied by*

(B) the Incentive Payment C Amount of the Payment Group, as set forth in Exhibit M-2; *divided by*

(C) the sum of the Incentive Payment C Amounts of all Payment Groups, as set forth in Exhibit M-2.

(v) Incentive Payment D. Incentive Payment D is determined by computing *the sum of* amounts, determined for each Settling State eligible for Incentive Payment D with respect to such Payment Group, equal to

(A) the Incentive Payment D Amount for such Settling State, as set forth in Exhibit M-5; *multiplied by*

(B) the Incentive Payment D Amount of the Payment Group, as set forth in Exhibit M-2; *divided by*

(C) *the sum of* the Incentive Payment D Amounts of all Payment Groups for the given Payment Date, as set forth in Exhibit M-2; *less*

(D) any deductions from Incentive Payment D described in Section 4.06(g) applicable to the Payment Group and such Settling State not previously applied.

(b) For a given Payment Date (starting with Payment Date 2) and Payment Group, the following calculations shall be made:

(i) Local Government Costs and Expenses Fund. Local Government Costs and Expenses Fund obligation is determined by computing

(A) the Payment Group's maximum Local Government Costs and Expenses payment, as set forth in Exhibit M-2*; multiplied by*

(B) *the sum of* the maximum Annual Remediation Payment amounts for all Settling States as set forth on Exhibit M-5 on such Payment Date; *divided by*

(C) *the sum of* the maximum Annual Remediation Payment amounts for all Settling States and Non-Settling States, if any, as set forth on Exhibit M-5 on such Payment Date*; less*

(D) solely in the case of an A-Side Payment Group, an amount equal to 1/7th of the difference between (x) the Local Government Costs and Expenses Payment for A-Side Payment Group 8, as set forth in Exhibit M-2, and (y) the amount determined by applying steps (A) – (C) for Local Government Costs and Expenses Fund to A-Side Payment Group 8;[23] *provided that*

(E) once the Local Government Costs and Expenses Fund has received, from all sources (other than as explicitly set forth in the Plan), $370 million in the aggregate, any portion of this amount in excess of this limit shall be allocated ratably as additional Base Payment funds to States with scheduled Base Payments for that Payment Date.

(ii) State Direct Expenses. The State Direct Expenses obligation is determined by computing

(A) the Payment Group's maximum State Direct Expenses, as set forth in Exhibit M-2; *multiplied by*

(B) *the sum of* the maximum Annual Remediation Payment amounts for all Settling States as set forth on Exhibit M-5 on such Payment Date; *divided by*

(C) *the sum of* the maximum Annual Remediation Payment amounts for all Settling States and Non-Settling States, if any, as set forth on Exhibit M-5 on such Payment Date; *less*

[23] For the avoidance of doubt, any reduction from step (D) shall count as Retained Payments for the applicable A-Side Payment Group.

(D) solely in the case of an A-Side Payment Group, an amount equal to 1/7th of the difference between (x) the State Direct Expenses for A-Side Payment Group 8, as set forth in Exhibit M-2, and (y) the amount determined by applying steps (A) – (C) for State Direct Expenses to A-Side Payment Group 8;[24] *provided that*

(E) once the State Direct Expenses has received, from all sources (other than as explicitly set forth in the Plan), $200 million in the aggregate, any portion of this amount in excess of this limit shall be allocated ratably as additional Base Payment funds to States with scheduled Base Payments for that Payment Date.

(iii) Any amounts paid to the Annual Fees Payment which would cause the Local Government Costs and Expenses Fund to receive more than 8.5% of the Total Direct Settlement Amount, or cause the State Direct Expenses Fund to receive more than 4.5% of the Total Direct Settlement shall be allocated ratably as additional Base Payment funds to States with scheduled Base Payments for that Payment Date.

(c) For the avoidance of doubt, no Annual Remediation Payments or other amounts shall be paid to (or on account of) Non-Settling States. The Annual Remediation Payment for a Payment Date shall not include any payment in respect of the Annual Remediation Payment for any Non-Settling State.

For A-Side Payment Group 8, the Base Payments, Local Government Costs and Expenses and State Direct Expenses will be determined by reference to that Payment Group's maximum scheduled amounts in Exhibit M-2 and without any reduction. A-Side Payment Group 8 has no portion of the Incentive Payments, as reflected in Exhibit M-2. For the avoidance of doubt, any Local Government Costs and Expenses and State Direct Expenses payable by A-Side Payment Group 8 will count towards the caps on disbursement pursuant to Section 5.9 of the Plan.

The following defined terms are used in this Exhibit M-X:

"Base Payment Amount" means either (as the context requires): (i) the amount of the Base Payment for a Settling State and Payment Date, as set forth in Exhibit M-5 or (ii) the amount of the Base Payment for a Payment Group and Payment Date, as set forth in Exhibit M-2.

"Incentive Payment A Amount" means either (as the context requires): (i) the amount of the Incentive Payment A for a Settling State and Payment Date, as set forth on Exhibit M-5 or (ii) the amount of the Incentive Payment A for a Payment Group and Payment Date, as set forth on Exhibit M-2.

"Incentive Payment B Amount" means either (as the context requires): (i) the amount of the Incentive Payment B for a Settling State and Payment Date, as set forth on Exhibit M-5 or

[24] For the avoidance of doubt, any reduction from step (D) shall count as Retained Payments for the applicable A-Side Payment Group.

(ii) the amount of the Incentive Payment B for a Payment Group and Payment Date, as set forth on Exhibit M-2.

"Incentive Payment C Amount" means either (as the context requires): (i) the amount of the Incentive Payment C for a Settling State and Payment Date, as set forth on Exhibit M-5 or (ii) the amount of the Incentive Payment C for a Payment Group and Payment Date, as set forth on Exhibit M-2.

"Incentive Payment D Amount" means either (as the context requires): (i) the amount of the Incentive Payment D for a Settling State and Payment Date, as set forth on Exhibit M-5 or (ii) the amount of the Incentive Payment D for a Payment Group and Payment Date, as set forth on Exhibit M-2.

THIS DRAFT OF THE DISCLOSURE STATEMENT REMAINS SUBJECT TO CONTINUING NEGOTIATIONS WITH ALL PARTIES IN INTEREST AND THE FINAL VERSION MAY CONTAIN MATERIAL DIFFERENCES. FOR THE AVOIDANCE OF DOUBT, NO PARTY HAS CONSENTED TO THIS VERSION AS THE FINAL FORM, AND ALL PARTIES RESERVE THEIR RESPECTIVE RIGHTS WITH RESPECT TO THIS DOCUMENT AND ANY RELATED DOCUMENTS. THE DEBTORS SHALL FILE A BLACKLINE VERSION WITH THE BANKRUPTCY COURT CONCURRENTLY WITH THE FILING OF ANY AMENDED OR MODIFIED VERSION OF THIS DISCLOSURE STATEMENT.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	**Chapter 11**
PURDUE PHARMA L.P., *et al.*,	**Case No. 19-23649 (SHL)**
Debtors.[1]	**(Jointly Administered)**

DISCLOSURE STATEMENT FOR THIRTEENTH AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF PURDUE PHARMA L.P. AND ITS AFFILIATED DEBTORS

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. THE INFORMATION IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.

[1] The Debtors in these cases, along with the last four digits of each Debtor's registration number in the applicable jurisdiction, are as follows: Purdue Pharma L.P. (7484), Purdue Pharma Inc. (7486), Purdue Transdermal Technologies L.P. (1868), Purdue Pharma Manufacturing L.P. (3821), Purdue Pharmaceuticals L.P. (0034), Imbrium Therapeutics L.P. (8810), Adlon Therapeutics L.P. (6745), Greenfield BioVentures L.P. (6150), Seven Seas Hill Corp. (4591), Ophir Green Corp. (4594), Purdue Pharma of Puerto Rico (3925), Purdue Products L.P. (4140), Purdue Pharmaceutical Products L.P. (3902), Purdue Neuroscience Company (4712), Nayatt Cove Lifescience Inc. (7805), Button Land L.P. (7502), Rhodes Associates L.P. (N/A), Paul Land Inc. (7425), Quidnick Land L.P. (7584), Rhodes Pharmaceuticals L.P. (6166), Rhodes Technologies (7143), UDF LP (0495), SVC Pharma LP (5717) and SVC Pharma Inc. (4014). The Debtors' corporate headquarters is located at One Stamford Forum, 201 Tresser Boulevard, Stamford, CT 06901.

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Counsel to the Debtors and Debtors in Possession

Dated: June 5, 2025
New York, New York

DISCLAIMER

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SEE ARTICLE VIII OF THIS DISCLOSURE STATEMENT, ENTITLED "CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING," FOR A DISCUSSION OF CERTAIN CONSIDERATIONS IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM TO ACCEPT THE PLAN.

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ARTICLE I

INTRODUCTION

A. Purpose of the Disclosure Statement

On September 15, 2019 (the "**Petition Date**"), each of Purdue Pharma L.P. ("**Purdue Pharma**" or "**PPLP**"), its general partner Purdue Pharma Inc. ("**PPI**"), and Purdue Pharma's wholly owned direct and indirect subsidiaries (collectively, the "**Debtors**") filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**"). The Debtors' chapter 11 cases are being jointly administered under the caption *In re Purdue Pharma L.P.*, Case No. 19-23649 (the "**Chapter 11 Cases**"). The Debtors have continued in possession of their property and have continued to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors submit this disclosure statement (including all exhibits and schedules attached thereto, and as may be amended, altered, modified, revised, or supplemented from time to time, the "**Disclosure Statement**") in connection with the solicitation of votes on the *Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors*, dated May 16, 2025 (the "**Plan**"), a copy of which is attached hereto as **Appendix A**.[2]

The Debtors submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code to holders of Claims against and Interests in the Debtors in connection with (i) the solicitation of acceptances of the Plan and (ii) a hearing to consider confirmation of the Plan.

The purpose of this Disclosure Statement is to describe the Plan and its provisions and to provide adequate information, as required under section 1125 of the Bankruptcy Code, to inform holders of Claims against the Debtors who, as applicable, have the right to vote on the Plan so they can make informed decisions in doing so. Holders entitled to vote to accept or reject the Plan will receive a Ballot together with this Disclosure Statement to enable them to vote on the Plan.

This Disclosure Statement includes, among other things, information pertaining to the Debtors' prepetition business operations and financial history, and the events leading up to the Chapter 11 Cases. In addition, this Disclosure Statement includes an overview of the Plan (which overview sets forth certain terms and provisions of the Plan), the effects of confirmation of the Plan, certain risk factors associated with the Plan, and the manner in which distributions will be made under the Plan. This Disclosure Statement also discusses the confirmation process and the procedures for voting, which procedures must be followed by the holders of Claims entitled to vote under the Plan in order for their votes to be counted.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan or the Disclosure Statement; *provided*, that capitalized terms used herein that are not defined herein or in the Plan or the Disclosure Statement, but are defined in title 11 of the United States Code (the "**Bankruptcy Code**") or the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), shall have the meanings ascribed to such terms in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

B. Executive Summary

On the very first day of these Chapter 11 Cases, the Debtors committed to turn over all of their assets for the benefit of their claimants and the American public. The Debtors' proposed Plan delivers on this commitment.

Under the Plan and various settlements with the Sackler Parties, billions of dollars will flow into trusts established for the benefit of claimants harmed by the opioid crisis including states and localities, Native American Tribes, hospitals, public schools, emergency room physicians and qualified personal injury claimants (including children born with Neonatal Abstinence Syndrome). Creditors in these Chapter 11 Cases will have the opportunity to elect whether to settle their direct claims against the Sackler Parties in exchange for enhanced recoveries under the Plan. In the aggregate, as much as $8 billion in value could be available for creditors under the Plan.

Under the terms of the Shareholder Settlements, the Sackler Parties will be required to pay up to approximately $7 billion over fifteen years in settlement of both the Debtors' claims against the Sackler Parties and direct claims against the Sackler Parties held by creditors that elect to settle those claims. These payments (assuming that all creditors elect to grant the Third-Party Releases) would exceed the amount of the Sackler Families' commitments under the settlement set forth in the Debtors' prior plan of reorganization. The principal consideration to be granted to the Sackler Parties in exchange for such payments is the release and injunction provisions with respect to specified parties associated with the Sackler Parties provided for under the Plan and in the various Direct Claims Shareholder Settlements. The terms of the Shareholder Settlements are discussed in greater detail herein.

The Plan also incorporates a number of updates and changes to the previous 12th amended plan to comply with the U.S. Supreme Court's ruling in *Harrington v. Purdue Pharm. L.P.*, 603 U.S. 204 (2024) that the Bankruptcy Code does not authorize non-consensual releases of claims held by non-debtors against other non-debtors (*i.e.*, third-party releases). The Third-Party Releases in the Plan will only bind those creditors who elect to grant them. Those creditors will receive additional distributions in exchange for their release of direct claims against the Sackler Parties and other released parties. The Plan does not release or compromise any direct claims against the Sackler Parties or any other non-Debtors held by creditors that elect not to grant third-party releases.

On or immediately after the Effective Date, Purdue Pharma will be dissolved and cease to exist. The Debtors' businesses will be transferred to a newly created company, Knoa Pharma LLC ("**NewCo**"), which will be wholly owned by an independent entity intended to be treated as an exempt organization under IRC section 501(c)(4) (the "**Foundation**"). No federal, state, or local governmental entity will own the equity of NewCo or the Foundation. NewCo will be a private company, will be required to operate in a responsible manner (*i.e.*, as the Debtors have been required to since the Petition Date), and will be subject to the same laws and regulations as any other U.S. pharmaceutical company. NewCo will, however, be historic and unique because it will be governed by a charter that will require that it deploy its assets to address the opioid crisis.

This remarkable accomplishment has been reached through tireless effort and negotiations undertaken by many parties—parties that often held radically divergent views on fundamental

issues that had to be, and to an exceptional degree have been, painstakingly reconciled over time. The result of these unparalleled efforts is a Plan and a number of non-bankruptcy settlements that the Debtors expect will be almost entirely consensual and will deliver significant value to many of those in need. The proposed global settlement represents the best possible outcome for the creditors, and the Plan, if confirmed, will fairly and expeditiously resolve these complex bankruptcy cases.

[The Plan is supported by nearly all of the Debtors' creditor constituencies, including the States AG Negotiating Group, the Ad Hoc Committee of Governmental and Other Contingent Litigation Claimants (the "**AHC**" or "**Ad Hoc Committee**"), the Multi-State Governmental Entity Group (the "**MSGE Group**"), the Native American Tribes Group, the Ad Hoc Group of Individual Victims, the Ad Hoc Group of Hospitals, the ER Physicians, the Third-Party Payor Group, the Ratepayer Mediation Participants, the NAS Committee, and the Public School District Claimants.] [A statement from the Creditors' Committee regarding its support for the Plan will be included in the Solicitation Package and can also be found at www.kccllc.net/PurdueCreditors.] [3] The negotiations leading up to the proposal of this widely supported Plan and the key terms of the Plan are summarized below.

Events Following Confirmation of the 12th Amended Plan: Following entry of the Twelfth Amended Plan Confirmation Order, the United States Trustee, eight states and the District of Columbia (collectively, "**the Nine**"), certain Canadian municipalities and indigenous tribes, the City of Seattle, as well as certain individual claimants appealed the Twelfth Amended Plan Confirmation Order to the United States District Court for the Southern District of New York (the "**Southern District of New York**"). In December 2021, the Southern District of New York vacated the Twelfth Amended Plan Confirmation Order, holding that the nonconsensual third-party releases under the Plan were not authorized by the Bankruptcy Code. *See In re Purdue Pharma, L.P.*, 635 B.R. 26 (S.D.N.Y. 2021). The Debtors and others appealed this decision to the Second Circuit Court of Appeals, which appeal resulted in the fourth phase of the Mediation, leading to further improvements of the settlement terms embodied in the Twelfth Amended Plan that resolved the appeal by the Nine.

The settlement terms as of the conclusion of the fourth phase of the Mediation included the following (many of which were also part of the Plan that was confirmed in September 2021): (i) NewCo, a new company, would be created, among other things, to develop and distribute opioid addiction treatment and overdose reversal and other medicines, continue serving patients and consumers who use Purdue Pharma's existing medicines and products, (ii) the Sackler Families would pay an aggregate $5.5 billion over the course of 18 years, in addition to the $225 million already paid directly to the DOJ to satisfy their Civil Settlement outside of the Plan (as defined below), (iii) the Sackler Families would engage in a sale process over a seven-year period to divest their ex-U.S. pharmaceutical companies and contribute up to an additional $500 million from such net sale proceeds, and (iv) key members of the Sackler Families would exit their investments and involvement in opioid businesses in perpetuity and other family members would not hold a controlling interest or serve in an executive role in an opioid business until all payment obligations of the Sackler Families under the Twelfth Amended Plan were satisfied in full. In addition, in

[3] [**NTD:** subject to ongoing review.]

exchange for the contributions by the Sackler Families, they and other related parties would receive narrowly tailored releases from potential liability in connection with the Debtors' business operations.

On May 30, 2023, the Second Circuit Court of Appeals reversed the Southern District of New York and affirmed the Twelfth Amended Plan Confirmation Order (the "**Second Circuit Decision**"). *See In re Purdue Pharma L.P.*, 69 F.4th 45 (2d Cir. 2023). Although virtually every single economically interested party had agreed to support (or not object to) the Twelfth Amended Plan, the United States Trustee sought, and was granted, certiorari before the Supreme Court of the United States (the "**Supreme Court**"). On June 27, 2024, the Supreme Court reversed, in a 5-4 vote, the Second Circuit Decision, holding that the Bankruptcy Code does not authorize the non-consensual release of claims held by a non-debtor against another non-debtor as contemplated by Section 10.7 of the Twelfth Amended Plan, and remanded the case for further proceedings consistent with its opinion (the "**Harrington Decision**"). *Harrington v. Purdue Pharm. L.P.*, 603 U.S. 204, 1 (2024).

Events Since the Harrington Decision: Following the Harrington Decision, the parties engaged in the fifth phase of the Mediation to modify the settlement with the Sackler Families and portions of the Twelfth Amended Plan in a manner consistent with the ruling of the Supreme Court. Multiple months of further Mediation yielded a further revised global settlement, adapted to comply with the new legal landscape. *See* Article III.CC.2 for a further description of the Mediation process and outcome.

The Plan incorporates the global settlement reached during this latest phase of the Mediation. As set forth herein, the settlement contained in the Twelfth Amended Plan was largely preserved, with enhancements and changes described below. The aggregate payment by the Sackler Parties to settle both estate and direct claims against them has been increased from $5.5 billion over eighteen years to up to $7 billion over fifteen years, with up to $1.5 billion of that total due on the Effective Date of the Plan (and more than 40% of the $6.5 billion total due in the first three years).

The Plan provides for the settlement of the Debtors' claims against the Sackler Parties (the "**Estate Causes of Action**") and allocates the proceeds of such settlement among the Debtors' creditors (the "**Estate Claims Settlement**"). Further, and consistent with the ruling of the United States Supreme Court, the Plan also provides for the voluntary settlement of direct claims held by creditors ("**Direct Claims Settlements**") against the Sackler Parties, who will provide cash distributions to public and private claimants who elect to participate in the Direct Claims Settlements and grant releases of their direct claims (as described in the Plan in more detail) (the "**Third-Party Releases**"). A claimant's vote on the Plan is independent of whether that claimant elects to grant the Third-Party Releases in exchange for an increased recovery. The Settlement provides for an election mechanism for Holders of Claims to grant consensual releases of any actual or potential direct claims or causes of action against the Shareholder Released Parties relating to the Debtors (including claims in connection with Opioid-Related Activities) and an associated channeling injunction. The election mechanism differs among classes of Claims. Specifically, holders of personal injury claims and third-party payor claims will be able to grant the consensual releases through the ballot for Plan voting; governmental entities other than the federal government will be able to grant the consensual releases through direct settlement

agreements; hospitals, emergency room physicians and public schools will be able to grant the consensual releases through to-be-filed opt-out class action settlements. If the Plan is consummated, the Holders of Claims that grant Third-Party Releases pursuant to the applicable mechanism will conclusively, absolutely, unconditionally, irrevocably, and forever release the Shareholder Released Parties from actual or potential claims or causes of action relating to the Debtors (including claims relating to OxyContin and other opioid medications) held by such Holders, subject to the conditions set forth in the Plan, including Sections 10.7(a), (b) and (c) of the Plan. Following the Notice of Shareholder Release Snapback, the Third-Party Releases granted by the Holders of Claims pursuant to the Plan do not apply to any Shareholder Release Snapback Party, as set forth in Section 10.7 of the Plan.

The payments to be made by the Sackler Parties will be divided between the Estate Claims Settlement and the Direct Claims Shareholder Settlements.[4] Those creditors that elect to grant the Third-Party Releases will receive their pro-rata share of distributions on account of both the Estate Claims Settlement and the Direct Claims Shareholder Settlements, while the creditors that do not elect to grant the Third-Party Releases will only receive their pro-rata share of distributions from the Estate Claims Settlement and other estate value once their claims are Allowed. The claims of those creditors that do not elect to grant the Third-Party Releases ("**Non-Participating Claims**") will not automatically be Allowed and may be subject to objections (which must be lodged by a certain time, as set forth in the next paragraph) by the Debtors, the Master Disbursement Trust, other applicable creditor representatives, or the Shareholder Released Parties in accordance with the Bankruptcy Code and the Plan (and such objections must be lodged within a certain period of time after the Effective Date, or else such claims will be Allowed). For the avoidance of doubt, a creditor that does not elect to grant the Third-Party Release will be able to pursue litigation of any direct claims against the Shareholder Released Parties, subject to any limitations set forth in the Plan or the Confirmation Order.

Non-Participating Claims will not receive any distribution on the Effective Date. Rather, on the Effective Date, the Debtors will fund disputed claims reserves established under the Plan (the "**Non-Participating Claims Reserve**") corresponding to each Class of Channeled Claims in amounts equal to the aggregate amount of estate distributions to which Holders of Non-

[4] For the avoidance of doubt, all parties have agreed that this "allocation" of settlement amounts on account of Estate Releases, on the one hand, and the Direct Release, on the other, is part of an overall compromise and settlement under Bankruptcy Rule 9019 between the Debtors, the Creditors' Committee, all creditor groups that are Mediation Parties, and the Sackler Parties, and, upon confirmation of the Plan will be deemed to be a settlement between the Debtors, the Creditors' Committee, all creditor groups that are Mediation Parties, and the Sackler Parties in which, among other things, the Sackler Parties are providing the Settlement Payments in consideration over fifteen (15) years. The "allocation" is intended by the Sackler Parties and the other Mediation Parties, among other things, to facilitate the distribution of proceeds for opioid abatement, victim compensation, and other permitted uses under the Plan and otherwise. All parties, including the public side claimants and the Sackler Parties (as well as the Shareholder Released Parties), agree that neither the amount of the Settlement Payments nor the "allocation" (including any allocation between the Sackler Parties of the payment responsibility) reflects any concession or agreement by any party as to the strength, validity, merits, collectability, amount, or otherwise, of the Estate Released Claims or of the Direct Released Claims or any defenses to the Estate Released Claims or the Direct Released Claims, and that if for whatever reason the agreement in principle is not consummated, neither the amount of the Settlement Payments nor the "allocation" shall be cited or used by the Debtors, the Creditors' Committee, all creditor groups that are Mediation Parties, or the Sackler Parties (or the Shareholder Released Parties) – or any party hereto – for any purpose whatsoever in any pleading or proceeding wherever or whenever.

Participating Claims in such class would be entitled pursuant to the applicable Trust Distribution Procedures ("**TDP**") if all such Non-Participating Claims are ultimately Allowed. If a Non-Participating Claim (other than a Non-Participating Claim that is a PI Claim) has not been the subject of a claims objection within [two years] of the Effective Date, such Non-Participating Claim shall automatically become an Allowed claim and receive its treatment in accordance with the Plan (but shall not receive any distribution from any Direct Claims Settlement). If a Non-Participating Claim that is a PI Claim has not been the subject of a claims objection within [one-year] months of the Effective Date, such Non-Participating Claim shall become an Allowed claim and will receive its treatment in accordance with the Plan (but shall not receive any distribution from any Direct Claims Settlement).

A claimant shall be entitled to the amount reserved for such claim, as calculated in accordance with the mechanics of the Non-Participating Claims Reserve and the applicable TDPs, if the claimant proves that it has a valid, compensable claim against the Debtors, *i.e.*, a legal theory upon which it can recover. Upon the disallowance of any Non-Participating Claim, any amounts held in the applicable Non-Participating Claims Reserve for such claimant shall be released to the applicable Released Claims Reserve and any future distribution from the Estate that would have been funded to the Non-Participating Claims Reserve for that Claimant shall be funded directly to the Released Claims Reserve. Funds in the Released Claims Reserves may ultimately be made available for creditor distributions if certain criteria are met.

The principal consideration for the payments to be made by the Sackler Parties are the release and injunction provisions with respect to specified parties associated with the Sackler Parties provided for under the Plan and in the various Direct Claims Shareholder Settlements. *See* Article III.Y below and the Master Shareholder Settlement Agreement setting forth the principal terms of the agreement with the Sackler Parties, which Master Shareholder Settlement Agreement is part of the Plan Supplement, for a more detailed description of the terms of this settlement. The release and injunction provisions are described in detail in Articles I.E-F below.

As a condition to the Sackler Parties' increased settlement contributions without the assurance of broad third-party releases, the Plan, the Master Shareholder Settlement Agreement and the various Direct Claims Settlements also provide that certain qualifying litigation costs and expenses (including, for the avoidance of doubt, settlements and judgments, and collectively, "**Litigation Costs**")[5] incurred by the Sackler Parties related to creditor claims (including their treatment) that do not participate in the Direct Claims Settlement will reduce the Sackler Parties' settlement payment obligations. As described in more detail in Section III.Y.1, those Litigation Costs incurred by the Sackler Parties will be first payable from the applicable Shareholder Payment Parties' Retained Payment Amounts and Released Claims Reserves. If these funds are insufficient (or unavailable at the time because, for example, any litigation regarding the allowance of Non-Participating Claims is still on-going), such Litigation Costs shall be payable from the Special Operating Reserve. The Special Operating Reserve will initially be funded in an aggregate amount of $200 million by withholding Effective Date estate distributions in the amount of (i) $20 million allowable to Private Creditor Trusts and (ii) $180 million allowable to Public Creditor Trusts. If,

[5] For the avoidance of doubt, Litigation Costs shall not include any costs to object to the allowance of Claims if the underlying Claim holder has not commenced litigation against the Shareholder Released Parties, or any costs arising from litigation following a Notice of Shareholder Release Snapback.

on any Sackler Parties' settlement payment date, the Special Operating Reserve balance is less than $300 million, then the Sackler Parties' settlement payments due on that date on account of Estate Causes of Action will first be used to return the balance of the Special Operating Reserve to $300 million, until the aggregate amount of all contributions to the Special Operating Reserve total $800 million.[6]

As noted above, substantially all of the Debtors' non-cash assets (other than certain causes of action and insurance rights), including direct or indirect interests in PPLP's subsidiaries as separate legal entities except as otherwise provided by or permitted in the Plan, and approximately $135 million of cash will be transferred directly or indirectly to NewCo. Up to 5% of the unrestricted cash of NewCo (net of costs, expenses, fees, taxes, disbursements, debts or obligations) (the "**NewCo Distributable Cash**"), which shall not exceed $5 million per annum, will be distributed annually to the Foundation, which the Foundation may utilize to make grants for evidence-based strategies to abate the opioid crisis. NewCo shall pay the remaining NewCo Distributable Cash not distributed to the Foundation to the Governmental Remediation Trust and the Tribe Trust.

NewCo will be required to be operated in a responsible manner, balancing: (i) the interests of its stakeholders to fund and provide abatement of the opioid crisis; (ii) effective deployment of its assets to address the opioid crisis; and (iii) the interests of those materially affected by its conduct. As a result, NewCo will operate in an accountable manner with nearly all of the net value that it generates ultimately being used to abate the opioid crisis. NewCo will be wholly owned by the Foundation, an independent newly created New York corporation intended to be treated as a an exempt organization under IRC section 501(c)(4) for U.S. federal income tax purposes. There will be no creditor ownership of[, or involvement in the governance, or operations of,] the Foundation or NewCo. The managers of NewCo (the "**NewCo Managers**")—who will effectively function as a board of directors for the new company—and the trustees of the Foundation (the "**Foundation Trustees**") will initially be selected by the Settling States with the consent (not to be unreasonably withheld) of the Ad Hoc Committee and in consultation with the Debtors and the Creditors' Committee, pursuant to a selection process that is reasonably acceptable to the Debtors, and the DOJ will have the right, in its discretion, to observe such selection process. The initial NewCo Managers and the Foundation Trustees must all be disinterested and independent. Neither any member of the Sackler, who have had no role in managing the Debtors since 2018, nor any related entity, will have any role in the selection of the NewCo Managers, Foundation Trustees or in any other aspect of NewCo's or the Foundation's governance or operations. The NewCo and Foundation organizational documents and the identities of the initial NewCo Managers and initial Foundation Trustees will be included in the Plan Supplement.

[6] Amounts in the Special Operating Reserve will be returned to creditors who granted Third-Party Releases to the Shareholder Released Parties after the passage of a certain amount of time so long as there is no then-existing litigation against the Shareholder Released Parties, all as set forth in the Master Shareholder Settlement Agreement, dated as of [•], 2025 by and among the Master Disbursement Trust, the parties listed on Exhibit A thereto, the parties listed on Exhibit B thereto, the Sackler Parties' Representative, and PRA L.P. (the "**Master Shareholder Settlement Agreement**"), as filed with the Plan Supplement.

Under the Plan, funds created for the benefit of each group of Private Claimants[7] will receive fixed cash distributions over time,[8] with varying values and time periods for each such group.

Private Claimants/Public Schools. Approximately $[263,507,000] will be distributed to the Hospital Trust, comprised of $[89,291,679.18] from the Estate and $[174,215,320.82] from the Sackler Parties, approximately $[394,929,850] will be distributed to the TPP Trust, comprised of [$133,825,475.09] from the Estate and $[261,104,374.91] from the Sackler Parties, approximately $[5,811,440] will be distributed to the ERP Trust, comprised of $[1,969,257.88] from the Estate and $[3,842,182.12] from the Sackler Parties, and $[40,500,000] will be distributed to the Public School Trust, comprised of $[13,723,783.45] from the Estate and $[26,776,216.55] from the Sackler Parties. Further, $[865,851,710] will be distributed to a trust be established for personal injury victims (of which $[114,066,710], comprised of $[88,928,644.75] from the Estate and $[25,138,065.25] from the Sackler Parties, shall be provided to NAS victims, and $[751,785,000], comprised of $[598,606,333.70] from the Estate and $[153,178,666.30] from the Sackler Parties, shall be provided to non-NAS PI victims). A detailed description of each of the trusts, how they will be funded, which types of creditors may qualify for distributions from each trust and how distributions will be made is set forth in Article III.CC.3. Copies of the final trust distribution procedures (the "Trust Distribution Procedures") for each such trust (and the PI Trust, as defined below) will be included in the Plan Supplement by no later than the [●] deadline to file the final Plan Supplement.

The chart below sets forth the projected distributions to each of the Private Claimant trusts and the Public School Trust:

Trust	Effective Date Distributions	SOR Holdback Amounts[9]	Post-Emergence Distributions	Total Distributions
PI Trust	$[815,851,710]	$[11,171,710]	$[50,000,000]	$[865,851,710]
Non-NAS PI Portion	[701,785,000]	[9,357,000]	[50,000,000]	[751,785,000]
NAS PI Portion	[114,066,710]	[1,814,710]	0	[114,066,710]
TPP Trust	[394,929,850]	[5,989,850]	0	[394,929,850]
Hospital Trust	[263,507,000]	[2,697,000]	0	[263,507,000]
Public School Trust	[25,500,000]	[●][10]	[15,000,000]	[40,500,000]
ERP Trust	[5,811,440]	[141,440]	0	[5,811,440]

[7] The Private Claimants consist of (i) personal injury claimants, including guardian claimants asserting claims on behalf of minors with NAS due to exposure to opioids in utero, (ii) hospitals, (iii) private health insurance carrier plaintiffs and third-party payors and (iv) emergency room physicians.

[8] In the event that the Ratepayer Mediation Participants Stipulation has been entered into on or prior to the Effective Date, the Debtors will also pay attorneys' fees of the Ratepayer Mediation Participants on the Effective Date in an amount not to exceed $1.4 million.

[9] Included in Effective Date distributions shown in chart.

[10] [**NTD:** subject to ongoing review.]

Total	**$[1,505,600,000]**	**$[20,000,000]**	**$[65,000,000]**	**$[1,570,600,000]**

Public Creditor Trusts. In addition to the Private Creditor Trusts and the Public School Trust described above, the settlement provides for the establishment of two public creditor trusts, which will receive the remainder of the distributable value. Specifically, all remaining value from the Debtors after satisfying other obligations under the Plan will be distributed through the Governmental Remediation Trust and the Tribe Trust,[11] on account of the Non-Federal Domestic Governmental Claims and Tribe Claims, respectively.

The Public Creditor Trust Distributions to the Governmental Remediation Trust and/or the Tribe Trust will be allocated between the Governmental Remediation Trust and the Tribe Trust as follows, in each case, as calculated before accounting for any amounts payable pursuant to Section 5.9 of the Plan: (I) with respect to the Estate Distributions, (X) 96.7% to the Governmental Remediation Trust and (Y) 3.3% to the Tribe Trust; and (II) with respect to the Shareholder Direct Settlement Portion, (X) 96.7% of the Maximum Governmental Direct Settlement Amount on the payment dates indicated therein to the Governmental Remediation Trust, subject to, and payable in accordance with, the terms of the Governmental Entity Shareholder Direct Settlement Agreement, and (Y) 3.3% of the Maximum Governmental Direct Settlement Amount on the payment dates indicated therein to the Tribe Trust, subject to, and payable in accordance with, the terms of the Tribe Trust Agreement.

Settlement with the DOJ: Following commencement of the Chapter 11 Cases, the Debtors also reached a settlement with the United States. On November 18, 2020, the Bankruptcy Court approved PPLP entering into (i) a plea agreement (the "**Plea Agreement**") by and among PPLP and the United States,[12] and (ii) a civil settlement agreement by and between PPLP and the United States (the "**Civil Settlement**," and together with the Plea Agreement, the "**DOJ Resolution**"). On November 24, 2020, in accordance with the terms of the DOJ Resolution, PPLP pled guilty in the United States District Court for the District of New Jersey (the "**New Jersey District Court**") to an information charging it with three felony offenses: one count charging a dual-object conspiracy to defraud the United States and to violate the Food, Drug, and Cosmetic Act, and two counts charging conspiracy to violate the Federal Anti-Kickback Statute. Consistent with the terms of the Plea Agreement, the New Jersey District Court's consideration of the Plea Agreement has been deferred to the sentencing hearing, which will occur following confirmation of the Debtors' Plan. If the Plea Agreement is accepted by the New Jersey District Court at the sentencing hearing, the DOJ Resolution will fully resolve the United States' civil and criminal investigations into the Debtors' past practices related to the production, sale, marketing and distribution of opioid products. Pursuant to the Plea Agreement, among other things, the Debtors and the United States agreed to a criminal forfeiture judgment in the amount of $2 billion (the "**Forfeiture Judgment**") that will be entered after confirmation of the Chapter 11 Plan and upon

[11] The Tribe Trust refers to one or more trusts, limited liability companies or other Persons to be established in accordance with Section 5.8 of the Plan.

[12] Acting through the United States Attorney's Office for the District of New Jersey (the "**NJ USAO**"), the United States Attorney's Office for the District of Vermont ("**VT USAO**"), and the United States Department of Justice, Civil Division, Consumer Protection Branch.

the New Jersey District Court's acceptance of the Plea Agreement, and will be deemed to have the status of an allowed superpriority administrative expense claim against PPLP.

Critically, the United States further agreed to provide a credit offsetting the Forfeiture Judgment (the "**Forfeiture Judgment Credit**") of up to $1.775 billion for value distributed or otherwise conferred by Purdue Pharma under the Plan in respect of claims asserted by state, tribal, or local government entities, *provided* that the Plan provides for the emergence of a public benefit company (or entity with a similar mission) and certain other terms and conditions as described in more detail in the Plea Agreement. The Forfeiture Judgment Credit therefore helps maximize the amount of value that can be dedicated to abatement purposes. Distribution of the value from the Debtors' Estates to the Governmental Remediation Trust and the Tribe Trust will satisfy the first primary requirement to realize the Forfeiture Judgment Credit. The transfer of the Debtors' business to NewCo, which is described in more detail below, will satisfy the second primary requirement. Accordingly, the Plan contemplates that the Debtors will be able to utilize the full amount of the Forfeiture Judgment Credit. *See* Article III.U for a further description of the DOJ Resolution.

In sum, the cornerstone of the Plan is the recognition by most of the core stakeholder groups that (a) all of the Debtors' assets should be distributed to their creditors, and almost all of such value should be provided to opioid claimants, and (b) the Settlement Agreements reflect the best available alternative for claimants. [The Plan enjoys broad support from most of the Debtors' significant creditor groups.][13] This level of consensus is extraordinary, given the nature of the litigation against the Defendant Debtors and the Shareholder Released Parties and the heterogeneous views on fundamental settlement and allocation issues held over time by the various supporting stakeholders.

[THE DEBTORS, THE CREDITORS' COMMITTEE, THE STATES AG NEGOTIATING GROUP, THE AD HOC COMMITTEE, THE MSGE GROUP, THE NATIVE AMERICAN TRIBES GROUP, THE AD HOC GROUP OF INDIVIDUAL VICTIMS, THE AD HOC GROUP OF HOSPITALS, THE ER PHYSICIANS, THE THIRD-PARTY PAYOR GROUP, THE RATEPAYER MEDIATION PARTICIPANTS, THE NAS COMMITTEE, AND THE PUBLIC SCHOOL DISTRICT CLAIMANTS (COLLECTIVELY, THE "**SUPPORTING CLAIMANTS**") SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN. THE SUPPORTING CLAIMANTS BELIEVE THAT THE PLAN PROVIDES THE HIGHEST AND BEST RECOVERY FOR ALL CREDITORS AND IS IN THE BEST INTERESTS OF STAKEHOLDERS OF THE DEBTORS.][14]

[***DOJ Statement Regarding Confirmation of the Plan***

The Department of Justice has confirmed that, subject to agreement on acceptable operating principles and covenants for NewCo, the Plan (i) is consistent with the civil settlement

[13] [**NTD:** subject to ongoing review.]

[14] [**NTD:** subject to ongoing review.]

agreement by and between PPLP and the United States and the plea agreement by and among PPLP and the United States that collectively constitute the DOJ Resolution and (ii) satisfies the two conditions precedent to the realization of the full $1.775 billion Forfeiture Judgment Credit—because the Plan provides for (a) the emergence of a public benefit company (or entity with a similar mission), and (b) at least $1.775 billion of value to be distributed or otherwise conferred by Purdue Pharma under the Plan in respect of claims asserted by state, tribal, or local government entities.]

Creditors' Committee Statement Regarding Confirmation of the Plan

[The Debtors have agreed to include in the Solicitation Package a letter from the Creditors' Committee supporting the Plan and providing greater detail regarding the Creditors' Committee's position with respect to the Plan. The views expressed in such letter are those of the Creditors' Committee. The Debtors appreciate the support of the Creditors' Committee, although they do not endorse or agree with all of the statements made in this letter.][15]

C. Summary of Classification and Treatment of Claims and Interests in the Debtors

The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only, and constitutes a separate chapter 11 plan of reorganization for each Debtor. The Plan groups the Debtors together solely for purposes of describing treatment under the Plan, confirmation of the Plan and making distributions ("**Plan Distributions**") in respect of Claims against and/or Interests in the Debtors under the Plan. Such groupings shall not affect any Debtor's status as a separate legal entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal entities, nor cause the transfer of any assets or the assumption of any liabilities; and, except as otherwise provided by or permitted in the Plan, all Debtors shall continue to exist as separate legal entities.

Over 614,000 Proofs of Claim were filed in these Chapter 11 Cases by the July 30, 2020 General Bar Date. More than 550,000 of those Proofs of Claim, approximately 90% of the total, did not state a claim amount. The approximately 10% of the Proofs of Claim that did state an amount asserted, in the aggregate, claims of over $140 trillion. Even if the single proof of claim asserting $100 trillion in damages is excluded, the approximately 10% of Proofs of Claim that state claim amounts assert, in the aggregate, claims of over $40 trillion. For comparison, the gross domestic product of the United States for 2023 is estimated at approximately $27.36 trillion,[16] and the gross domestic product of the entire world for 2023 is estimated at approximately $106.17 trillion.[17]

The vast majority of the filed Proofs of Claim assert unsecured opioid litigation claims, including the claims in the following classes: Non-Federal Domestic Governmental Claims (Class

[15] [**NTD**: subject to ongoing review.]

[16] Gross Domestic Product, Fourth Quarter and Year 2023 (Second Estimate), BEA 24-05, U.S. Department of Commerce, Bureau of Economic Analysis (Feb. 28, 2023).

[17] GDP (current US$) (NY.GDP.MKTP.CD), World Bank (Dec. 17, 2024).

4); Tribe Claims (Class 5); Public School Claims (Class 6); Hospital Claims (Class 7); Third-Party Payor Claims (Class 8); ER Physician Claims (Class 9); and PI Claims (Classes 10(a) and 10(b)). Many of the opioid litigation claims against the Debtors are based upon novel or untested legal theories. In addition to the legal uncertainties, the value of any opioid litigation claim will depend greatly on the facts and circumstances of the claim, and a number of highly particularized judgments about the quantum of economic and non-economic damages that the claimant has incurred and that are compensable under applicable law. The information necessary to determine these amounts is also generally not available from the Proofs of Claim, and, in litigation, would be learned through fact and expert discovery. Any estimate of the aggregate value of opioid litigation claims, and any estimate of the aggregate percentage recovery of a class of opioid litigation claims, would be so uncertain as not to provide claimants with information useful to make judgments about the proposed Plan.

The categories of Claims and Interests listed below classify Claims and Interests for all purposes, including voting, confirmation, and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. For a summary of the treatment of each Class of Claims and Interests, *see* the description below and "Summary of the Plan" in Article IV.

Class	Type of Claim or Interest	Impairment	Entitled to Vote
Class 1	Secured Claims	Unimpaired	No (Presumed to Accept)
Class 2	Other Priority Claims	Unimpaired	No (Presumed to Accept)
Class 3	Federal Government Unsecured Claims	Impaired	Yes
Class 4	Non-Federal Domestic Governmental Claims	Impaired	Yes
Class 5	Tribe Claims	Impaired	Yes
Class 6	Public School Claims	Impaired	Yes
Class 7	Hospital Claims	Impaired	Yes
Class 8	Third-Party Payor Claims	Impaired	Yes
Class 9	ER Physician Claims	Impaired	Yes

Class	Type of Claim or Interest	Impairment	Entitled to Vote
Class 10(a)	NAS PI Claims	Impaired	Yes
Class 10(b)	Non-NAS PI Claims	Impaired	Yes
Class 11(a)	Avrio General Unsecured Claims	Unimpaired[18]	No (Presumed to Accept)
Class 11(b)	Adlon General Unsecured Claims	Unimpaired[19]	No (Presumed to Accept)
Class 11(c)	Other General Unsecured Claims	Impaired	Yes
Class 12	Intercompany Claims	Unimpaired or Impaired	No (Presumed to Accept or Deemed to Reject)
Class 13	Shareholder Claims	Impaired	No (Deemed to Reject)
Class 14	Co-Defendant Claims	Impaired	No (Deemed to Reject)
Class 15	Other Subordinated Claims	Impaired	No (Deemed to Reject)
Class 16	PPLP Interests	Impaired	No (Deemed to Reject)
Class 17	PPI Interests	Impaired	No (Deemed to Reject)

[18] As discussed in the Liquidation Analysis, the Debtors believe that the Holders of Avrio General Unsecured Claims would be paid in full in a hypothetical chapter 7 liquidation. Accordingly, the Plan provides that Holders of Avrio General Unsecured Claims will be paid in full under the Plan and are unimpaired.

[19] As discussed in the Liquidation Analysis, the Debtors believe that the Holders of Adlon General Unsecured Claims would be paid in full in a hypothetical chapter 7 liquidation. Accordingly, the Plan provides that Holders of Adlon General Unsecured Claims will be paid in full under the Plan and are unimpaired.

Class	Type of Claim or Interest	Impairment	Entitled to Vote
Class 18	Intercompany Interests	Unimpaired or Impaired	No (Presumed to Accept or Deemed to Reject)

If a controversy arises regarding whether any Claim is properly classified under the Plan, the Bankruptcy Court shall, upon proper motion and notice, determine such controversy at the Confirmation Hearing. If the Bankruptcy Court finds that the classification of any Claim is improper, then such Claim shall be reclassified and the Ballot previously cast by the Holder of such Claim shall be counted in, and the Claim shall receive the treatment prescribed in, the Class in which the Bankruptcy Court determines such Claim should have been classified, without the necessity of resoliciting any votes on the Plan.

For the reasons described above, a traditional recovery percentage for each impaired Class is not provided. The number of claims in and aggregate treatment provided to such Classes is summarized below. This summary does not take into account the timing of such Distributions or other important factors and does not describe procedures for making Distributions to individual claimants, which are discussed elsewhere in this Disclosure Statement.

With respect to the treatment of Other General Unsecured Claims (Class 11(c)), the Debtors estimate that, following completion of Claims litigation and related matters, the Other General Unsecured Claim Cash, which is reserved for distribution to Holders of Allowed Other General Unsecured Claims exclusively, will likely exceed the aggregate amount of Allowed Other General Unsecured Claims. This estimate is based on certain assumptions based on a variety of factors. Should these underlying assumptions prove incorrect, the actual Allowed Other General Unsecured Claims may differ from the Debtors' estimates, and such differences could be material. Because distributions to Holders of Other General Unsecured Claims are linked to the value of Allowed Other General Unsecured Claims, any material increase in the amount of Allowed Other General Unsecured Claims in excess of the Other General Unsecured Claim Cash would materially reduce the recovery to Holders of Other General Unsecured Claims under the Plan.

This summary is qualified in its entirety by the more detailed description provided in the "Summary of the Plan" in Article IV, which sets forth in detail the treatment for certain Classes and the procedures by which the aggregate value provided for a certain Class will be distributed on account of claims in that Class.

Class	Type of Claim or Interest	Approximate Number of Timely Filed Proofs of Claim	Aggregate Treatment
Class 3	Federal Government Unsecured Claims	6	The United States shall receive (i) the Initial Federal Government Distribution and (ii) the MDT Federal Government Claim, which collectively total $50 million in payment obligations.
Class 4	Non-Federal Domestic Governmental Claims	6,937	The Governmental Remediation Trust shall receive (i) the Initial Governmental Remediation Trust Distribution, (ii) the MDT Governmental Remediation Trust Interest and (iii) the right to receive 96.7% of the Governmental NewCo Distributable Cash pursuant to Section 5.4(e) of the Plan.
Class 5	Tribe Claims	400	The Tribe Trust shall receive (i) the Initial Tribe Trust Distribution, (ii) the MDT Tribe Interest and (iii) the right to receive 3.3% of the Governmental NewCo Distributable Cash pursuant to Section 5.4(e) of the Plan.
Class 6	Public School Claims	701	The Public School Trust shall receive (i) the Initial Public Schools Distribution (less any required payments to the Common Benefit Fund and/or in respect of attorneys' fees and expenses of the Public School District Claimants in accordance with Section 5.9(c) and (h) of the Plan) and (ii) the MDT Public School District claim, subject to certain conditions set forth in Section 4.6 of the Plan.

Class	Type of Claim or Interest	Approximate Number of Timely Filed Proofs of Claim	Aggregate Treatment
Class 7	Hospital Claims	[1,207]	The Hospital Trust shall receive (i) the Initial Hospital Trust Distribution and (ii) the MDT Hospital Claim, subject to certain conditions set forth in Section 4.7 of the Plan.
Class 8	Third-Party Payor Claims	467,152	The TPP Trust shall receive (i) the Initial TPP Trust Distribution and (ii) the MDT TPP Claim, subject to certain conditions set forth in Section 4.8 of the Plan.
Class 9	ER Physician Claims	1	The ERP Trust shall receive (i) the Initial ERP Trust Distribution and (ii) the MDT ERP Claim, subject to certain conditions set forth in Section 4.9 of the Plan.
Class 10(a)	NAS PI Claims	6,605	The PI Trust NAS Fund shall receive the NAS PI Portion. Distributions from the PI Trust NAS Fund to Holders of Allowed NAS PI Channeled Claims shall be exclusively in the form of Distributions from the PI Trust NAS Fund to Holders of Allowed NAS PI Channeled Claims in accordance with the NAS PI TDP.
Class 10(b)	Non-NAS PI Claims	131,746	The PI Trust Non-NAS Fund shall receive the Non-NAS PI Portion. Distributions in respect of Non-NAS PI Channeled Claims shall be exclusively in the form of Distributions from the PI Trust Non-NAS Fund to Holders of Allowed Non-NAS PI Channeled Claims in accordance with the Non-NAS PI TDP.

Class	Type of Claim or Interest	Approximate Number of Timely Filed Proofs of Claim	Aggregate Treatment
Class 11(c)	Other General Unsecured Claims	777	$15 million in aggregate Other General Unsecured Claim Cash.

D. The DOJ Resolution, Settlements with the Private Claimant Groups and Shareholder Contribution Are Interdependent and Vastly Superior to Potential Alternatives

The Debtors and their key stakeholders have spent more than five years, at significant expense, to reach the point of proposing a highly negotiated Plan that will make the Debtors' assets and up to $7.0 billion from the Sackler Parties available to creditors. The extraordinary benefits of the proposed Plan are further highlighted by the immensely value-destructive nature of the alternatives to the Plan, which are described below.

Absent the DOJ Resolution, the Debtors would face enormous and potentially catastrophic litigation, prosecution, and possible exclusion from healthcare programs administered by the federal government. If the United States were to prevail in a criminal prosecution of the Debtors, it is likely that any convicted party would be excluded from participating in federal healthcare programs. Additionally, the consequences of the United States prevailing could potentially include a $6.2 billion or more non-dischargeable criminal fine and/or a criminal forfeiture judgment of $3.5 billion. The DOJ also asserted a substantial claim for civil liability, which the DOJ asserted was non-dischargeable, totaling $2.8 billion or more in damages, which could be trebled to $8.4 billion, plus penalties, as well as claims for civil forfeiture. Accordingly, the DOJ's claims and the likely massive costs associated with litigation against the DOJ had the potential to wipe out all of the value of the Debtors' Estates—and still do if the conditions to the DOJ Resolution are not met. Preserving the DOJ Resolution should therefore be of paramount importance to all stakeholders.

The resolution with the Non-Federal Public Claimants embodied in the Plan is critical to preserving and realizing the full benefit of the DOJ Resolution. As explained above, if less than $1.775 billion of value is provided under the Plan in respect of claims asserted by state, tribal, or local government entities, then there is a dollar-for-dollar increase in the amount of the $2 billion Forfeiture Judgment that must be satisfied in cash rather than through the Forfeiture Judgment Credit, leaving less available for distribution to other creditors. In addition, the Forfeiture Judgment Credit is conditioned on confirmation of a plan of reorganization that provides for the emergence of a public benefit company or entity with a similar mission. Accordingly, under the terms of the Plea Agreement, any alternative structure that does not provide for emergence of a public benefit company or entity with a similar mission would reduce the amount available for distribution to other creditors by at least $1.775 billion.

Preserving the resolutions reached with the Private Claimants in the Pre-Confirmation Mediation and as supplemented by the Post-SCOTUS Decision Mediation (the "**Private-Side**

Resolutions") is likewise critical. If the Debtors were to become unable to satisfy the terms of the Private-Side Resolutions, these Chapter 11 Cases would likely devolve into an unmitigated and value-destructive tempest, with the various Private Claimants vigorously disputing the claims of the Non-Federal Public Claimants, the United States, and other Private Claimants, and each of those groups compelled to respond in kind against each of the other groups. The litigation of the complex issues presented by the claims of the Non-Federal Public Claimants and each of the Private Claimants, particularly in light of the large number of parties in interest who would be expected to participate with varying goals, would be protracted and incredibly costly. There can be no assurance that the claims of the Non-Federal Public Claimants would ultimately be allowed in a particular amount or at all at the eventual conclusion of such litigation. Accordingly, if the Private-Side Resolutions are not preserved, then confirmation of the Plan would be at the very least materially delayed, and, if the outcome of the litigation with the Private Claimants were to preclude providing at least $1.775 billion in respect of claims asserted by state, tribal, or local government entities or emergence of a public benefit company or entity with a similar mission, then the Forfeiture Judgment Credit would be reduced or entirely unavailable, requiring the Debtors to satisfy the $2 billion Forfeiture Judgment in cash. That is a judgment that the Debtors could not satisfy in full, and other creditors would be at risk of receiving no recovery.

The Debtors' Plan, by contrast, facilitates a fair and equitable distribution of funds with certainty regarding the timing of payments. The up to $7.0 billion expected to be paid by Purdue Pharma's shareholders under the settlement embodied in the Plan and their settlement with the DOJ ensures that there will be sufficient funds to meet the terms of the various public and private settlements. As explained above, the DOJ Resolution will require the Debtors to make $2.0 billion in distributions in respect of the Forfeiture Judgment in one form or another (given that the total amount of the Forfeiture Judgment must be either paid to the DOJ Asset Forfeiture Fund or conferred on the Non-Federal Claimants in a manner that allows the Debtors to realize the Forfeiture Judgment Credit) before any payments can be made to holders of unsecured claims, while the Private-Side Resolutions will require the Debtors to make a total of up to $1.48 billion in distributions. There would be substantial execution risk associated with any structure intended to allow the Debtors to satisfy the Private-Side Resolutions, the DOJ Resolution and the resolution with the Non-Federal Public Claimants without the funding provided under the settlement with Purdue Pharma's shareholders. Accordingly, the contribution required under such settlement ensures that these Chapter 11 Cases will not collapse into the quagmire of expensive litigation and years of delay that would result if the Debtors cannot meet the terms of the Private-Side Resolutions, the DOJ Resolution, or the resolution with the Non-Federal Public Claimants, which are all embodied in the Plan.

The Debtors carefully considered emergence alternatives to raise funds, including asset sales or a sale of the entire company. While a limited portion of the Debtors' assets could potentially be marketed if necessary and value-maximizing,[20] the Debtors, with the assistance of their advisors, including PJT Partners LP ("**PJT**"), determined that a sale of the Debtors' business on the terms available would not be value maximizing or otherwise optimal at this time.

[20] During the Chapter 11 Cases the Debtors sold several assets for value as outlined in Article III.L. and Article II.B.1.

As described in more detail in Article III.M. below, the Debtors were approached by a number of potential purchasers that expressed an interest in acquiring some or all of the Debtors' business, but despite diligent and extensive engagement, the Debtors never received any actionable proposals. Moreover, the Debtors, with the assistance of PJT, assessed the prospects for selling the Debtors' business and concluded that multiple factors weighed against pursuing a sale during the Chapter 11 Cases, including, without limitation, the fact that: (i) the revenue streams associated with the Debtors' opioid businesses were likely to be heavily discounted by potential purchasers, (ii) the Debtors' pipeline of investments has not yet reached the stage at which they would traditionally be marketed by a typical pharmaceutical company and therefore are unlikely to be adequately valued by a purchaser, (iii) any sale contemplated by such proposals would have resulted in the unavailability of the $1.775 billion Forfeiture Judgment Credit and required PPLP to satisfy the entire Forfeiture Judgment in cash, and (iv) the proposals did not maximize the value of the Debtors' Estates for the benefit of creditors and other stakeholders. Transferring the Debtors' business to NewCo is therefore both value maximizing with respect to the business itself and with respect to best realizing the Forfeiture Judgment Credit by making the residual value of the business available to the Non-Federal Public Claimants to fund certain programs. Additionally, the capabilities of NewCo in advancing and executing on its Public Health Initiatives will generate significant additional value for creditors.

Accordingly, each of the major compromises embodied in the Plan is necessary for a successful resolution of these Chapter 11 Cases, while a failure of the Plan is likely to result in a scenario that is, or is not materially better than, the outcome described in the Liquidation Analysis, involving years of delay, billions of dollars less in available value for creditors. The Debtors, like the Supporting Claimants, therefore strongly urge all eligible holders of impaired Claims to vote to accept the Plan.

E. Channeling Injunction[21]

In order to supplement the injunctive effect of the Plan Injunction, the Estate Releases and the Shareholder Releases set forth in Sections 10.5, 10.6 and 10.7 of the Plan, the Plan provides for the Channeling Injunction to take effect as of the Effective Date to permanently channel all Channeled Claims against any Protected Party to the Creditor Trusts, which will forever stay, restrain, and enjoin all Persons that have held or asserted, that hold or assert or that may in the future hold or assert, any Channeled Claims from taking any action to directly or indirectly collect, recover, or receive payment, satisfaction, or recovery from any Protected Party with respect to any Channeled Claim. All Channeled Claims will be released and the Channeling Injunction will bar recovery or any action against any Protected Party for or in respect of all Channeled Claims. In other words, all Channeled Claims may be asserted only and exclusively against the Creditor Trusts and only to the extent of the right to treatment therefrom afforded under the Plan and the applicable Creditor Trust Documents.

Accordingly, the Channeling Injunction provides for a resolution process administered pursuant to the Plan in an attempt to provide final, fair, and efficient resolution of Channeled Claims against the Debtors and Released Claims. The Channeling Injunction would eliminate the

[21] For the avoidance of doubt, only Opt-In Settling Creditors shall have their direct claims channeled to the applicable Creditor Trusts pursuant to the Plan.

need for prolonged and extremely expensive court involvement. The Plan provides for payment to holders of PI Claims that qualify for payment pursuant to the PI Trust Documents and for treatment of Non-Federal Domestic Governmental Claims, Tribe Claims, Public School Claims, Hospital Claims, Third-Party Payor Claims, and ER Physician Claims by means of Distributions made by the respective Creditor Trusts in accordance with the applicable Creditor Trust Documents.

"**Channeled Claims**" means, collectively, all Non-Federal Domestic Governmental Channeled Claims, Tribe Channeled Claims, Public School Channeled Claims, Hospital Channeled Claims, Third-Party Payor Channeled Claims, ER Physician Channeled Claims, and PI Channeled Claims.

"**Protected Parties**" means, collectively, (i) the Debtors, (ii) each of the Debtors' Related Parties, (iii) NewCo, (iv) the Foundation, (v) the Plan Administration Trust, (vi) the Master Disbursement Trust, except, solely to the extent provided in the Master TDP and the Governmental Remediation Trust Documents, with respect to the Channeled Claims channeled to the Master Disbursement Trust, (vii) each Creditor Trust, except, solely to the extent provided in the applicable Creditor Trust TDP, with respect to the Channeled Claims channeled to such Creditor Trust and (viii) the Shareholder Released Parties, subject to Section 10.8(c) of the Plan with respect to the Shareholder Release Snapback Parties.

F. Releases

As noted in the Executive Summary, a key element of the Plan is the settlement with the Sackler Parties, pursuant to which members of the Sackler Parties and Sackler Entities will pay up to $7.0 billion in cash to the Master Disbursement Trust over fifteen years in exchange for a release of potential claims of the Debtors' Estates and of third parties against the Sackler Parties, the Sackler Entities and certain other persons.

The release and injunction provisions in the Plan are described in detail in this section. The Special Committee's careful consideration of the Debtors' and third parties' potential claims against the Sackler Entities and the Special Committee's evaluation of such settlement, including agreeing to provide for such releases and injunctions in the Plan, are described in detail in Article III.Y.

All releases provided for in the Plan specifically exclude from the scope thereof any criminal action or criminal proceeding arising under a criminal provision of any statute instituted (i) by a Domestic Governmental Entity that has authority to bring such a criminal action or criminal proceeding, and (ii) to adjudicate a person's guilt or to set a convicted person's punishment. In addition, Section 10.20 of the Plan provides that the discharge, release, and injunction provisions contained in the Plan and Confirmation Order are not intended and shall not be construed to bar the United States from, subsequent to the Confirmation Order, pursuing any police or regulatory action, or any criminal action.

The releases include releases that are deemed to be granted by certain Persons, described herein, that consent to grant such releases.

The definitions of certain important terms that are used in the descriptions of the release are set forth below. The definitions of all defined terms used in the Plan (and which apply with

respect to this Disclosure Statement as well) are set forth in Section 1.1 of the Plan, a copy of which is attached as **Appendix A** hereto, in alphabetical order.

"**Releasing Parties**" means, collectively, (i) the Supporting Claimants, solely in their respective capacities as such, (ii) the Opt-In Settling Creditors, (iii) the Settling Co-Defendants and (iv) with respect to each of the Persons in the foregoing clauses (i) through (iii), each of their Related Parties, to the extent the applicable Releasing Party has the authority under applicable law to grant such release on their behalf, in each case, other than any Shareholder Released Party.

"**Released Parties**" means, collectively, (i) the Debtors, (ii) each of the Debtors' Related Parties, solely in their respective capacities as such, and (iii) solely for purposes of the releases by the Debtors in Section 10.6(a) of the Plan, (A) the Supporting Claimants, the Creditors' Committee and the Creditors' Committee's members and each of their respective professionals, in each case solely in their respective capacities as such and (B) the Settling Co-Defendants and each of their Related Parties, in each case solely in their respective capacities as such; *provided*, *however*, that, notwithstanding the foregoing or anything in the Plan to the contrary, no Excluded Party or Shareholder Release Snapback Party shall be a Released Party in any capacity or respect. For purposes of this definition of "Released Parties," the phrase "solely in their respective capacities as such" means, with respect to a Person, solely to the extent a claim against such Person (x) arises from such Person's conduct or actions taken in such capacity, or from such Person's identified capacity in relation to another specified Released Party and not, in either case, from such Person's conduct or actions independent of such capacity, and (y) to the extent such Person's liability depends on or derives from the liability of such other Released Party, such claim would be released if asserted against such other Released Party.

"**Shareholder Released Parties**" means, collectively, (i) the Shareholder Payment Parties; (ii) the Designated Shareholder Released Parties and the Persons identified on Exhibit X to the Master Shareholder Settlement Agreement; (iii) all Persons directly or indirectly owning an equity interest in any Debtor on the date on which such Debtor commenced its Chapter 11 Case; (iv) Sackler Family Members; (v) all trusts for the benefit of any of the Persons identified in the foregoing clause (iv) and the past, present and future trustees (including, without limitation, officers, directors and employees of any such trustees that are corporate or limited liability company trustees and members and managers of trustees that are limited liability company trustees), protectors and beneficiaries thereof, solely in their respective capacities as such; (vi) all Persons (other than the Debtors) to which property or funds of the Persons identified in any of the foregoing clauses (i) through (v) have been or are directly or indirectly transferred (including for charitable or philanthropic purposes), solely in such Persons' capacities as transferees and solely to the extent of any property or funds transferred to them; and (vii) with respect to each Person in the foregoing clauses (i) through (v), such Person's (A) predecessors, successors, permitted assigns, subsidiaries (other than the Debtors), controlled affiliates, spouses, heirs, executors, estates and nominees, in each case solely in their respective capacities as such, (B) current and former officers and directors, principals, members and employees, in each case, solely in their respective capacities as such, (C) financial advisors, attorneys (including, without limitation, attorneys retained by any director, in his or her capacity as such), accountants, investment bankers (including, without limitation, investment bankers retained by any director, in his or her capacity as such), consultants, experts and other professionals, in each case, solely in their respective capacities as such, and (D) property possessed or owned at any time or the proceeds therefrom;

provided that notwithstanding anything in the Plan to the contrary, the Debtors and the Excluded Parties identified on the Schedule of Excluded Parties shall not be Shareholder Released Parties. For purposes of this definition of "Shareholder Released Parties," the phrase "solely in their respective capacities as such" means, with respect to a Person, solely to the extent a claim against such Person (x) arises from such Person's conduct or actions taken in such capacity, or from such Person's identified capacity in relation to another specified Shareholder Released Party and not, in either case, from such Person's conduct or actions independent of such capacity, and (y) to the extent such Person's liability depends on or derives from the liability of such other Shareholder Released Party, such claim would be released if asserted against such other Shareholder Released Party. For the avoidance of doubt, any Person that fits within multiple categories above shall be a Shareholder Released Party in all such categories and failure to include any Person that fits within any category above on Exhibit X to the Master Shareholder Settlement Agreement shall not mean that such Person is not a Shareholder Released Party.

"**Related Parties**" means, with respect to a Person, (i) such Person's predecessors, successors, assigns, Subsidiaries, affiliates, managed accounts or funds, past, present and future officers, board members, directors, principals, agents, servants, independent contractors, co-promoters, third-party sales representatives, medical liaisons, members, partners (general or limited), managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys and legal representatives, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals and advisors, trusts (including trusts established for the benefit of such Person), trustees, protectors, beneficiaries, direct or indirect owners and/or equityholders, parents, transferees, heirs, executors, estates, nominees, administrators, and legatees, in each case in their respective capacities as such; (ii) the Related Parties of each of the foregoing, in each case in their respective capacities as such; and (iii) solely with respect to the Settling Co-Defendants, any insurer of any Settling Co-Defendant solely in its capacity as such (and specifically excluding certain insurers of the Debtors that have issued, are responsible for, or have liability on account of insurance rights arising out of or in connection with Opioid-Related Activities, solely in such insurers capacities as such). For the avoidance of doubt, the citizens and residents of a State shall not be deemed to be Related Parties of such State solely as a result of being citizens or residents of such State; provided, however, that notwithstanding the foregoing, in no event shall an Excluded Party be a Related Party.

"**Excluded Claim**" means (i) any criminal action or criminal proceeding arising under a criminal provision of any statute instituted (A) by a Domestic Governmental Entity that has authority to bring such a criminal action or criminal proceeding, and (B) to adjudicate a person's guilt or to set a convicted person's punishment; (ii) any Cause of Action against a non-Debtor Person by any federal, state or local authority with respect to taxes (other than tax laws targeting Covered Conduct) imposed on such non-Debtor Person; (iii) any Estate Cause of Action or any Cause of Action held by a Releasing Party against an Excluded Party; (iv) any Cause of Action against any Person to the extent based on the actual conduct of such Person after the Effective Date; (v) any Cause of Action against persons or entities who are not Released Parties or Shareholder Released Parties; or (vi) any claim arising under the Plan for enforcement of the Plan.

To clarify, unless a Person qualifies as a Related Party of the Debtors under clause (i) of the definition of "Related Parties," such Person is generally released only for claims that both arise

from actions or omissions that such Person took in its capacity as a Related Party and that are released against the Person through which the Related Party qualifies as related.

1. Releases by Debtors

The releases granted by the Debtors and their Estates to the Released Parties is a key component of the Plan. Such releases are provided for in Section 10.6(a) of the Plan.

Specifically, the Plan provides that, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties before and during the Chapter 11 Cases to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the Debtors and their Estates from any and all Causes of Action, including any derivative claims asserted or assertible by or on behalf of any Debtor or any of their Estates and including any claims that any Debtor or any of their Estates, or that any other Person or party claiming under or through any Debtor or any of their Estates, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Debtor or any of their Estates or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, based on or relating to, or in any manner arising from, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, the Foundation and any other newly-formed Persons that shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Releases set forth in Section 10.6(a) of the Plan.

Notwithstanding anything in the Plan to the contrary, (x) nothing in the Plan shall release any Excluded Claim and (y) nothing in Section 10.6(a) of the Plan shall (A) release any contractual Estate Cause of Action or any Estate Cause of Action that is commercial in nature and, in each case, unrelated to either the Chapter 11 Cases or the subject matter of the Pending Opioid Actions; *provided* that, with respect to the Settling Co-Defendants, only Estate Surviving Pre-Effective Date Claims shall be retained and not released, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan, *provided*, *however*, that the foregoing shall not apply to any Holder of a Co-Defendant Claim solely with respect to such Co-Defendant Claim, (C) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements, or (D) release any Claim or right to disgorge, recoup or recover compensation under the orders authorizing the Key Employee Plans or the orders with respect to the *Motion of Debtors*

for Entry of an Order Authorizing (I) Debtors to (A) Pay Pre-Petition Wages, Salaries, Employee Benefits and Other Compensation and (B) Maintain Employee Benefits Programs and Pay Related Administrative Obligations, (II) Employees and Retirees to Proceed with Outstanding Workers' Compensation Claims and (III) Financial Institutions to Honor and Process Related Checks and Transfers [D.I. 6].

2. Releases by Releasing Parties[22]

In addition to ordinary and customary Debtor releases and exculpations, the Plan provides for certain releases to be deemed granted by the Releasing Parties, including Holders of Claims against or Interests in the Debtors, in favor of the Released Parties. Such release is provided for in Section 10.6(b) of the Plan.[23]

Specifically, the Plan provides that, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties before and during the Chapter 11 Cases to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the Releasing Parties from any and all Causes of Action, including, without limitation, any Estate Cause of Action and any claims that any Releasing Party, or that any other Person or party claiming under or through any Releasing Party, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Releasing Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, (A) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (ii) the Estates, (iii) the Chapter 11 Cases, or (iv) Covered Conduct and (B) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor.

Without limiting the foregoing: (A) the foregoing releases include any Cause of Action of a Releasing Party that has been or may be asserted against any Released Party, by such Releasing Party (whether or not such party has brought such action or proceeding) in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) (x) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (I) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (II) the Estates, (III) the Chapter 11 Cases, or (IV) Covered Conduct and (y) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor; and (B) the parties intend that these releases (including the term "Released Claims") be broad and

[22] For the avoidance of doubt, only Holders of Claims that are Opt-in Settling Creditors may be Releasing Parties.

[23] The NAS Committee has requested that the Disclosure Statement specifically state that such releases in favor of the Debtors include, among other things, a release of any causes of action that allege that the Debtors were aware that (i) Oxycodone Hydrochloride must not be used during pregnancy and (ii) fetal exposure to opioids is an injury without a known cure.

interpreted so as to give the Released Parties the broadest possible release of any liability relating in any way to the Released Claims.

For the avoidance of doubt and notwithstanding anything to the contrary in the Plan or the Confirmation Order, the releases set forth in Section 10.6(b) of the Plan, and all referenced to "Releasing Parties" as used in the Plan, shall not apply to (i) Holders of Claims who do not opt-in to the releases through their applicable ballots, (ii) Holders of Claims whose releases will be governed solely and exclusively by a Direct Claims Shareholder Settlement Agreement and (iii) Holders of Non-Federal Domestic Governmental Claims, whose releases shall be governed solely and exclusively by the Governmental Entity Shareholder Direct Settlement Agreement.[24] For the avoidance of doubt and notwithstanding anything to the contrary in the Plan, none of the releases, injunctions, or other terms contained in the Plan or the Confirmation Order shall expand, limit, alter, or otherwise affect any releases, waivers, or disclaimers of liability or other terms contained in any of the Direct Claims Shareholder Settlement Agreements.

[To the extent that, on or after the Effective Date, any Releasing Party negotiates and enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization (whether individually or as a class of creditors), the Releasing Party will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind against the Released Parties substantially equivalent to that required from the Shareholder Released Parties in Section 10.7(b)(iii)(A) of the Plan, or a release from such Non-Released Party in favor of the Released Parties (in a form equivalent to Section 10.6(b)) of the Plan of any Claim-Over. Each Releasing Party acknowledges and agrees that it shall take reasonable steps to enforce such agreement related to indemnification and contribution, and any other agreement related to indemnification and contribution from a prior opioid settlement, in each case as applicable, for the benefit of the and the Released Parties.][25]

Notwithstanding anything in the Plan to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) Co-Defendants (including, for the avoidance of doubt, Settling Co-Defendants) shall not be Released Parties for purposes of Section 10.6(b) of the Plan; and (z) nothing in Section 10.6(b) of the Plan shall (A) release any Non-Opioid Excluded Claims, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan, *provided*, *however*, that the foregoing shall not apply to any Holder of a Co-Defendant Claim solely with respect to such Co-Defendant Claim, or (C) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person

[24] The Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, remain subject to ongoing negotiations. The releases in the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, may differ from those provided for in Section 10.6(b) of the Plan. The rights of all parties to the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, are fully reserved.

[25] [**NTD**: subject to ongoing review.]

under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements.

Notwithstanding anything in the Plan to the contrary, but subject to the MDT Insurer Injunction and the Settling MDT Insurer Injunction, the Debtors shall not be released from liability for any Claim (other than any Co-Defendant Claim) that is or may be covered by any Purdue Insurance Policy; *provided* that recovery for any such Claim, including by way of settlement or judgment, shall be limited to the available proceeds of such Purdue Insurance Policy (and any extra-contractual liability of the Insurance Companies with respect to the Purdue Insurance Policies), and no Person or party shall execute, garnish or otherwise attempt to collect any such recovery from any assets other than the available proceeds of the Purdue Insurance Policies. The Debtors shall be released automatically from a Claim described in this paragraph upon the earlier of (x) the abandonment of such Claim and (y) such a release being given as part of a settlement or resolution of such Claim, and shall be released automatically from all Claims described in this paragraph upon the exhaustion of the available proceeds of the Purdue Insurance Policies (notwithstanding the nonoccurrence of either event described in the foregoing clauses (x) and (y)).

3. Releases by Debtors of Holders of Claims

The Plan also provides for releases granted by the Debtors and their Estates in favor of certain Holders of Claims. Such release is provided for in Section 10.6(c) of the Plan.

Specifically, the Plan provides that, as of the Effective Date, all Holders of Channeled Claims (excluding, in all respects, any Excluded Party, Shareholder Release Snapback Party or MDT Insurer) are hereby released by the Debtors and their Estates from any and all Causes of Action for any Claim in connection with, or arising out of, (i) the administration of the Chapter 11 Cases; the negotiation and pursuit of the Restructuring Transactions, the Plan, the Master Disbursement Trust, the Creditor Trusts (including the trust distribution procedures and the other Creditor Trust Documents) and the solicitation of votes with respect to, and confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration of the Plan and the property to be distributed under the Plan; and the wind-up and dissolution of the Liquidating Debtors and the transactions in furtherance of any of the foregoing or (ii) such Holder's participation in the Pending Opioid Actions. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, the Foundation and any other newly-formed Persons that shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Releases set forth in Section 10.6(c) of the Plan.

As of the Effective Date, all Holders of PI Channeled Claims (excluding, in all respects, any Excluded Party, Shareholder Release Snapback Party or MDT Insurer) are hereby released by the Debtors and their Estates from any and all Causes of Action for any Claim in connection with, or arising out of, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases, including, in each

case, without limitation, any act, conduct, omission, event, transaction, occurrence, injury, damage, or continuing condition in any way relating to the foregoing.

Notwithstanding anything in the Plan to the contrary, (x) nothing in the Plan shall release any Excluded Claim and (y) nothing in Section 10.6(c) of the Plan shall (A) release any contractual Estate Cause of Action or any Estate Cause of Action that is commercial in nature and, in each case, unrelated to either the Chapter 11 Cases or the subject matter of the Pending Opioid Actions, *provided* that, with respect to the Settling Co-Defendants, only Estate Surviving Pre-Effective Date Claims shall be retained and not released, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan, *provided*, *however*, that the foregoing shall not apply to any Holder of a Co-Defendant Claim solely with respect to such Co-Defendant Claim, (C) release any claim or right arising in the ordinary course of the Debtors' or NewCo's business, including, without limitation, any such claim with respect to taxes or (D) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements.

4. Shareholder Releases: Releases by Debtors

The Plan also provides for releases granted by the Debtors and their Estates in favor of the Shareholder Released Parties. Such release is provided for in Section 10.7(a) of the Plan.

Specifically, the Plan provides that, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Shareholder Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (z) of the last paragraph of Section 10.7(a) of the Plan, by the Debtors and their Estates from any and all Causes of Action, including any Estate Causes of Action asserted or assertible by or on behalf of any Debtor or any of their Estates and including any claims that any Debtor or any of their Estates, or that any other Person or party claiming under or through any Debtor or any of their Estates, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Debtor or any of their Estates or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, based on or relating to, or in any manner arising from, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, the Foundation and any other newly-formed Persons that shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Shareholder Releases set forth in Section 10.7(a) of the Plan.

Notwithstanding anything in the Plan to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) nothing in Section 10.7(a) of the Plan shall be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements and the Separation Agreements; and (z) upon the filing of a Notice of Shareholder Release Snapback, (A) the Shareholder Releases set forth in Section 10.7(a) o the Plan shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to all members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, (B) the *status quo ante* shall be restored in all respects for the Debtors and the Master Disbursement Trust with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, and (C) the Master Disbursement Trust shall be deemed to have received and accepted all of the rights with respect to any member of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, in each case, that the Debtors and their Estates had prior to the Effective Date and that the Master Disbursement Trust would have pursuant to the transfer of the MDT Shareholder Rights to the Master Disbursement Trust if the Shareholder Releases of Section 10.7(a) of the Plan had never been granted, which rights the Debtors and their Estates shall be deemed to have irrevocably transferred, granted and assigned to the Master Disbursement Trust; *provided* that, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the Shareholder Releases shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Shareholder Released Parties other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties.

5. Shareholder Releases: Releases by Releasing Parties[26]

The Plan also provides for certain releases to be deemed granted by the Releasing Parties and all other Persons, including Holders of Claims against or Interests in the Debtors, in favor of the Shareholder Released Parties. Such release is provided for in Section 10.7(b) of the Plan.

Specifically, the Plan provides that, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Shareholder Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (y) of the last paragraph of Section 10.7(b) of the Plan, by the Releasing Parties from any and all Causes of Action, including, without limitation, any Estate Cause of Action and any claims that any Releasing Party, or that any other Person or party claiming under or through any Releasing Party, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Releasing Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, (A) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (ii) the Estates, (iii) the

[26] For the avoidance of doubt, only Holders of Claims that are Opt-in Settling Creditors may be Releasing Parties.

Chapter 11 Cases, or (iv) Covered Conduct and (B) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor.

Without limiting the foregoing: (A) the foregoing releases include any Cause of Action of a Releasing Party that has been or may be asserted against any Shareholder Released Party, by such Releasing Party (whether or not such party has brought such action or proceeding) in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) (x) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (I) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (II) the Estates, (III) the Chapter 11 Cases, or (IV) Covered Conduct and (y) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor; and (B) the parties intend that these releases (including the term "Shareholder Released Claims") be broad and interpreted so as to give the Shareholder Released Parties the broadest possible release of any liability relating in any way to the Shareholder Released Claims.

For the avoidance of doubt and notwithstanding anything to the contrary in the Plan or the Confirmation Order, the releases set forth in Section 10.7(b) of the Plan, and all referenced to "Releasing Parties" as used in the Plan, shall not apply to (i) Holders of Claims who do not opt-in to the releases through their applicable ballots, (ii) Holders of Claims whose releases will be governed solely and exclusively by a Direct Claims Shareholder Settlement Agreement and (iii) Holders of Non-Federal Domestic Governmental Claims, whose releases shall be governed solely and exclusively by the Governmental Entity Shareholder Direct Settlement Agreement.[27] For the avoidance of doubt and notwithstanding anything to the contrary in the Plan, none of the releases, injunctions, or other terms contained in the Plan or the Confirmation Order shall expand, limit, alter, or otherwise affect any releases, waivers, or disclaimers of liability or other terms contained in any of the Direct Claims Shareholder Settlement Agreements.

(ii) [In addition to granting the foregoing release, any Releasing Party represented by counsel agrees not to waive any conflict of interest that may arise for any such counsel by virtue of the clients of such counsel participating in any Shareholder Settlement.][28]

[(iii) (A) No Shareholder Released Party shall seek to recover for amounts paid under Master Shareholder Settlement Agreement and the Plan based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, health care practitioner; *provided* that a Shareholder Released Party shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it.

[27] The Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, remain subject to ongoing negotiations. The releases in the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, may differ from those provided for in Section 10.7 of the Plan. The rights of all parties to the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, are fully reserved.

[28] [**NTD**: subject to ongoing review.]]

(B) To the extent that, on or after the Effective Date, any Releasing Party negotiates and enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization (whether individually or as a class of creditors), the Releasing Party will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind against the Shareholder Released Parties substantially equivalent to that required from the Shareholder Released Parties in Section 10.7(b)(iii)(A) of the Plan, or a release from such Non-Released Party in favor of the Shareholder Released Parties (in a form equivalent to Section 10.7(b) of the Plan) of any Claim-Over. Each Releasing Party acknowledges and agrees that it shall take reasonable steps to enforce such agreement related to indemnification and contribution, and any other agreement related to indemnification and contribution from a prior opioid settlement, in each case as applicable, for the benefit of the Shareholder Released Parties.

(C) In the event that any Releasing Party obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Party that does not contain a prohibition like that described in Section 10.7(b)(iii)(B) of the Plan or any Releasing Party files a Non-Party Covered Conduct Claim against a Non-Released Party in bankruptcy or a Releasing Party is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section 10.7(b)(iii)(B) of the Plan, and such Non-Released Party asserts a Claim-Over against a Shareholder Released Party, the Shareholder Released Party shall be relieved of the prohibition in Section 10.7(b)(iii)(B) of the Plan with respect to that Non-Released Party and that Releasing Party and the Sackler Parties' Representative shall take the following actions to ensure that the Shareholder Released Parties do not pay more with respect to Covered Conduct to Releasing Parties or to Non-Released Parties than the amounts owed under the Plan and the Master Shareholder Settlement Agreement by Shareholder Payment Groups:

(I) The Sackler Parties' Representative shall notify that Releasing Party of the Claim-Over within sixty (60) calendar days of when it becomes aware of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date, whichever is later;

(II) The Sackler Parties' Representative and that Releasing Party shall meet and confer concerning the means to hold Shareholder Released Parties harmless and ensure that they are not required to pay more with respect to Covered Conduct than the amounts owed by the Shareholder Payment Groups under Plan and the Master Shareholder Settlement Agreement;

(III) That Releasing Party and the Sackler Parties' Representative shall take steps sufficient and permissible under the law of the state of the Releasing Party to hold Shareholder Released Parties harmless from the Claim-Over and ensure Shareholder Released Parties are not required to pay more with respect to Covered Conduct than the amounts owed by the Shareholder Payment Groups under Plan and the Master Shareholder Settlement Agreement. Such steps may include, where permissible:

Filing of motions to dismiss or such other appropriate motion by the Sackler Parties' Representative or Shareholder Released Parties and supported by that Releasing Party, in response to any claim filed in litigation or arbitration;

(1) Reduction of that Releasing Party's Claim and any judgment it has obtained or may obtain against such Non-Released Party by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount that Releasing Party has obtained, may obtain, or has authority to control from such Non-Released Party;

(2) Placement into escrow of funds paid by the Non-Released Parties such that those funds are available to satisfy the Claim-Over;

(3) Return of monies paid by Shareholder Payment Groups to that Releasing Party under Plan and the Master Shareholder Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Party to satisfy the Claim-Over;

(4) Payment of monies to Shareholder Released Parties by that Releasing Party to ensure they are held harmless from such Claim-Over, up to the amount that Releasing Party has obtained, may obtain, or has authority to control from such Non-Released Party;

(5) Credits to Shareholder Payment Groups under the Plan and the Master Shareholder Settlement Agreement to reduce the overall amounts to be paid under Plan and the Master Shareholder Settlement Agreement such that they are held harmless from the Claim-Over; and

(6) Such other actions as that Releasing Party and Shareholder Payment Parties, the Sackler Parties' Representative may devise to hold Shareholder Released Parties harmless from the Claim-Over.

(IV) The actions taken pursuant to paragraph (III) must, in combination, ensure that Shareholder Payment Groups are not required to pay more with respect to Covered Conduct than the amounts owed by them to such Releasing Party under the Plan and the Master Shareholder Settlement Agreement.

(D) To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section 10.7(b)(iii)(C) of the Plan shall extend solely to a Non-Party Covered Conduct Claim against a clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. The Sackler Parties' Representative shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non- Released Party asserts a Claim-Over arising out of contractual indemnity against it.][29]

[29] [**NTD**: subject to ongoing review.]

(iv) Notwithstanding anything in the Plan to the contrary, (x) nothing in Section 10.7(b) of the Plan shall (A) release any Excluded Claims or (B) be construed to impair in any way the rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements and (y) upon the filing of a Notice of Shareholder Release Snapback, (A) the Shareholder Releases set forth in Section 10.7(b) of the Plan shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to all members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties and (B) the status quo ante shall be restored in all respects for the Releasing Parties with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties; provided that, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the Shareholder Releases shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Shareholder Released Parties other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties.

6. Releases by Shareholder Released Parties

The Plan also provides for the Shareholder Releasing Parties to provide reciprocal releases in favor of the Reciprocal Releasees. Such release is provided for in Section 10.7(c) of the Plan.

Specifically, the Plan provides that, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Reciprocal Releasees shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (z) of the last paragraph of Section 10.7(c) of the Plan, by the Shareholder Released Parties from any and all Causes of Action, including any derivative claims asserted or assertible by or on behalf of the Debtors or their Estates and including any claims that any Shareholder Released Party, or that any other Person or party claiming under or through any Shareholder Released Party, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Shareholder Released Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, based on or relating to, or in any manner arising from, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases.

Notwithstanding anything in the Plan to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) nothing in Section 10.7(c) of the Plan shall be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements, and the Separation Agreement, and including the rights of any Shareholder Released Party that is a current or former director, officer or employee of the Debtors but is not a Sackler Family Member relating to plan treatment of any Claims held by such

party; and (z) upon the filing of a Notice of Shareholder Release Snapback and the commencement or continuation of any action or proceeding against a member of a Breaching Shareholder Family Group or a Designated Shareholder Released Party by any Reciprocal Releasee, (A) the releases set forth in Section 10.7(c) of the Plan of any Reciprocal Releasee that has commenced or continued any such action shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties and (B) the status quo ante shall be restored in all respects for the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties with respect to any Reciprocal Releasee that has commenced or continued any such litigation; provided that, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the releases set forth in Section 10.7(c) of the Plan shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Reciprocal Releasees, and shall be binding on, and enforceable against, all other Shareholder Released Parties, including any members of the Breaching Shareholder Family Group with respect to any Reciprocal Releasee that has not commenced any such litigation.

G. Confirmation of the Plan

1. Requirements

The requirements for confirmation of the Plan are set forth in section 1129 of the Bankruptcy Code. The requirements for approval of the Disclosure Statement are set forth in section 1125 of the Bankruptcy Code.

2. Approval of the Plan and Confirmation Hearing

To confirm the Plan, the Bankruptcy Court must hold a hearing to determine whether the Plan meets the requirements of section 1129 of the Bankruptcy Code.

3. Treatment and Classification of Claims and Interests

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation and Distributions under the Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent any portion of the Claim or Interest qualifies within the description of such other Classes; *provided* that, to the extent any Claim satisfies the definition of a Shareholder Claim, a Co-Defendant Claim or an Other Subordinated Claim, such Claim shall be classified as such, notwithstanding that such Claim may satisfy the definition of another type of Claim. A Claim or Interest is also classified in a particular Class for the purpose of receiving Distributions under the Plan only to the extent such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been satisfied, released or otherwise settled prior to the Effective Date. In no event shall any Holder of an Allowed Claim be entitled to receive payments under the Plan that, in the aggregate, exceed the Allowed amount of such Holder's Claim.

4. Only Impaired Classes Vote

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests that are "impaired" (as defined in section 1124 of the Bankruptcy Code) under a plan may vote to accept or reject such plan. Generally, a claim or interest is impaired under a plan if the applicable holder's legal, equitable, or contractual rights are modified under such plan. In addition, if the holders of claims or interests in an impaired class do not receive or retain any property under a plan on account of such claims or interests, such impaired class is deemed to have rejected such plan under section 1126(g) of the Bankruptcy Code and, therefore, such holders are not entitled to vote on such plan.

Under the Plan, holders of Claims in Classes 3, 4, 5, 6, 7, 8, 9, 10(a), 10(b) and 11(c) are impaired and are entitled to vote on the Plan.

Under the Plan, holders of Claims and Interests in Classes 1, 2, 11(a) and 11(b) are unimpaired and, therefore, deemed to accept the Plan.

Under the Plan, holders of Claims and Interests in Classes 13, 14, 15, 16 and 17 are impaired and will not receive or retain any property under the Plan on account of their Claims or Interests in such classes and, therefore, are (i) not entitled to vote on the Plan and (ii) deemed to reject the Plan.

Under the Plan, holders of Claims and Interests in Classes 12 and 18 are either conclusively presumed to have accepted the Plan or are deemed to have rejected the Plan. Accordingly, such Holders are not entitled to vote to accept or reject the Plan.

ACCORDINGLY, A BALLOT FOR ACCEPTANCE OR REJECTION OF THE PLAN IS BEING PROVIDED ONLY TO HOLDERS OF CLAIMS IN CLASSES 3, 4, 5, 6, 7, 8, 9, 10(a), 10(b) AND 11(c).

H. Solicitation Process, Voting Procedures and Voting Deadline

1. Solicitation Process

Accompanying the Disclosure Statement is a package of materials called the "Solicitation Package." The Solicitation Package contains copies of, among other things:

- the Bankruptcy Court order approving the Disclosure Statement and procedures for soliciting and tabulating votes on the Plan the ("**Solicitation Order**") which, among other things, approves the Disclosure Statement as containing adequate procedures for distributing the Solicitation Packages to the holders of claims against the Debtors that are entitled to vote on the Plan, establishes the procedures for tabulating Ballots used in voting on the Plan and sets the deadline for objecting to confirmation of the Plan;

- the notice of the hearing to consider confirmation of the Plan; and

- a ballot (the "**Ballot**") for voting to accept or reject the Plan if you are the record holder of a claim in a class entitled to vote on the Plan (each, a "**Voting Class**").

2. Voting Procedures and Voting Deadline

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. To ensure your vote is counted, you must complete, date, sign, and promptly mail the Ballot enclosed with the notice or complete your Ballot using the online portal maintained by the solicitation agent (the "**Solicitation Agent**"), in each case indicating your decision to accept or reject the Plan in the boxes provided.

TO BE COUNTED, YOUR BALLOT INDICATING YOUR ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED BY THE SOLICITATION AGENT NO LATER THAN [SEPTEMBER 12, 2025, AT 4:00 P.M. (PREVAILING EASTERN TIME)] (THE "**VOTING DEADLINE**").

In order for the Plan to be accepted by an impaired Class of Claims, a majority in number and two-thirds in dollar amount of the Claims voting in such Class must vote to accept the Plan. At least one Voting Class, excluding the votes of insiders, must actually vote to accept the Plan.

Pursuant to the Solicitation Procedures, and subject to the parties' rights to seek allowance of a claim in different amount under the Solicitation Procedures, each Claim in Class 4 (Non-Federal Domestic Governmental Claims), Class 5 (Tribe Claims), Class 6 (Public School Claims), Class 7 (Hospital Claims), Class 8 (Third-Party Payor Claims), Class 9 (ER Physician Claims), Class 10(a) (NAS PI Claims), and Class 10(b) (Non-NAS PI Claims) shall be accorded one (1) vote and valued at one United States dollar ($1.00) for voting purposes only, and not for purposes of allowance or distribution. Accordingly, a vote of two-thirds in number will effectively be required in order for the Plan to be accepted in the case of each of these Classes of Claims.

The Debtors will argue to the Bankruptcy Court that if no Holders of Claims in a particular Class that is entitled to vote on the Plan vote to accept or reject the Plan, then such Class shall be deemed to accept the Plan.

You may have previously received a Ballot for voting to accept or reject the *Fifth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and its Affiliated Debtors* (the "**Original Purdue Plan**") [D.I. 2967], which was proposed by the Debtors. **Ballots that were distributed in connection with the Original Purdue Plan are no longer valid. If you cast a vote to accept or reject the Original Purdue Plan, that vote will not be counted as a vote to accept or reject the Plan – a new Ballot must be cast to vote to accept or reject the Plan**.

YOU ARE URGED TO COMPLETE, DATE, SIGN, AND PROMPTLY MAIL THE BALLOT ENCLOSED WITH THE NOTICE OR COMPLETE YOUR BALLOT USING THE ONLINE PORTAL MAINTAINED BY THE SOLICITATION AGENT. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY AND LEGIBLY AND TO IDENTIFY THE EXACT AMOUNT OF YOUR CLAIM AND THE NAME OF THE HOLDER. IF YOU ARE A HOLDER OF A CLAIM ENTITLED TO VOTE ON THE PLAN AND YOU DID NOT RECEIVE A BALLOT, YOU RECEIVED A DAMAGED BALLOT, OR YOU LOST YOUR BALLOT, OR

IF YOU HAVE ANY QUESTIONS CONCERNING THE DISCLOSURE STATEMENT, THE PLAN, OR PROCEDURES FOR VOTING ON THE PLAN, PLEASE CONTACT YOUR ATTORNEY OR THE SOLICITATION AGENT AT (844) 217-0912 (U.S./CANADA, TOLL-FREE) OR +1 (347) 859-8093 (INTERNATIONAL, TOLL) OR AT PURDUEPHARMAINFO@KROLL.COM (WITH A REFERENCE TO "PURDUE PHARMA SOLICITATION INQUIRY" IN THE SUBJECT LINE). THE SOLICITATION AGENT IS NOT AUTHORIZED TO PROVIDE LEGAL ADVICE AND WILL NOT PROVIDE ANY SUCH ADVICE.

I. Confirmation Hearing

The Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan (the "**Confirmation Hearing**"). The Confirmation Hearing will take place on [October 27, 2025 at 10:00 a.m. (Prevailing Eastern Time)]. Parties in interest will have the opportunity to object to the confirmation of the Plan at the Confirmation Hearing.

ARTICLE II

GENERAL INFORMATION REGARDING THE DEBTORS

A. The Debtors' Businesses, Structure, Management, and Employees

1. Overview

The Debtors operate two main business segments through a number of operating subsidiaries: a branded prescription medication business and a generic prescription medication business. The branded prescription medications business consists of both opioid and non-opioid medications, including investment in a robust and diversified pipeline of non-opioid investigative candidates that have the potential to address many serious medical conditions, as described in more detail below. In addition, as part of their commitment to advancing meaningful solutions to the opioid crisis, the Debtors continue to develop, and plan to have NewCo develop and distribute opioid overdose reversal and addiction treatment medications (the "**Public Health Initiative**").

Purdue Pharma L.P., a Delaware limited partnership headquartered in Stamford, Connecticut, is the Debtors' main operating entity. Purdue Pharma's general partner is Purdue Pharma Inc. Purdue Pharma also owns, directly or indirectly, 22 operating and nonoperating subsidiaries in the United States and the British Virgin Islands ("**Purdue Subsidiaries**"). An organizational chart setting forth this corporate structure is provided in **Appendix B**. Purdue Pharma and its direct and indirect subsidiaries other than the Rhodes Debtors (the "**Purdue Debtors**") primarily operate a branded pharmaceuticals business, while Debtor Rhodes Associates L.P. and its direct and indirect subsidiaries (the "**Rhodes Debtors**") primarily develop and distribute generic pharmaceutical products. While a handful of the Debtors are managed by their own boards of directors, most of the Debtors are managed by a single board of directors and are wholly owned by the same ultimate owners: various trusts for the benefit of the descendants of Mortimer and Raymond Sackler.

(i) Branded Prescription Medication Business

The Debtors' branded prescription pharmaceutical business, operated by the Purdue Debtors, consists of both opioid and non-opioid medications. The Debtors' three principal branded opioid medications are OxyContin®, Hysingla ER®, and Butrans®:

- OxyContin Extended-Release Tablets: OxyContin is a Schedule II extended-release, long-acting opioid analgesic. Its active pharmaceutical ingredient ("**API**") is oxycodone.[30] OxyContin received United States Food and Drug Administration ("**FDA**") approval in 1995 and was launched in 1996. In 2010, the FDA approved, and the Purdue Debtors began selling, a new abuse-deterrent formulation of OxyContin formulated with physical and chemical properties intended to make abuse by injection difficult and to reduce abuse via the intranasal route.

- Hysingla ER Extended-Release Tablets: Hysingla ER is a Schedule II extended-release, long-acting, abuse-deterrent opioid analgesic formulated with physical and chemical properties intended to make abuse by injection difficult and to reduce abuse via the intranasal route. Its API is hydrocodone. Hysingla ER was approved by the FDA in 2014 and was launched in 2015.

- Butrans Transdermal System: Butrans is a Schedule III,[31] seven-day, transdermal patch pain medication. Its API is buprenorphine.[32] Butrans was approved by the FDA in 2010 and launched in 2011.

The Purdue Debtors manufacture OxyContin and Hysingla for themselves and, in relatively limited amounts, manufacture OxyContin for certain foreign independent associated companies ultimately owned by the Sackler Families ("**IACs**"). Purdue Pharma also receives royalties from foreign IACs for sales of OxyContin outside the United States. Butrans is manufactured by a third party, LTS Lohmann Therapie-Systeme AG.

The FDA continues to strike a careful balance between the necessity of OxyContin and other opioid pain medications and the associated risks of misuse, abuse, and addiction.[33] While

[30] *See* U.S. Food and Drug Admin., OxyContin Full Prescribing Information, at 1 (Sept. 26, 2018), https://www.accessdata.fda.gov/drugsatfda_docs/label/2018/022272s039lbl.pdf (hereinafter "**OxyContin FPI**").

[31] Schedule III drugs are defined as "drugs with a moderate to low potential for physical and psychological dependence," according to the U.S. Drug Enforcement Administration ("**DEA**"). *See* U.S. Drug Enf't Admin., Drug Schedule (last visited Sept. 15, 2019), https://www.dea.gov/drug-scheduling.

[32] *See* U.S. Food and Drug Admin., Butrans Full Prescribing Information, at 1 (Sept. 18, 2018), https://www.accessdata.fda.gov/drugsatfda_docs/label/2018/021306s032s034lbl.pdf (hereinafter "**Butrans FPI**").

[33] *See* Press Release, U.S. Food and Drug Admin., Statement of FDA Commissioner Scott Gottlieb, M.D., on balancing access to appropriate treatment for patients with chronic and end-of-life pain with need to take steps to stem misuse and abuse of opioids (July 9, 2018), https://www.fda.gov/news-events/press-announcements/statement-fda-commissioner-scott-gottlieb-md-balancing-access-appropriate-treatment-patients-chronic. ("[T]he FDA remains focused on striking the right balance between reducing the rate of new addiction by decreasing exposure to opioids and rationalizing prescribing, while still enabling appropriate access to those patients who have legitimate medical need for these medicines.").

OxyContin is approved for the management of pain severe enough to require daily, around-the-clock, long-term opioid treatment and for which alternative treatment options are inadequate, it is required to carry a label with a type of warning—commonly referred to as a black box warning—that is designed to call attention to serious or life-threatening risks. OxyContin carries the following black box warning:

WARNING: ADDICTION, ABUSE AND MISUSE; LIFE-THREATENING RESPIRATORY DEPRESSION; ACCIDENTAL INGESTION; NEONATAL OPIOID WITHDRAWAL SYNDROME; and CYTOCHROME P450 3A4 INTERACTION
See full prescribing information for complete boxed warning.

- **OXYCONTIN exposes users to risks of addictions, abuse and misuse, which can lead to overdose and death. Assess each patient's risk before prescribing and monitor regularly for development of these behaviors and conditions. (5.1)**
- **Serious, life-threatening, or fatal respiratory depression may occur. Monitor closely, especially upon initiation or following a dose increase. Instruct patients to swallow OXYCONTIN tablets whole to avoid exposure to a potentially fatal dose of oxycodone. (5.2)**
- **Accidental ingestion of OXYCONTIN, especially in children, can result in a fatal overdose of oxycodone. (5.2)**
- **Prolonged use of OXYCONTIN during pregnancy can result in neonatal opioid withdrawal syndrome, which may be life-threatening if not recognized and treated. If opioid use is required for a prolonged period in a pregnant woman, advise the patient of the risk of neonatal opioid withdrawal syndrome and ensure that appropriate treatment will be available. (5.3)**
- **Initiation of CYP3A4 inhibitors (or discontinuation of CYP3A4 inducers) can result in a fatal overdose of oxycodone from OXYCONTIN. (5.14)**

Purdue Pharma has also invested—and continues to invest—substantial resources in its pipeline of non-opioid investigative candidates that have the potential to address many serious medication conditions, including difficult-to-treat blood cancers, solid cancers, and central nervous system cancers, overactive bladder, chronic low back pain and insomnia associated with alcohol cessation. For example, Tinostamustine, a potentially first-in-class alkylating deacetylase inhibiting molecule in development for the treatment of certain cancers, is in phase 2 trials; IMB-115, an internally discovered compound with a novel mechanism of action in clinical development for the treatment of insomnia associated with alcohol cessation has recently completed a phase 2 proof of concept study which has demonstrated that the drug is efficacious, and is now being progressed to larger phase 3 studies, as well as commencing phase 1 studies in indications for overactive bladder and interstitial cystitis.

(ii) Generic Prescription Medication Business / API Business

(A) Rhodes Pharmaceuticals L.P.

The Debtors' generic prescription pharmaceutical business is operated by Purdue Pharma subsidiary Rhodes Pharmaceuticals L.P. ("**Rhodes Pharma**"), a Delaware limited partnership

created in 2008. Rhodes Pharma, which until May 2019 was separately managed from Purdue, *see* Article II.A.1.(ii).c, *infra*, primarily sells a variety of generic prescription medications, including opioid (principally immediate-release) pain relievers.[34] Rhodes Pharma does not have—and never has had—sales representatives promote or market its opioid drugs to prescribers or patients.

Rhodes Pharma also sells non-opioid medications, such as medications to treat attention deficit hyperactivity disorder, high cholesterol, depression disorder, and pain management. A Purdue Pharma subsidiary and other non-Debtor entities manufacture finished dosage forms for Rhodes Pharma.

(B) Rhodes Technologies

Rhodes Technologies ("**Rhodes Tech**"), a Delaware general partnership, also became a Purdue Pharma subsidiary (as of May 2019) and a Debtor in the Chapter 11 Cases. Prior to December 31, 2020, Rhodes Tech manufactured APIs that Purdue Pharma used to manufacture its branded finished products and some of Rhodes Pharma's generic finished products.

As further described in Article III.L, on October 1, 2020, the Bankruptcy Court entered an order approving the sale of assets of Rhodes Tech to Noramco Coventry LLC and approving the Debtors' entry into a supply agreement (the "**Supply Agreement**") with Noramco LLC. The Supply Agreement secures provision of APIs to the Debtors for a minimum of seven years, with two two-year renewal options. Noramco LLC is an experienced API manufacturer with the capability to ensure high-quality supply at a cost substantially lower than previously incurred through the vertically integrated structure. The sale transaction closed and the parties entered into the Supply Agreement on December 31, 2020.

(C) The Rhodes Entities Were Managed Separately Prior to May 2019

Prior to 2008, Rhodes Tech (or its predecessor) was a subsidiary of Purdue Pharma. On or around January 1, 2008, Rhodes Tech was moved to a different Sackler Families ownership chain (through Purdue Pharma's distribution of its interest in Rhodes Tech's parent to an affiliate) though with the same ultimate owners. Rhodes Tech then came under common ownership with newly created Rhodes Pharma. Until May 2019, Rhodes Pharma and Rhodes Tech were separately managed by different boards of directors from that of Purdue Pharma.[35] The ultimate owners of

[34] Starting in 2017, Purdue Pharma authorized Rhodes Pharma to sell an authorized generic of Butrans (opioid transdermal patch) in exchange for a profit share. Rhodes Pharma's authorized generic Butrans has been sold as a generic product and never promoted to prescribers or patients. Moreover, although Rhodes Pharma's portfolio of products is composed mostly of generic products, in 2015, Rhodes Pharma expanded into a branded prescription product, Aptensio XR, a once-daily extended-release central nervous system stimulant (methylphenidate) indicated for the treatment of attention deficit hyperactivity disorder. Additionally, since 2017, Rhodes Pharma has sold MS Contin and Dilaudid branded opioid pain medications, which were contributed to Rhodes Pharma by Purdue. Rhodes Pharma has never promoted any Dilaudid or MS Contin product to prescribers or patients.

[35] Prior to May 2019, some Rhodes Pharma and Rhodes Tech directors served as directors or officers of Purdue Pharma.

these Rhodes entities, however, have always been the same as Purdue Pharma's—various trusts for benefit of the Sackler Families.

In May 2019, Rhodes Pharma and Rhodes Tech were contributed to Purdue Pharma, becoming subsidiaries of PPLP. Thus, from and after that date, PPI effectively managed Rhodes Pharma and Rhodes Tech. This reorganization was undertaken, among other reasons, to achieve cost and operational efficiencies and so that a single board and management team would be at the helm of the U.S. pharmaceutical businesses in order to, among other things, help facilitate a complex settlement process, including one that potentially could be implemented through chapter 11.

(iii) Over-the-Counter Health and Wellness Business

Avrio Health L.P. ("**Avrio**"), now known as Purdue Products, L.P., a Delaware limited partnership and also a Purdue Pharma subsidiary, operated the Debtors' over-the-counter ("**OTC**") business. OTC products are FDA-regulated but do not require prescriptions. Avrio's primary products were Betadine (an antiseptic), Senokot and Colace (laxatives), and SlowMag (a supplement). Avrio had no role in the Debtors' branded or generic prescription medication business.

As further described in Article III.BB, on May 30, 2023, the Bankruptcy Court entered an order approving the sale of substantially all of the assets of Avrio to Atlantis Consumer Healthcare Inc., a wholly owned subsidiary of Arcadia Consumer Healthcare, Inc. The sale transaction closed on June 1, 2023.

(iv) Public Health Initiatives: Opioid Overdose Reversal and Addiction Treatment Medications

As part of their commitment to advance meaningful solutions to the opioid crisis, the Debtors are pursuing three initiatives: developing and distributing at low or no cost two medications to treat opioid overdoses and a medication to treat opioid addiction. Leading public health officials have encouraged the development of certain of these types of medications, and the Debtors have offered to develop and distribute millions of doses of each for no profit to communities throughout the country. During the Chapter 11 Cases, the Debtors have made substantial progress on these initiatives, and the Bankruptcy Court—with creditor support—has authorized certain steps that have facilitated that progress.

First, the Debtors have developed emergency opioid overdose treatments containing the opioid antagonist nalmefene.[36] Emergency opioid overdose rescue drugs, when timely administered, can quickly restore normal respiration to a person whose breathing has slowed or

[36] Opioid antagonists block or reverse the effects of opioids, including potentially fatal respiratory depression. *See* Nat'l Inst. on Drug Abuse, Medications to Treat Opioid Use Disorder (June 2018), https://www.drugabuse.gov/publications/research-reports/medications-to-treat-opioid-addiction/how-do-medications-to-treat-opioid-addiction-work.

stopped as a result of overdosing with a prescription or illicit opioid.[37] Synthetic opioids, such as illicit fentanyl and its analogues, are a principal driver of today's epidemic of opioid overdose deaths.[38] Doses of existing opioid overdose reversal medications that could reverse prescription opioid or heroin overdoses may not be sufficiently strong or long-lasting to reverse the effects of fentanyl (which is 50 times more potent than heroin).[39] For this reason, the Directors of the National Institutes of Health and the National Institute on Drug Abuse have called for the development of "stronger, longer-acting formulations of antagonists."[40]

In response to that need, the Debtors have developed and are making available an opioid overdose reversal medication containing nalmefene,[41] a strong, long-acting opioid antagonist, in two different injectable forms: (1) a single-dose vial for use in a hospital setting by certain first responders and (2) an autoinjector ("**Zurnai**"), an easy-to-use EpiPen®-like device, for use by friends, family, and caregivers without medical training. The debtors reintroduced the single-dose vial application 2023 which is on formulary in 82 hospitals across the country, with many more expected to come online. In August 2024, the FDA approved the Zurnai auto-injector, and preparations for commercial introduction are ongoing.

On February 21, 2020, the Bankruptcy Court authorized an important element of the Debtors' nalmefene development program when it approved the Debtors' entry into an agreement with a technology partner to develop the nalmefene autoinjecetor. *See Order (I) Shortening Notice with Respect to Debtors' Motion for Authorization to Enter into Development Agreement and (II) Authorizing Entry into Development Agreement* [D.I. 868].

The Debtors believe that a settlement that enables them to continue to develop and distribute millions of doses of both forms of injectable nalmefene, at no or low cost, to communities and individuals throughout the country would provide great benefit to the public health, saving the lives of individuals in instances where other reversal medicines do not work.

Second, the Debtors have aided the development of a low-cost, non-prescription OTC naloxone nasal spray to reverse known or suspected opioid overdose. Although intranasal naloxone has been available to consumers under the brand name Narcan® for a number of years, access was limited because of (i) Narcan's relatively high cost to consumers and first responders, and (ii) the requirement that consumers, when obtaining Narcan from a pharmacy, obtain this prescription medication from a pharmacist.

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[37] *See* U.S. Nat'l. Inst. on Drug Abuse, Opioid Overdose Reversal with Naloxone (Narcan, Evzio) (Apr. 2018), https://www.drugabuse.gov/related-topics/opioid-overdose-reversal-naloxone-narcan-evzio.

[38] *See* Centers for Disease Control and Prevention, Opioid Overdose: Understanding the Epidemic, https://www.cdc.gov/drugoverdose/epidemic/index.html.

[39] *See* Volkow N., Collins F., The Role of Science in Addressing the Opioid Crisis, N. Engl. J. Med. 377:4 (July 27, 2017), https://www.nejm.org/doi/full/10.1056/NEJMsr1706626.

[40] *Id.*

[41] A prior version of nalmefene was previously approved by the FDA and later withdrawn from sale by the manufacturer for reasons other than safety or effectiveness. Department of Health and Human Services; Food and Drug Administration. 82 Federal Register 51282 (November 3, 2017).

Consistent with the FDA's encouragement, the Debtors worked with Harm Reduction Therapeutics ("**HRT**"), an independent nonprofit pharmaceutical company, to develop a low-cost OTC naloxone nasal spray ("**RiVive**"). By reducing the cost to consumers and first responders, and enabling consumers to acquire the medication over the counter and without the shame or fear of needing to procure a prescription or speak with a pharmacist, the Debtors and HRT have greatly improved access to this needed medication. To facilitate bringing this low-cost OTC medication to market, the Debtors have paid for HRT's development costs. On June 25, 2020, the Court entered the *Order Authorizing Debtors to Enter into Funding Agreement* [D.I. 1301], which authorized the Debtors to continue funding certain of those costs. The Debtors' use of funding was approved on March 23, 2022, when the Court entered the *Order Authorizing Debtors to Enter Into Amended and Restated Funding Agreement* [D.I. 4588], and again on March 30, 2023, the Court entered the third *Order Authorizing Debtors to Enter Into Funding Agreement* [D.I. 5513]. To provide further assistance, the Debtors also licensed to HRT valuable technical know-how and data and provided regulatory and drug development advice.

RiVive received FDA approval for OTC distribution in July 2023. RiVive is now available in 36 states, with over 300,000 twin packs sold at cost. HRT has also donated approximately 23,000 twin packs to various harm reduction organizations across the United States. One month after OTC RiVive was approved, generic OTC Narcan (Padagis) and branded OTC Narcan were both launched. In April and May of 2024, two formulations of generic OTC Narcan were also approved by the FDA. RiVive's presence in the market drives significant downward pressure on the cost of naloxone nasal sprays, working to keep the life-saving medication affordable and ensuring expanded access as a result. Not so long ago, a twin pack of Narcan cost approximately $140 USD.[42] As a result of Rivive's approval by the FDA in August 2023, the price of the generic retail version of Narcan was introduced at $45 USD per pack and later reduced to approximately $34 USD per pack, and $24 USD for the generic version available in California (Cal Rx). The benefits of the introduction of ReVive cannot be overstated.

Third, the Debtors, through Rhodes Pharma, have already developed, obtained FDA approval, and manufactured a generic version of Suboxone®[43] tablets, a leading opioid addiction treatment consisting of a combination of buprenorphine and naloxone. Despite evidence that medication-assisted treatment can help many people recover from opioid addiction, these medications remain underutilized, and the cost of treatment is one of the barriers to access.[44] To help ensure broader access, the FDA has facilitated the entry of generic versions of these

[42] *See* Alice Park, Times, Narcan Is Now Sold at Walgreens. What's That? https://time.com/4999223/what-is-narcan/.

[43] *See* https://dailymed.nlm.nih.gov/dailymed/fda/fdaDrugXsl.cfm?setid=da90618a-5621-4b15-bc48-9dcc631418de&type=display.

[44] Centers for Disease Control and Prevention, CDC Guideline for Prescribing Opioids for Chronic Pain – United States, 2016, https://www.cdc.gov/mmwr/volumes/65/rr/rr6501e1.htm (though "buprenorphine has been shown to be more effective in preventing relapse among patients with opioid use disorder, ... patient cost can be a barrier to buprenorphine treatment because insurance coverage of buprenorphine for opioid use disorder is often limited"); *see* National Institutes of Health, Methadone and buprenorphine reduce risk of death after opioid overdose, https://www.nih.gov/news-events/news-releases/methadone-buprenorphine-reduce-risk-death-after-opioid-overdose.

medicines,[45] and, in March of 2020, approved the Debtors' generic version of Suboxone tablets. To increase access to these treatments, the Debtors are distributing millions of doses of their buprenorphine/naloxone tablets at low or no cost. In January 2024, the Debtors signed an agreement with the Minnesota Multistate Contracting Alliance for Pharmacy ("MMCAP") to provide 1.25 million tabs of generic suboxone at $0.01/tablet to State correctional facilities, which was increased to two million tablets in September 2024. As of October 2024, over one million tablets have been provided to 21 correctional facilities in 10 States. The Debtors are further expanding the program in 2025 to enable more tablets to be available to correctional facilities. In 2025, the Debtors plan to grow the program by at least 50 percent over 2024 levels with aspirations to exceed distribution of 2.5 million tablets this year.

(v) Purdue Pharma Inc.

PPI is the general partner of Purdue Pharma, and the board of directors of PPI ("**Board**") effectively manages the Debtors.[46]

2. Management

The Debtors' current management team is composed of highly capable and experienced professionals. Information regarding the Debtors' senior management is as follows:

Name	Position
Craig Landau	President and Chief Executive Officer
Marc L. Kesselman	Executive Vice President, General Counsel

(i) Craig Landau

Craig Landau, M.D., is a pharmaceutical industry veteran with over 25 years of R&D and general management experience. After overseeing the development and approval by FDA of multiple commercial products, he was President and CEO of Purdue Pharma Canada from July 2013 to June 2017. Since June 2017, he has been President and CEO of Purdue Pharma LP, headquartered in Stamford, CT. Dr. Landau demonstrates visionary leadership as he navigates a company at the center of one of the greatest challenges in public health: the opioid crisis.

Purdue develops and manufactures prescription medications—including opioid analgesic medicines. Dr. Landau is a bold leader in the service of the public good. Upon becoming CEO of Purdue, he assembled a new management team, renewed the company's focus on R&D, and prioritized the advancement of public health initiatives – namely, medicines intended to treat opioid overdoses and opioid use disorder offered at no profit to the company. He also ended the company's promotion of opioids by sales representatives to prescribers, eliminated its opioid sales

[45] U.S. Food & Drug Administration, www.fda.gov/news-events/press-announcements/fda-approves-first-generic-versions-suboxone-sublingual-film-which-may-increase-access-treatment.

[46] As illustrated in **Appendix B**, the Purdue Subsidiaries have PPI as a general partner, are indirectly controlled by PPI pursuant to PPI's being a general partner of another Purdue subsidiary, or have Purdue Pharma, directly or indirectly, as their ultimate sole shareholder.

force, established an Office of Corporate Social Responsibility and a vibrant grant-giving program. Dr. Landau directs the company to leverage its unique capabilities and expertise to develop a portfolio of investigational medicines to address important medical needs in multiple therapeutic areas including oncology and central nervous system disorders. Additionally, since 2022, Dr. Landau has overseen a vertically integrated generic medicine business, Rhodes Pharma, which has successfully introduced 6 generic new medicines since that time, in an effort to keep costs lower for patients and improve patient access.

As CEO, Dr. Landau is laser-focused on maintaining the engagement and retention of the company's many talented, dedicated employees. Notwithstanding the strong market for talent in the pharma sector, and despite the challenges of bankruptcy, truly extraordinary people choose Purdue as their employer because they believe in its future vision. Dr. Landau initiated an Advisory Committee on DEI to ensure employees experience a strong sense of inclusion and belonging. He increased the percentage of women on the Executive Committee to more than 60% since 2022, and he champions HR programming that prioritizes wellbeing and fosters a positive company culture. Employee surveys demonstrate his success, as 93% of employee respondents say they feel connected to their colleagues, engaged in the company's future purpose, and inspired to contribute actively.

Dr. Landau earned his B.S. in physiology and anatomy from Cornell University and his M.D. from Mount Sinai School of Medicine. He completed his Anesthesiology residency at Yale University with specialty training in chronic pain management, obstetric and peripheral vascular anesthesia. He is also a U.S. Army veteran, with 14 years of distinguished service as an officer throughout Operation Iraqi Freedom and Operation Enduring Freedom. He has advised and served on multiple boards for foundations and nonprofit organizations focusing on rare diseases such as Friedreich Ataxia, Adrenoleukodystrophy, and Duchenne Muscular Dystrophy.

(ii) Marc L. Kesselman

Marc L. Kesselman was appointed General Counsel and Corporate Secretary of Purdue Pharma in July 2018, with responsibility for Purdue's legal strategy, corporate governance, compliance and government affairs.

Prior to joining Purdue Pharma, Mr. Kesselman worked for YUM! Brands, Inc. where he served as Chief Legal Officer, Corporate Secretary & Chief Public Policy Officer. In that role, he oversaw all aspects of legal, compliance, regulatory, government affairs, and sustainability agendas for one of the world's largest restaurant companies, with more than 45,000 restaurants in 135 countries and territories. Mr. Kesselman joined YUM! from Dean Foods where he held a similar role. Previously, he was Senior Vice President & General Counsel at PepsiCo Americas Foods where he oversaw a wide variety of complex commercial, transactional, litigation, regulatory and government affairs issues relating to PepsiCo's food businesses in North and South America.

From 2006 through 2008, Mr. Kesselman served as General Counsel of the U.S. Department of Agriculture (the "**USDA**"), where he advised the Secretary of Agriculture and directed all legal activity for the USDA. From 2003 to 2006 he served as Deputy General Counsel in the White House Office of Management and Budget, where he handled a variety of regulatory,

budgetary and legal policy matters. Mr. Kesselman also worked at the U.S. Department of Justice as Senior Counsel in the Office of Legal Policy and as a Trial Attorney in its Civil Division. His work there earned him the John Marshall Award, the Attorney General's highest recognition for trial of litigation.

Mr. Kesselman currently serves on the Board of the U.S. Chamber of Commerce Litigation Center and the Penn Law Alumni Board of Managers. He also recently served as a public member of the Administrative Conference of the United States and a member of the Leadership Council on Legal Diversity. He has previously served on the Board of the Dallas Symphony, on the Campaign Cabinet of the United Way of Metropolitan Dallas, and as Chair of the D.C. Bar Administrative Law Section. Mr. Kesselman holds a J.D. from the University of Pennsylvania, and a B.S. in government from Cornell University.

3. The Debtors' Employees

The Debtors maintain a workforce of dedicated employees that has enabled them to continue to achieve their high standards of performance, productivity, and safety. The Debtors employ approximately 439 people in active status,[47] which represents an approximately 40% reduction since the Petition Date and an approximately 76% reduction since 2017. These employees work in both full-time and part-time positions, including executives, business and operational managers, sales and marketing personnel, medical affairs personnel, research and development personnel, manufacturing technology operations personnel, human resource professionals, information technology specialists, administrative support staff and other personnel ("**Employees**").

B. Debtors' Organizational Structure

Purdue Pharma L.P., a Delaware limited partnership, is the Debtors' main operating entity. Purdue Pharma's general partner is PPI. Purdue Pharma also owns, directly or indirectly, 22 operating and nonoperating subsidiaries in the United States and the British Virgin Islands. A chart showing the organizational structure of the Debtors is attached hereto as **Appendix B**.

C. The Debtors' Prepetition Capital Structure

Unlike most debtors, the Debtors have no funded debt, no material past-due trade obligations, and no judgment creditors.

D. Summary of Events Leading to the Chapter 11 Filings

As noted above in Article I.B, the marketing and sale of OxyContin, Purdue Pharma's most prominent pain medication, and certain other opioid pain medications have been the target of the Pending Actions, which name the Defendant Debtors among other parties. These Pending Actions generally allege that the Defendant Debtors falsely and deceptively marketed OxyContin and other

[47] The sale transaction between Rhodes Tech and Normaco Coventry LLC resulted in a headcount reduction of approximately 120 Employees, many of whom received offers of employment from Noramco. The number of employees in active status listed above is after completion of such transaction.

opioid pain medications. Many of the Pending Actions further allege that Defendant Debtors and certain related parties are liable for the national opioid crisis.

A common set of factual allegations forms the core of these actions: that the Defendant Debtors acted improperly in the marketing and sale of prescription opioid medications, including, principally, OxyContin. The specific causes of action asserted against the Defendant Debtors in the Pending Actions are predicated on both federal and state laws—with variations among the laws of each state. They include: (i) state and federal false claims acts; (ii) state consumer protection laws; (iii) statutory and common law public nuisance; (iv) fraud, fraudulent concealment, deceit, and other willful misconduct; (v) negligence, including negligent misrepresentation, negligence per se, and gross negligence; (vi) unjust enrichment; (vii) federal and state civil RICO laws, as well as civil conspiracy; (viii) state-controlled substances acts; (ix) intentional and constructive fraudulent conveyance or transfer; (x) strict products liability; and (xi) wrongful deaths and loss of consortium.

As of the Petition Date, the Debtors were party to approximately 2,600 Pending Actions, of which 2,200 were consolidated in a multidistrict litigation pending in the United States District Court for the Northern District of Ohio. There were also hundreds of actions pending against the Debtors in state and territorial courts throughout the country. The state court actions included those asserted by Attorneys General of 46 states (which are not part of the Ohio MDL). Certain of the Defendant Debtors were also named in 13 actions in Canada (the "**Canadian Actions**"). The Canadian Actions were brought on behalf of both private individuals and governmental entities and raised claims predicated on similar allegations and causes of action as the Pending Actions in the United States.

In addition to the Pending Actions, as of the Petition Date, Purdue Pharma was responding to subpoenas and civil investigative demands issued by various components of the DOJ in connection with criminal and civil investigations of Purdue Pharma. The Debtors had been subject to investigation by the DOJ since at least June 2016. Specifically, PPLP received a subpoena from a United States Attorney's Office in the summer of 2016 seeking documents and information relating to the marketing of OxyContin and, beginning in December 2017, received additional subpoenas and other requests for documents and information from several other United States Attorney's Offices and components of the DOJ seeking various documents and other information related to topics including but not limited to PPLP's opioid medications, the Debtors' monitoring programs, payments to professionals, marketing practices, and other matters. In response to the various DOJ requests, to date PPLP has produced to the DOJ more than 13 million documents (totaling over 100 million pages), including more than 2.7 million documents (totaling more than 17 million pages) produced in direct response to the DOJ's requests and millions of additional documents previously produced in civil litigation, state government investigations or Purdue's bankruptcy proceeding and reproduced to the DOJ. PPLP also provided numerous presentations and submissions to the DOJ in cooperation with its investigations and in the course of plea and settlement negotiations.

The sheer number and scale of the Pending Actions were possibly without precedent. Purdue is a mid-sized pharmaceutical company that had approximately 700 employees as of the Petition Date. The lawsuits were spread among courts across the country, involve thousands of

plaintiffs with differing interests, include scores of legal claims and theories of damages under multiple states' laws, and were at various procedural stages.

The onslaught of litigation posed a grave threat to the Debtors' continued viability. Litigation of thousands of Pending Actions to judgment and through appeals in the civil court system would have resulted only in the financial and operational destruction of the Debtors and the immense value they could otherwise provide, and the squandering of hundreds of millions of dollars on legal and other professional fees. Pre-bankruptcy, professionals' fees relating to litigation and government investigations were accruing at an average rate of over $2 million per week, and that was before a single trial against Purdue had commenced.

Moreover, the case-by-case mass tort litigation of the type the Defendant Debtors faced prior to the Petition Date in the civil tort system was neither an efficient nor an equitable way to resolve the asserted liability. Such litigation incentivized a multiplicity of "races to the courthouse" as various plaintiffs vied to be the first to trial. For example, several plaintiffs commenced administrative proceedings seeking dozens of trial days to bypass the normal court process and expedite the time by months or years to a final determination of their claims. This kaleidoscope of piecemeal litigation was all but guaranteed to continue to result in inconsistent outcomes and inequitable treatment, as well as unsustainable cost. Any judgments or settlements extracted in the process would, at best, potentially have benefited only those select few plaintiffs who happened to have been positioned at the beginning of the trial and judgment queue. And it would not have benefited even them, because defending approximately 2,600 lawsuits to conclusion would almost certainly have forced the Defendant Debtors to file for chapter 11 protection even had they suffered only a small number of significant adverse judgments at the trial level.

The Debtors commenced the Chapter 11 Cases because chapter 11 was the only way to halt the destruction of value and runaway costs associated with the Pending Actions; centralize all of the claims against the Defendant Debtors; address the claims asserted against them efficiently; resolve the litigation rationally; and consummate a global resolution of the Pending Actions—all while conserving the assets of the Debtors' estates so that billions of dollars in value could be preserved for creditors.

E. Independence of Company from Sacklers

1. Independent Board

No member of the Sackler Families is currently a member of the Board or employed by the Debtors. The last member of the Sackler Families to serve on the Board resigned in January 2019. The current Board is composed of the following six directors (the "**Directors**") (a majority of whom have no prior connection to the Sackler Families):

(i) Robert S. "Steve" Miller (Chairman of the Board, appointed in July 2018)

Mr. Miller has a storied, nearly 50-year career in corporate restructuring, including the successful restructurings of Chrysler (during which he served as Vice Chairman and CFO), Delphi Corp. (during which he served as the Chairman and CEO), and American International Group, Inc., where he was Non-Executive Chairman. He authored the 2008 book, *The Turnaround Kid*. He

has served on more than a dozen corporate boards including U.S. Bank, United Airlines and Dow DuPont.

(ii) Kenneth Buckfire (At-Large Director, appointed in May 2019)

Kenneth A. Buckfire is President of Miller Buckfire & Co., LLC and a Vice-Chairman of Stifel Financial Corporation's Institutional Banking Group. He specializes in the restructuring and refinancing of highly leveraged companies in the energy, telecommunications, consumer products, technology and information services industries. He has won many awards for leading major restructurings such as the City of Detroit, Calpine and General Growth Properties, and for his innovations in the restructuring field. Prior to co-founding Miller Buckfire in 2002, he was a Managing Director and Co-Head of the Financial Restructuring Group of Wasserstein Perella & Co. He has been a director and co-founder of many public and private companies, and has served as a trustee of several philanthropic and education institutions. He is a Visiting Professor at the Columbia Business School.

Mr. Buckfire received his Bachelor's degree in economics and philosophy from the University of Michigan (1980) and his MBA from Columbia University (1987).

(iii) John S. Dubel (At-Large Director, appointed in July 2019)

John S. Dubel is the Chief Executive Officer of Dubel & Associates, LLC, a provider of restructuring and turnaround services to underperforming companies, which he founded in 1999. He has over 40 years of experience in Board representation, turnaround management, crisis management, operational restructurings and divestments with respect to distressed companies. Over the course of his career, John has served as an independent board member for numerous companies. In addition, he has served as the Chief Executive Officer of SunEdison, a renewable energy development company, Chief Executive Officer of Financial Guaranty Insurance Company (FGIC), a monoline insurance company, among others, and as a partner in Gradient Partners, L.P., a single-strategy distressed hedge fund.

Mr. Dubel is a member of the Turnaround Management Association and the American Bankruptcy Institute. Mr. Dubel received a Bachelor in Business Administration degree from the College of William and Mary.

(iv) Michael Cola (Class A Director, appointed in February 2019; At-Large Director, appointed in July 2019)

Michael Cola is the former CEO of Avalo Therapeutics Inc (formerly Cerecor). He was appointed CEO in February 2020 in connection with the merger of Cerecor Inc. with Aevi Genomic Medicine, where he served as the President and CEO since September 2013. Prior to joining Aevi Genomic Medicine, Mr. Cola served as President of Specialty Pharmaceuticals at Shire plc, a global specialty pharmaceutical company, from 2007 until April 2012. He joined Shire in 2005 as EVP of Global Therapeutic Business Units and Portfolio Management. Prior to joining Shire, he was with Safeguard Scientifics, Inc., a growth capital provider to life sciences and technology companies, where he served as President of the Life Sciences Group. While at Safeguard, Mr. Cola served as Chairman and CEO of Clarient, Inc., a cancer diagnostics company subsequently acquired by GE Healthcare, and as Chairman of Laureate Pharma, Inc. Prior to

Safeguard Scientifics, Mr. Cola held senior positions in product development and commercialization at Merck, Astra Merck, a pharmaceutical company, and at Astra Zeneca, a global biopharmaceutical company. Mr. Cola received a B.A. in biology and physics from Ursinus College and an M.S. in biomedical science from Drexel University. He serves on the Board of Directors of Sage Therapeutics and Phathom Pharmaceuticals, and currently serves as vice Chairman of the Board of Governors of the Boys & Girls Clubs of Philadelphia.

(v) Anthony Roncalli (Class B Director, appointed in December 2018)

Anthony Roncalli is an attorney and former partner at Norton Rose Fulbright LLP. Mr. Roncalli has extensive experience advising the Debtors, IACs, and other pharmaceutical and other companies on corporate governance matters and complex tax and structure planning. Mr. Roncalli also has extensive pharmaceutical transaction experience including licensing, asset acquisition and divestiture transactions and complex pharmaceutical research, development and collaboration transactions. Mr. Roncalli received his Bachelor's degree from Georgetown University and his J.D. from Boston College Law School.

(vi) Cecil Pickett, Ph.D. (Class A Director, appointed in January 2010)

Dr. Cecil B. Pickett served as the President of Research and Development at Biogen and a member of the Board of Directors until his retirement in 2009. Dr. Pickett earned his B.S. in biology from California State University at Hayward and his Ph.D. in cell biology from University of California, Los Angeles. He previously served as Senior Vice President and President of Schering-Plough Research Institute, the pharmaceutical research arm of Schering-Plough Corporation. Dr. Pickett came to Schering-Plough Research Institute from Merck Research Laboratories, Montreal, Canada, and West Point, Pa., where he served as Senior Vice President of Basic Research. During his 15 years at Merck & Co., Dr. Pickett held various positions of increasing responsibility, including Research Fellow, Biochemical Regulation; Associate Director, Department of Molecular Pharmacology and Biochemistry; Director, Department of Molecular Pharmacology and Biochemistry; Executive Director of Research at the Merck Frosst Center for Therapeutic Research, Montreal; and Vice President of the center. Dr. Pickett also served as a member of the Zimmer Biomet Board of Directors from 2008 through 2018. Dr. Pickett previously served as a member of the Board of Directors of Yumanity Therapeutics, Inc. until 2020.

Dr. Pickett is an expert in drug discovery and development. During his career, he has overseen all aspects of the internal research and collaboration with partners aimed at developing advanced drug therapies and has played an integral role in bringing several large and small molecule candidates into clinical development.

Dr. Pickett has published extensively in leading research journals and has been a frequent speaker at scientific symposia and conferences. He has received several major academic awards, appointments and fellowships and has served on a number of scientific committees and editorial boards of research journals and organizations. His awards and honors include the UCLA Alumni Association Award for Scholarly Achievement and Academic Distinction; the first Robert A. Scala Award and Lectureship in Toxicology of Rutgers University and the University of Medicine and Dentistry of New Jersey; and the CIIT Centers for Health Research Founders' Award. Dr. Pickett served as a member of the FDA Science Board, the Advisory Committee to the Director of the

National Institutes of Health and the National Cancer Policy Board of the Institute of Medicine. He was elected to the National Academy of Medicine in 1993 and has been a member of the American Society for Cell Biology, American Society of Biochemistry & Molecular Biology, American Association for Cancer Research, and American Association for the Advancement of Science.

Dr. Pickett previously served on the Boards of the following IACs: MNP Consulting Limited (Delaware); Mundipharma Verwaltungsgesellschaft mbH (Germany); and Napp Pharmaceutical Holdings Ltd. (United Kingdom). He resigned from each of these positions on or prior to August 9, 2018.

2. Formation of the Special Committee

Purdue Pharma's governance documents irrevocably granted an independent Special Committee of the Board of Directors exclusive authority over the prosecution, defense, and settlement of any causes of action Purdue Pharma may assert against its shareholders as well as members of the Sackler Families and their affiliates.

On May 14, 2019, PPI's shareholders adopted an Amended and Restated Shareholders' Agreement (the "**Shareholders' Agreement**") which, among things, established a "Transaction Committee," and on the same date, PPI filed a corresponding Restated Certificate of Incorporation ("**Restated Certificate of Incorporation**"). The Restated Certificate of Incorporation provided that the Transaction Committee would be composed of the independent Chairman of the Board, who would chair the committee, and such other Directors appointed by a majority of the Board, none of whom could be a member of the Sackler Families. The Restated Certificate of Incorporation gave the Transaction Committee exclusive authority over "all dividends by the Corporation to its Shareholders and all distributions by PPLP to its general and/or limited partners." The Restated Certificate of Incorporation also gave the Transaction Committee authority over any "Affiliate Transaction," defined as including transactions between PPI, PPLP, or PPLP's subsidiaries, on the one hand, and any Class A Shareholder, any Class B Shareholder, any person specified by the Class A or B Shareholders, and any affiliate (other than PPI, PPLP or PPLP's subsidiaries), on the other hand.

On September 3, 2019, PPI's shareholders agreed to an amendment of the Shareholders' Agreement that, among other things, renamed the Transaction Committee the "Special Committee," and on the same date, PPI filed a Certificate of Amendment to its Restated Certificate of Incorporation ("**A&R Certificate of Incorporation**"). The A&R Certificate of Incorporation gave the Special Committee the same authorities as had been granted to the Transaction Committee and, in addition, authority over "Affiliate Litigation," defined as "the prosecution, defense or settlement of any claim or litigation" between the Debtors and the Sackler Families, trusts established by or for the benefit of members of the Sackler Families, and other Sackler-related entities, including the IACs (collectively, the "**Sackler Entities**"). The A&R Certificate of Incorporation made clear that "no dividend, distribution, Affiliate Transaction or Affiliate Litigation shall take place without the approval of the Special Committee." The A&R Certificate of Incorporation did not modify the composition of the Special Committee, except to allow any

At-Large Director to serve as chair of the Special Committee, and still prohibited any member of the Sackler Families from serving on it.[48]

Chairman Miller and At-Large Directors Buckfire, Cola and Dubel are the members of the Special Committee. Mr. Dubel serves as Chairman of the Committee. Each member of the Special Committee has decades of restructuring and/or corporate governance expertise, including, in the case of Mr. Cola, in the pharmaceutical and life sciences industries. Their resumes can be found above, *see supra* Article II.E. None of the Directors serving on the Special Committee has any prior relationship with either of the Sackler Families.

To further safeguard their independence, the members of the Special Committee are protected against removal by the shareholders. A letter agreement executed by PPI's shareholders, dated November 6, 2019 ("**2019 Letter Agreement**"), irrevocably delegated to the General Counsel of PPI, as proxy for PPI's shareholders, several of the shareholders' rights, including the ability to appoint and remove the Chairman of the Board and the At-Large Directors, all of whom serve on the Special Committee. The 2019 Letter Agreement directs the General Counsel of PPI to act in accordance with the vote of two-thirds of the Directors in Office of PPI and, in the case of any decision to remove any Director from the Board, to disregard the vote of any affected Director.

3. Other Governance Improvements

In addition to adding the independent Directors to the Board and forming the Special Committee (as described above), the Debtors made other significant changes with the goal of allowing the Debtors to operate independently before commencement of these Chapter 11 Cases. All general partnership relationships between Debtor and non-Debtor entities were terminated prior to the Petition Date. In particular, PPI was removed from its role as the general partner of certain non-Debtor entities and replaced certain non-Debtor entities as the general partner of Debtor entities Purdue Pharmaceutical Products L.P. (formerly known as Avrio Health L.P.) and Purdue Neuroscience Company. As a result, all of PPLP's subsidiaries were directly or indirectly effectively managed by PPI as of the Petition Date and during the pendency of these Chapter 11 Cases. Officers or employees of PPLP that were simultaneously directors, officers or employees of IACs resigned from such roles at either such IACs or PPLP. As a result, no current officer or employee of PPLP was director, officer or employee of any IAC on the Petition Date or during the pendency of these Chapter 11 Cases. In addition, under the supervision of the Special Committee, the Debtors reviewed agreements between the Debtors and the IACs and terminated, amended or documented such agreements as appropriate.

4. Cessation of Cash Distributions

All cash distributions to the Sackler Families ceased in 2017. In 2017, Purdue Pharma lent $313 million to its parent, Pharmaceutical Research Associates L.P. ("**PRA**"), which was repaid prior to the Petition Date. A loan of $1.7 million by Purdue Pharma to an IAC was also repaid in

[48] As defined in the A&R Certificate of Incorporation, At-Large Directors are those elected jointly by the Class A Shareholders and the Class B Shareholders. Class A Directors are those elected by the Class A Shareholders and Class B Directors are those elected by the Class B Shareholders.

2018. There are no remaining outstanding loans from Purdue Pharma to any of the IACs. Reimbursement of the officer/director legal fees owed to members of the Sackler Families ceased as of March 1, 2019, and certain expenses of members of the Sackler Families over the last 10 years have been repaid.

At the direction of the Special Committee and Davis Polk, AlixPartners LLP ("**AlixPartners**") (with the support of Davis Polk and Bates White LLC ("**Bates White**")) prepared (i) a 355-page report (the "**Cash Transfers of Value Report**") setting forth the results of a comprehensive cash transfers of value analysis, based on the identification and quantification of transfers of value on or after January 1, 2008 made as cash distributions, compensation, legal expenses and benefits provided to or for the benefit of the Sackler Families; and (ii) a 400-page report (the "**Intercompany and Non-Cash Transfers Analysis**") setting forth the results of a comprehensive intercompany and non-cash transfer analysis based on the identification and quantification of significant transfers of value on or after January 1, 2008 made as non-cash transfers and cash payments for goods, services, and other consideration among Purdue, PRA, the IACs, and Rhodes. The Cash Transfers of Value Report exhaustively details the $10.4 billion of cash distributions made to or for the benefit for the shareholders from January 1, 2008 to September 30, 2019 (in particular, $4.1 billion in U.S. partner cash distributions, $1.5 billion in distributions for the benefit of ex-US IACs, and $4.7 billion in tax distributions). The Intercompany and Non-Cash Transfers Analysis identifies and describes 27 categories of dealings between Debtor entities and the IACs, including terms of licenses for various drugs sold by the Debtor entities and IACs, shared R&D, manufacturing and administrative services, and purchases of finished products and active pharmaceutical ingredients, and details 10 non-cash distributions of assets from Purdue Pharma to PRA, which include distributions of equity interests in other IACs and third-party pharmaceutical companies and of certain intellectual property rights.

Together, these two massively detailed reports provide a complete and total catalog of the financial and contractual connections between the Debtors and the Sackler Families dating back more than a decade. These two reports exemplify the Debtors' extraordinary transparency and commitment to providing creditors and other parties-in-interest with the information necessary to evaluate potential claims and progress towards a settlement.

On December 16, 2019, the Debtors filed the Cash Transfers of Value Report with the Bankruptcy Court [D.I. 654]. On May 29, 2020, the Debtors filed the Intercompany and Non-Cash Transfers Analysis with the Bankruptcy Court [D.I. 1194].

ARTICLE III

THE CHAPTER 11 CASES

On the Petition Date, each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Chapter 11 Cases are being jointly administered under the caption *In re Purdue Pharma L.P.*, Case No. 19-23649. The Debtors have continued in possession of their property and have continued to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these Chapter 11 Cases.

A. First-Day Motions

On the Petition Date, the Debtors filed a number of "first-day" motions and applications seeking various relief from the Bankruptcy Court and authorizing the Debtors to maintain their operations in the ordinary course (collectively, the "**First-Day Motions**"). This relief was designed to ensure a seamless transition between the Debtors' prepetition and postpetition business operations, facilitate a smooth transition into chapter 11, maximize the value of the Debtors' Estate, and minimize the effects of the commencement of the Chapter 11 Cases. A description of the First-Day Motions is set forth in the *Declaration of Jon Lowne in Support of Debtors' Chapter 11 Petitions and First Day Pleadings* [D.I. 3].

B. Appointment of Statutory Committee

On September 27, 2019, the United States Trustee for the Southern District of New York (the "**U.S. Trustee**") appointed the official committee of unsecured creditors (the "**Creditors' Committee**"). The Creditors' Committee, as originally constituted, comprised the following entities and persons: (i) Blue Cross and Blue Shield Association; (ii) CVS Caremark Part D Services, L.L.C. and CaremarkPCS Health, L.L.C.; (iii) Ryan Hampton; (iv) Cheryl Juaire; (v) LTS Lohmann Therapy Systems, Corporation; (vi) Pension Benefit Guaranty Corporation; (vii) Walter Lee Salmons; (viii) Kara Trainor; and (ix) West Boca Medical Center. *See Notice of Appointment of Official Committee of Unsecured Creditors* [D.I. 131].

On October 21, 2019, the Creditors' Committee granted a request by the MSGE[49] to join the Creditors' Committee in an *ex officio* capacity, and the MSGE designated Cameron County, Texas to act as an *ex officio* member.

On October 9, 2019, the Native American Tribes filed a motion requesting entry of an order directing the U.S. Trustee to appoint an official committee of Native American affiliated creditors comprising Native American tribes, tribal members and/or support organizations, health organizations or clinics that serve Native American communities. *See Motion Seeking Appointment of an Official Committee of Native American and Native American Affiliated Creditors* [D.I. 276]. On November 4, 2019, the Creditors' Committee invited the Native American Tribes to serve as an *ex officio* member of the Creditors' Committee. On November 6, 2019, the Native American tribes appointed the Cheyenne and Arapaho Tribes to serve as an *ex officio* member of the Creditors' Committee and agreed to withdraw their motion.

On June 18, 2020, the Creditors' Committee invited certain public school districts (the "**Public School Districts**") to serve as an *ex officio* member of the Creditors' Committee. The Public School Districts accepted this invitation on June 19, 2020 and appointed Thornton Township High School District 205 to serve as an *ex officio* member of the Creditors' Committee.

C. Filing of Schedules of Assets and Liabilities and Statements of Financial Affairs

On September 16, 2019, the Debtors filed the *Debtors' Motion for an Order Extending the Time to File Schedules of Assets and Liabilities, Schedules of Current Income and Expenditures,*

[49] The Rule 2019 Statement describing the composition of the MSGE is filed at D.I. 1794.

Schedules of Executory Contracts and Unexpired Leases, and Statements of Financial Affairs [D.I. 13] (the "**Extension Motion**"). On September 18, 2019, the Bankruptcy Court entered an order approving the Extension Motion [D.I. 69]. On October 29, 2019, the Debtors filed their Schedules of Assets and Liabilities and Statements of Financial Affairs [D.I. 357–405].

D. Professional Advisors

The Debtors' primary professional advisors include the following:

- On September 16, 2019, the Debtors filed the *Application for an Order Appointing Prime Clerk LLC as Claims and Noticing Agent for the Debtors* [D.I. 4] (the "**Prime Clerk 156(c) Retention Application**"). On September 18, 2019, the Bankruptcy Court entered an order approving the Prime Clerk 156(c) Retention Application [D.I. 60]. On November 5, 2019, the Debtors filed *Debtors' Application for an Order Authorizing Employment and Retention of Prime Clerk LLC as Administrative Advisor Nunc Pro Tunc to the Petition Date* [D.I. 433] (the "**Prime Clerk Retention Application**"). On November 21, 2019, the Bankruptcy Court entered an order approving the Prime Clerk Retention Application [D.I. 531].

- On November 5, 2019, the Debtors filed the Application of Debtors for Authority to Employ and Retain Davis Polk & Wardwell LLP as Attorneys for the Debtors Nunc Pro Tunc to the Petition Date [D.I. 419] (the "**Davis Polk Retention Application**"). On November 25, 2019, the Bankruptcy Court entered an order approving the Davis Polk Retention Application [D.I. 542].

- On November 5, 2019, the Debtors filed the Application of Debtors for Authority to Employ Dechert LLP as Special Counsel for the Debtors Nunc Pro Tunc to the Petition Date [D.I. 424] (the "**Dechert Retention Application**"). On November 21, 2019, the Bankruptcy Court entered an order approving the Dechert Retention Application [D.I. 525].

- On November 5, 2019, the Debtors filed the Application of Debtors for Authority to Retain and Employ King & Spalding LLP as Special Counsel to the Debtors Nunc Pro Tunc to the Petition Date [D.I. 427] (the "**King & Spalding Retention Application**"). On November 25, 2019, the Bankruptcy Court entered an order approving the King & Spalding Retention Application [D.I. 543].

- On November 5, 2019, the Debtors filed the Application of Debtors for Authority to Retain and Employ Wilmer Cutler Pickering Hale and Dorr LLP as Special Counsel to the Debtors Nunc Pro Tunc to the Petition Date [D.I. 428] (the "**WilmerHale Retention Application**"). On November 25, 2019, the Bankruptcy Court entered an order approving the WilmerHale Retention Application [D.I. 544].

- On November 5, 2019, the Debtors filed the Debtors' Application an Order Authorizing the Debtors to Retain and Employ AlixPartners, LLP as Financial Advisor Nunc Pro Tunc to the Petition Date [D.I. 429] (the "**AlixPartners**

Retention Application"). On November 21, 2019, the Bankruptcy Court entered an order approving the AlixPartners Retention Application [D.I. 528].

- On November 5, 2019, the Debtors filed the *Debtors' Application to Employ PJT Partners LP as Investment Banker Nunc Pro Tunc to the Petition Date* [D.I. 430] (the "**PJT Retention Application**"). On December 5, 2019, the Debtors filed the *Supplemental Declaration of Timothy Coleman in Support of the Debtors' Application to Employ PJT Partners LP as Investment Banker Nunc Pro Tunc to the Petition Date* [D.I. 590]. On January 9, 2020, the Bankruptcy Court entered an order approving the PJT Retention Application [D.I. 728].

- On November 5, 2019, the Debtors filed the *Debtors' Application to Employ Ernst & Young as its Auditor, Nunc Pro Tunc to the Petition Date* [D.I. 432] (the "**EY Retention Application**"). On December 23, 2019, the Bankruptcy Court entered an order approving the EY Retention Application [D.I. 698]. On August 21, 2020, the Debtors filed the *Notice of Expansion of Scope of Services to be Provided Pursuant to the Ernst & Young Retention Order* [D.I. 1598]. On September 22, 2020, the Debtors filed the *Second Notice of Expansion of Scope of Services to be Provided Pursuant to the Ernst & Young Retention Order* [D.I. 1713]. On November 25, 2020, the Debtors filed the *Third Notice of Expansion of Scope of Services to be Provided Pursuant to the Ernst & Young Retention Order* [D.I. 2035].

- On November 6, 2019, the Debtors filed the Application of Debtors for Authority to Retain and Employ Skadden, Arps, Slate, Meagher & Flom LLP as Special Counsel to the Debtors Nunc Pro Tunc to the Petition Date [D.I. 438] (the "**Skadden Retention Application**"). On November 25, 2019, the Bankruptcy Court entered an order approving the Skadden Retention Application [D.I. 545].

- On December 5, 2019, the Debtors filed the Application of the Debtors for an Order Authorizing Them to Retain and Employ Jones Day as Special Counsel, Nunc Pro Tunc to the Petition Date [D.I. 592] (the "**Jones Day Retention Application**"). On December 20, 2019, the Bankruptcy Court entered an order approving the Jones Day Retention Application [D.I. 690].

- On December 5, 2019, the Debtors filed the Application of Debtors for Authority to Retain and Employ Arnold & Porter Kaye Scholer LLP as Special Counsel to the Debtors Nunc Pro Tunc to the Petition Date [D.I. 593] (the "**Arnold & Porter Retention Application**"). On December 20, 2019, the Bankruptcy Court entered an order approving the Arnold & Porter Retention Application [D.I. 691].

- On February 7, 2020, the Debtors filed the Application for Order Authorizing Employment and Retention of KPMG LLP as Tax Consultants to the Debtors and the Official Committee of Unsecured Creditors Nunc Pro Tunc to December 23, 2019 [D.I. 815] (the "**KPMG Retention Application**"). On February 24, 2020, the Bankruptcy Court entered an order approving the KPMG Retention Application [D.I. 867].

- On May 13, 2020, the Debtors filed the Application of Debtors for Authority to Retain and Employ Cornerstone Research as Consultants to the Debtors Nunc Pro Tunc to January 14, 2020 [D.I. 1150] (the "**Cornerstone Retention Application**"). On June 11, 2020, the Bankruptcy Court entered an order approving the Cornerstone Retention Application [D.I. 1255].

- On April 13, 2021, the Debtors filed the Application of Debtors for Authority to Retain and Employ Grant Thornton LLP as Tax Structuring Consultants to the Debtors Nunc Pro Tunc to January 20, 2021 [D.I. 2636] (the "**Grant Thornton Retention Application**"). On April 28, 2021, the Bankruptcy Court entered an order approving the Grant Thornton Retention Application [D.I. 2760]. The Bankruptcy Court approved procedures for the Debtors to retain and employ certain professionals utilized by the Debtors in the ordinary course of business pursuant to an order entered on November 26, 2019 [D.I. 548].

- On August 13, 2021, the Debtors filed the Debtors' Application for an Order Pursuant to 11 U.S.C. §§ 327(a) and 328 and Fed. R. Bankr. P. 2014(a) Authorizing the Employment and Retention of Sullivan & Worcester LLP as Special Counsel to the Debtors and Debtors in Possession [D.I. 3561] (the "**Sullivan & Worcester Retention Application**"). On September 2, 2021, the Bankruptcy Court entered an order approving the Sullivan & Worcester Retention Application [D.I. 3728].

- On April 1, 2022, the Debtors filed the Application of Debtors for Authority to Retain and Employ Latham & Watkins LLP as Special Counsel to the Debtors Effective as of January 13, 2022 [D.I. 4627] (the "**Latham & Watkins Retention Application**"). On April 18, 2022, the Bankruptcy Court entered an order approving the Latham & Watkins Retention Application [D.I. 4670].

- On April 19, 2022, the Debtors filed the Debtors' Application for Entry of an Order Pursuant to Section 327(e) and 328(a) of the Bankruptcy Code Authorizing the Retention and Employment of Reed Smith LLP as Special Insurance Counsel, Nunc Pro Tunc to March 1, 2022 [D.I. 4674] (the "**Reed Smith Retention Application**"). On May 18, 2022, the Bankruptcy Court entered an order approving the Reed Smith Retention Application [D.I. 4850].

- On April 3, 2024, the Debtors filed the Application of the Debtors to Retain and Employ BDO USA, P.C. as Accountant to the Debtors and Debtors in Possession Pursuant to Sections 327(a), 328(a), and 330 of the Bankruptcy Code, Bankruptcy Rules 2014(a) and 2016, and Local Rules 2014-1 and 2016-1, Effective as of March 13, 2024 [D.I. 6290] (the "**BDO Retention Application**"). On April 24, 2024, the Bankruptcy Court entered an order approving the BDO Retention Application [D.I. 6324].

On April 29, 2021, the United States Trustee filed the Motion of United States Trustee Pursuant to sections 105(a), 327, 328, and 330 of the Bankruptcy Code and Rule 2014 of the Federal Rules of Bankruptcy Procedure for Entry of an Order Approving (1) Settlement Agreement with Skadden, Arps, Slate, Meagher & Flom, LLP, Wilmer Cutler Pickering Hale and Dorr LLP,

and Dechert LLP and (2) Certain Releases by the Debtors [D.I. 2763] (the "**Settlement Motion**"). As set forth in the Settlement Motion, Skadden, Arps, Slate, Meagher & Flom, LLP; Wilmer Cutler Pickering Hale and Dorr LLP; and Dechert LLP (collectively, the "**Firms**") did not disclose a written joint defense and common interest agreement that they each entered into prepetition on behalf of the Debtors with various other parties, including members of the Sackler families, as a "connection" at the time of filing of their respective retention applications. The United States Trustee and the Firms disagree about whether the common interest agreement is a "connection" that is required to be disclosed. The Motion seeks approval of a settlement agreement between the United States Trustee and the Firms under which the Firms agree to supplement their retention applications to reflect any common interest or joint defense agreement that the Firms entered into on behalf of Debtors with any party in interest identified in the most recent list provided by Debtors' bankruptcy counsel and the Firms will collectively reduce their pending or future fee applications or monthly fee statements, as applicable, by $1.0 million in the aggregate. The United States Trustee and the Debtors and their estates will release the Firms from all claims relating to alleged disclosure failures concerning common interest agreements. On May 20, 2021, the Bankruptcy Court entered an order approving the Settlement Motion [D.I. 2890].

E. CCAA Proceedings

On September 19, 2019, the Ontario Superior Court of Justice (Commercial List) in Toronto, Ontario, Canada (the "**Canadian Court**") entered the *Initial Recognition Order (Foreign Main Proceeding)* pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, that, among other things, recognized the Chapter 11 Cases as foreign main proceedings (Court File No. CV-19-627656-00CL) (the "**CCAA Proceedings**").

The orders issued by the Canadian Court, among other things, (i) recognized the Chapter 11 Cases as "foreign main proceedings" under the CCAA; (ii) stayed all proceedings in Canada currently under way against or in respect of any of the Debtors or affecting their business or property (the "**Stay**"); (iii) appointed Ernst & Young Inc. as information officer to report to the Canadian Court, creditors and other stakeholders in Canada on the status of the Chapter 11 Proceedings; and (iv) recognized certain orders entered in the Chapter 11 Cases to permit the Chapter 11 Debtors to continue operating their respective businesses during the course of the Chapter 11 Proceedings.

On December 30, 2019, the Canadian Court entered the *Related Party Stay Order* in the CCAA Proceedings (the "**Related Party Stay**") which recognized the Injunction Order in Canada and stayed all opioid-related proceedings against certain related persons, US affiliated entities, and Canadian affiliated entities of the Debtors, including Purdue Pharma Inc., Purdue Frederick Inc., and Purdue Pharma (collectively, "**Purdue Canada**").[50]

On December 1, 2021, PPLP filed a motion seeking recognition of the September 2021 Confirmation Order in the CCAA Proceedings following issuance by the Bankruptcy Court. The

[50] As used in this sentence, "Purdue Pharma Inc." and "Purdue Pharma" refer to Canadian entities that are IACs and not the Debtor entities PPI or PPLP. Purdue Canada generally consists of IACs which are non-debtor entities.

recognition motion was adjourned pending the appeal of the September 2021 Confirmation Order to the District Court and subsequently abandoned following the Harrington Decision.

The Stay and Related Party Stay in the CCAA Proceedings has been lifted for certain limited purposes as follows:

- On September 21, 2021, the Canadian Court, with the consent of PPLP, (i) lifted the Related Party Stay to permit a private claimant plaintiff in a putative class action before the Superior Court of Quebec to proceed with an application for authorization and/or certification as against Purdue Canada; and (ii) lifted the Stay and Related Party Stay to permit the plaintiff in a Saskatchewan patient class action to continue its application for settlement approval of the Canadian Patient Class Action Settlement (defined below) before the Court of King's Bench of Saskatchewan;

- On June 1, 2022, the Canadian Court, with the consent of PPLP, lifted the Related Party Stay against Purdue Canada to permit a private claimant plaintiff in a putative class action before the Ontario Superior Court of Justice to proceed with a motion for certification against Purdue Canada;

- On November 15, 2022, the Canadian Court, with the consent of PPLP, lifted the Related Party Stay to allow an application for approval of the Canadian Government Settlement (defined below) to proceed before the British Columbia Supreme Court; and

- On January 6, 2023, the Canadian Court, with the consent of PPLP, lifted the Related Party Stay to permit certain first nations and municipalities as plaintiffs in putative class actions to (i) proceed with motions for certification against Purdue Canada before the Court of King's Bench of Saskatchewan and the Court of King's Bench of Alberta; and (ii) issue claims against certain affiliates of PPLP's owners in respect of claims related to opioid-related activities.

1. The Canadian Settlements

(i) The Canadian Patient Class Action Settlement

Pursuant to a settlement agreement dated March 8, 2017, PPLP, certain other US affiliates, and Purdue Canada agreed to settle ten class actions commenced in nine Canadian provinces in exchange for an all-inclusive settlement amount of CAD $19 million (later increased to CAD $20 million) (the "**Canadian Patient Class Action Settlement**"). The class actions were collectively brought on behalf of proposed classes of Canadians who were prescribed and had used OxyContin or OxyNeo since 1995, and who allegedly became addicted or otherwise suffered damages as a result of an alleged conspiracy by the defendants to market OxyContin and OxyNeo as less addictive than known to the defendants, and for a wider range of patients than approved by Health Canada.

The Canadian Patient Class Action Settlement was conditional on settlement approval orders being issued by the Ontario, Nova Scotia, Quebec and Saskatchewan courts. The Canadian Patient Class Action Settlement was approved by the Ontario Superior Court of Justice on July 20, 2017, the Supreme Court of Nova Scotia on August 2, 2017, and the Superior Court of Quebec on August 21, 2017. The Canadian Patient Class Action Settlement was approved by the Court of King's Bench of Saskatchewan on September 23, 2022 and the class actions were subsequently dismissed on consent pursuant to the terms of the Settlement.

(ii) The Canadian Government Settlement

On May 17, 2022, Purdue Canada and 14 federal, provincial, and territorial governments in Canada (collectively, the "**Canadian Governments**") entered into an agreement to settle a proposed class action commenced in British Columbia against Purdue Canada and numerous manufacturers and distributors of opioids (including PPLP and the Purdue Frederick Company Inc.) seeking recovery of healthcare costs allegedly resulting from wrongful conduct in relation to the opioid crisis (the "**Canadian Government Settlement**"). Pursuant to the Canadian Government Settlement, Purdue Canada will pay CAD $150 million over seven years, protected by Purdue Canada's agreement to grant the class a security interest over its personal and real property.

The application for settlement approval was heard on December 15 and 16, 2022 before the British Columbia Supreme Court. Lac La Ronge Indian Band and another non-party applied for leave to intervene and sought to oppose the Canadian Government Settlement, claiming, among other things, that the Canadian Government Settlement, and the security interest proposed, was unfair and unreasonable and that there was a "legitimate concern as to whether any funds would remain" for other Canadian unsecured creditors of Purdue Canada following implementation of the Settlement.

The British Columbia Supreme Court denied the applications to intervene, noting that they were not creditors of Purdue Canada, and approved the Canadian Government Settlement. Lac La Ronge appealed the Court's orders to the British Columbia Court of Appeal and the Canadian Governments brought a motion to quash the appeals, which motion was granted on February 22, 2024.

The Peter Ballantyne Cree Nation, Lac La Ronge Indian Band, the City of Grand Prairie and the Corporation of the City of Brantford (collectively, the "**Objecting Canadian First Nations and Municipalities**") subsequently filed a motion in the CCAA Proceedings seeking to stay the implementation of the Canadian Government Settlement until Purdue Canada demonstrated that it was not insolvent and that the implementation of the Canadian Government Settlement was not unlawful, preferential or an abuse of process.

In reasons for decision dated June 6, 2024, the Canadian Court dismissed the Objecting Canadian First Nations and Municipalities' motion finding that "Purdue Canada is solvent and the Settlement was structured with the objective of Purdue Canada remaining a going concern." The Objecting Canadian First Nations and Municipalities subsequently filed a Notice of Motion for Leave to Appeal the decision of the Canadian Court to the Court of Appeal for Ontario. On October 1, 2024, the Notice of Motion for Leave to Appeal was dismissed for delay.

The Canadian Government Settlement became effective as of May 22, 2024 and Purdue Canada made the initial payment under the agreement on June 21, 2024.

F. Preliminary Injunction and Voluntary Injunction

On September 18, 2019, the Debtors filed the *Motion for a Preliminary Injunction* [Adv. Proc. No. 19-08289, D.I. 2, 3] (the "**Preliminary Injunction Motion**") for a preliminary injunction (the "**Preliminary Injunction**") to stay active litigation against the Debtors, as well as against their current and former owners (including any trusts and their respective trustees and beneficiaries), officers, directors, employees, and associated entities, arising out of the Debtors' manufacture, distribution, and sale of prescription opioid medications.

The Preliminary Injunction Motion also sought entry of a voluntary injunction against the Debtors, enjoining the Debtors from, among other things, promoting opioid Products and providing financial support to third parties for the purpose of promoting opioids or opioid Products, subject to enforcement by the Bankruptcy Court (the "**Voluntary Injunction**"). The Debtors requested that the unprecedented Voluntary Injunction be entered to subject themselves to the coercive power of the Court with respect to the commitments set forth therein, to make clear that they are not in any way using chapter 11 as an improper shield for conduct challenged in the Pending Actions, and to demonstrate that they are committed to safely and responsibly maintaining the continuity of supply of the Debtors' FDA-approved medications and fully complying with all federal and state laws and regulations governing pharmaceutical companies.

On October 11, 2019, the Bankruptcy Court held an evidentiary hearing on the Debtors' Preliminary Injunction Motion. The Preliminary Injunction Motion was supported by certain estate stakeholders, including the Creditors' Committee and Ad Hoc Committee, and was opposed by the NCSG and other objectors. On October 11, 2019, the Bankruptcy Court issued an oral ruling entering the Preliminary Injunction, including the Voluntary Injunction, on an interim basis through and including November 6, 2019. *See* Order Pursuant to 11 U.S.C. § 105(a) Granting, in part, Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Oct. 11, 2019) [D.I. 82]. On November 6, 2019, the Bankruptcy Court granted the Preliminary Injunction, including the Voluntary Injunction, through April 8, 2020, again over the objection of the NCSG and other objectors, including certain Tennessee plaintiffs (the "**Tennessee Plaintiffs**"). *See* Second Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Nov. 6, 2019) [D.I. 105]. On March 30, 2020, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, for an additional 180 days, until October 5, 2020, over the limited objection of the NCSG and the Tennessee Plaintiffs. *See* Eighth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Mar. 30, 2020) [D.I. 168].[51] On October 1, 2020, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until March 1, 2021, over the

[51] On August 11, 2020, in an appeal filed by the Tennessee Plaintiffs, the United States District Court for the Southern District of New York affirmed the Preliminary Injunction, as extended by the Bankruptcy Court on March 30, 2020. *See In re Purdue Pharmaceuticals, L.P.*, No. 19-cv-10941 (CM), 2020 WL 4596869 (S.D.N.Y. Aug. 11, 2020).

limited objection of the NCSG, the Tennessee Plaintiffs, and certain other objectors. *See* Thirteenth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Oct. 1, 2020) [D.I. 194]. On March 1, 2021, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until March 24, 2021, over the limited objection of the Tennessee Plaintiffs. *See* Fifteenth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Mar. 1, 2021) [D.I. 224]. On March 26, 2021, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until April 21, 2021, over the objections of the NCSG, the Ad Hoc Committee on Accountability, and Tennessee Plaintiffs. *See* Sixteenth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Mar. 26, 2021) [D.I. 241]. On April 22, 2021, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until May 20, 2021, over the objections of the NCSG and the Ad Hoc Committee on Accountability. *See* Seventeenth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Apr. 22, 2021) [D.I. 254]. On May 20, 2021, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until July 16, 2021, over the objections of the NCSG and the Ad Hoc Committee on Accountability. *See* Eighteenth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. May 24, 2021) [D.I. 264]. On June 17, 2021, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until August 31, 2021, over the objections of the NCSG. *See* Nineteenth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. June 17, 2021) [D.I. 274]. On August 30, 2021, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until September 1, 2021. *See* Twentieth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Aug. 30, 2021) [D.I. 286]. On September 2, 2021, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until entry of the Plan Confirmation Order and the expiration of the stay of such Plan Confirmation Order. *See* Twenty-First Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Sep. 2, 2021) [D.I. 287]. On September 21, 2021, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until entry of the Plan Confirmation Order and the expiration of the stay of such Plan Confirmation Order. *See* Twenty-Second Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Sep. 21, 2021) [D.I. 291]. On January 3, 2022, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until February 1, 2022, over the objections of the Canadian Municipality Creditors, the Canadian First Nation Creditors, the State

of Connecticut and the State of Washington. *See* Twenty-Third Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Jan. 3, 2022) [D.I. 314]. On February 1, 2022, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until February 17, 2022, over the objections of the Plaintiffs' Executive Committee. *See* Twenty-Fourth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Feb. 1, 2022) [D.I. 323]. On February 17, 2022, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until March 3, 2022, over the objections of the Plaintiffs' Executive Committee. *See* Twenty-Fifth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Feb. 17, 2022) [D.I. 333]. On March 2, 2022, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until March 23, 2022. *See* Twenty-Sixth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Mar. 2, 2022) [D.I. 338]. On March 23, 2022, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until April 27, 2022. *See* Twenty-Seventh Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Mar. 23, 2022) [D.I. 349]. On April 29, 2022, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until 30 days after the decision by the United States Court of Appeals for the Second Circuit (the "**Second Circuit**") in the appeals from the District Court's December 16, 2021 order, consolidated and captioned as *In re Purdue Pharma L.P. et al*., No. 22-110- bk(L) (the "**Second Circuit Appeal**"). *See* Twenty-Eighth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Apr. 29, 2022) [D.I. 356]. On August 19, 2022, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until 30 days after the Second Circuit decision in the Second Circuit Appeal, over the objections of Fredrick Hill. *See* Twenty-Ninth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Aug. 19, 2022) [D.I. 379]. On October 4, 2022, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until 30 days after the Second Circuit decision in the Second Circuit Appeal. *See* Thirtieth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Oct. 4, 2022) [D.I. 391]. On December 5, 2022, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until 30 days after the Second Circuit decision in the Second Circuit Appeal. *See* Thirty-First Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Dec. 5, 2022) [D.I. 400]. On February 7, 2023, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until 30 days after the Second Circuit decision in the Second Circuit Appeal, over the objections of the Lac

La Ronge Indian Band. *See* Thirty-Second Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Feb. 7, 2023) [D.I. 410]. On July 12, 2023, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until the earlier of (1) the date that an order confirming a plan of reorganization is entered and not subject to any stay; and (2) 30 days after entry of an opinion or order vacating or reversing the May 30, 2023 judgment of the Second Circuit (the "**Second Circuit Decision**") in the Second Circuit Appeal, over the objections of the Lac La Ronge Indian Band. *See* Thirty-Third Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. July 12, 2023) [D.I. 432]. On January 23, 2024, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until the earlier of (1) the date that an order confirming a plan of reorganization is entered and not subject to any stay; and (2) 30 days after entry of an opinion or order vacating or reversing the Second Circuit Decision in the Second Circuit Appeal, over the objections of Rosemary Walker. *See* Thirty-Fourth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Jan. 23, 2024) [D.I. 460]. On May 31, 2024, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until the earlier of (1) the date that an order confirming a plan of reorganization is entered and not subject to any stay; and (2) 30 days after entry of an opinion or order vacating or reversing the Second Circuit Decision in the Second Circuit Appeal, over the objections of Fredrick Hill. *See* Thirty-Fifth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. May 31, 2024) [D.I. 484]. On July 10, 2024, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until 60 days after entry of the Post-Confirmation Mediation Order, over the objections of Fredrick Hill. *See* Thirty-Sixth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. July 10, 2024) [D.I. 506]. On September 6, 2024, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until October 28, 2024. *See* Thirty-Seventh Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Sep. 6, 2024) [D.I. 533]. On September 27, 2024, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until December 2, 2024. *See* Thirty-Eighth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Sep. 27, 2024) [D.I. 557]. On November 1, 2024, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until January 2, 2025. *See* Thirty-Ninth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Nov. 1, 2024) [D.I. 583]. On December 2, 2024, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until January 22, 2025. *See* Fortieth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction,

Purdue Pharma L.P. v. Commonw. of Mass., Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Dec. 2, 2024) [D.I. 610]. On December 23, 2024, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until February 24, 2025. *See* Forty-First Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.,* Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Dec. 23, 2024) [D.I. 634]. On January 27, 2025, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until April 29, 2025. *See* Forty-Second Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Jan. 27, 2025) [D.I. 656]; On February 28, 2025, the Bankruptcy Court entered an order granting the Debtors' motion to extend the Preliminary Injunction, including the Voluntary Injunction, until May 30, 2025. *See* Forty-Third Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction, *Purdue Pharma L.P. v. Commonw. of Mass.*, Adv. Pro. No. 19-08289 (Bankr. S.D.N.Y. Feb. 28, 2025) [D.I. 670] (the "**Injunction Order**").[52]

The Voluntary Injunction, the terms of which reflect extensive discussions with and input from parties-in-interest including the NCSG, enjoins the Debtors from, among other things: (i) engaging in the promotion of opioids or opioid Products to prescribers and patients, including through (a) employing sales representatives to promote opioids or opioid Products, or (b) supporting (financially, in kind or by distributing) any advertising that promotes opioid or opioid Products, whether print or online; (ii) compensating (x) sales or marketing employees through agreements or packages tied to sales volume, sales goals, or sales quotas for opioid Products, or (y) any person for the prescribing, sale, use, or distribution of opioid Products (except through rebates, chargebacks, and/or savings cards); and (iii) sponsoring or supporting (financially or in kind) any medical society or patient advocacy group for the purpose of promoting opioid Products. There are exceptions in the Voluntary Injunction to permit Debtors, among other things, to maintain a corporate website and to continue to provide information required by law, scientific and medical information, and information on the FDA-approved labeling.

G. Appointment of Monitor

At the Bankruptcy Court's suggestion, the Debtors agreed to retain a monitor, selected in consultation with the Creditors' Committee, the NCSG, and the Ad Hoc Committee, to report on the Debtors' compliance with the terms of the Voluntary Injunction every 90 days. On February

[52] Arizona, California, Colorado, Connecticut, Delaware, the District of Columbia, Hawaii, Idaho, Illinois, Iowa, Maine, Maryland, Massachusetts, Minnesota, New Hampshire, New Jersey, New York, Nevada, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, Wisconsin, the NCSG (as listed on the October 11, 2019 Verified Statement pursuant to Bankruptcy Rule 2019 filed under Docket No. 296 of Case No. 19-23649), the AHC and each of its members (as listed on the October 10, 2019 Verified Statement pursuant to Bankruptcy Rule 2019 filed under Docket No. 279 of Case No. 19-23649), and the MSGE and each of its members (as listed on the October 30, 2019 Verified Statement pursuant to Bankruptcy Rule 2019 filed under Docket No. 409 of Case No. 19-23649) (collectively, the "**Voluntarily Bound Parties**") have each consented and agreed to continue to abide by the terms of the *Seventeenth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction*, without the need to have any order entered against them.

21, 2020, the Debtors retained Secretary Thomas J. Vilsack, former United States Secretary of Agriculture and former Governor of Iowa, to serve as the monitor ("**Monitor**").

On May 20, 2020, the Monitor filed the Initial Monitor Report [D.I. 1175] (the "**Initial Monitor Report**") with the Bankruptcy Court, describing actions taken by the Monitor to date to determine compliance with the terms and conditions of the Voluntary Injunction and providing a set of recommendations. On August 18, 2020, the Monitor filed the Second Monitor Report [D.I. 1584] (the "**Second Monitor Report**") with the Bankruptcy Court, describing the steps taken since the Initial Monitor Report to determine compliance with the terms and conditions of the Voluntary Injunction, including retention of expert services, and providing a set of further recommendations. On November 16, 2020, the Monitor filed the Third Monitor Report [D.I. 1956] (the "**Third Monitor Report**") with the Bankruptcy Court, describing the steps taken since the Second Monitor Report to determine compliance with the terms and conditions of the Voluntary Injunction and providing a set of further recommendations. On February 3, 2021, the Monitor filed the Fourth and Final Monitor Report [D.I. 2350] (the "**Fourth Monitor Report**") describing the steps taken since the Third Monitor Report to determine compliance with the terms and conditions of the Voluntary Injunction and providing a set of further recommendations. In each of these four reports, the Monitor stated that the Debtors had been "responsive and cooperative" with the Monitor and that they had made "good faith efforts to comply with the terms and conditions of the Voluntary Injunction."

On February 3, 2021, pursuant to the Fourth Monitor Report, Secretary Vilsack formally requested in the Fourth Monitor Report to be discharged of his duties as Monitor. On February 18, 2021, the Debtors retained Stephen Bullock, former Montana Governor and former Montana Attorney General, to replace Secretary Vilsack as Monitor.

On May 20, 2021, the Monitor (now Stephen Bullock) filed the Fifth Monitor Report [D.I. 2891]. On August 19, 2021, the Monitor filed the Sixth Monitor's Report [D.I. 3613]. On November 22, 2021, the Monitor filed the Seventh Monitor's Report [D.I. 4166]. On February 22, 2022, the Monitor filed the Eighth Monitor Report [D.I. 4380]. On May 20, 2022, the Monitor filed the Ninth Monitor Report [D.I. 4856]. On June 29, 2022, the Monitor filed the Tenth Monitor Report [D.I. 4928]. On August 22, 2022, the Monitor filed the Eleventh Monitor Report [D.I. 5031]. On November 14, 2022, the Monitor filed the Twelfth Monitor Report [D.I. 5235]. On February 20, 2023, the Monitor filed the Thirteenth Monitor Report [D.I. 5454]. On May 22, 2023, the Monitor filed the Fourteenth Monitor Report [D.I. 5624]. On August 18, 2023, the Monitor filed the Fifteenth Monitor Report [D.I. 5823]. On November 20, 2023, the Monitor filed the Sixteenth Monitor Report [D.I. 6023]. On February 20, 2024, the Monitor filed the Seventeenth Monitor Report [D.I. 6221]. On May 17, 2024, the Monitor filed the Eighteenth Monitor Report [D.I. 6362]. On August 16, 2024, the Monitor filed the Nineteenth Monitor Report [D.I. 6621]. On November 15, 2024, the Monitor filed the Twentieth Monitor Report [D.I. 6922]. On February 13, 2025, the Monitor filed the Twenty-First Monitor Report [D.I. 7202]. In each of these reports, the Monitor stated that the Debtors had been "responsive" with the Monitor and "appear to be making a good-faith effort to comply with the terms and conditions of the Injunction."

H. Appointment of Fee Examiner

On April 8, 2020, the Bankruptcy Court entered the *Order Authorizing Appointment of Independent Fee Examiner Pursuant to 11 U.S.C. § 105(a) and Modifying Interim Compensation Procedures for Certain Professionals Employed Pursuant to 11 U.S.C. § 327* [D.I. 1023], appointing David M. Klauder as the fee examiner in these Chapter 11 Cases.

I. Emergency Relief Fund Negotiations

Soon after the Petition Date, negotiations began between the Debtors, the Creditors' Committee, the AHC, the NCSG, the MSGE and various other stakeholders regarding a proposal to dedicate approximately $200 million of the Debtors' cash on hand to establish an emergency relief fund (the "**ERF**" or the "**Emergency Relief Fund**") during the pendency of the Chapter 11 Cases to provide emergency relief and assistance to respond to the opioid crisis. The Debtors supported the proposal to establish the ERF and believed that the ERF should be distributed as quickly and efficiently as practicable, with the goal of putting the Debtors' assets to work funding worthy causes on the front lines of the opioid crisis rather than sitting on the Debtors' balance sheet.

After high-level negotiations among the parties regarding the nature of the ERF during the initial months of the Chapter 11 Cases, both the Creditors' Committee and AHC began developing detailed proposals for the structure of the ERF. While the AHC worked extensively with governmental constituencies to develop their proposal, the Debtors in parallel worked with the Creditors' Committee to refine the Creditors' Committee's initial proposal. During this time, the parties also continued to engage with each other regarding their high-level goals and priorities in structuring the ERF. On January 22, 2020, the Debtors and the Creditors' Committee provided a working draft proposed structure of the ERF to the AHC, and the AHC provided a draft proposal for the structure of the ERF that had the support of their group and reflected extensive input from the NCSG (although not their formal endorsement). The Debtors then worked extensively with the Creditors' Committee and AHC to understand the goals underlying their respective proposals as well as engaged with the NCSG and the MSGE to understand their specific viewpoints. On February 27, 2020, the Debtors hosted dozens of representatives of major creditor constituencies and interested governmental organizations at a summit in an attempt to negotiate the terms of a unified proposal for an ERF. The Debtors also attempted to craft a proposal that incorporated concepts from the proposals of both the Creditors' Committee and AHC in order to reach a compromise.

These extensive and good-faith negotiations, however, failed to yield full consensus among the parties regarding the proposed structure and governance of the ERF. While the parties were able to reach agreement on the total size of the ERF, the geographic distribution of the funds, and the process of developing initial state/territory-level grant funding proposals, the parties were unable to reach agreement on, among other things, (i) the composition of an ERF review board that would oversee grant allocation decisions and the level of oversight to be provided by such board and (ii) the types of programs that should be eligible for grants, including the degree to which grants should be allocated to newly developed programs relative to existing programs.

Nevertheless, while the parties were not able to reach agreement on an ERF structure that was fully supported by all major case constituencies, the Plan maximizes the value of the Debtors' Estates for the benefit of their stakeholders.

J. Bar Date

On January 3, 2020, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Establishing Deadlines for Filing Proofs of Claim and Procedures Relating Thereto, (II) Approving the Proof of Claim Forms, and (III) Approving the Form and Manner of Notice Thereof* [D.I. 717] (the "**Bar Date Motion**"). On February 3, 2020, the Bankruptcy Court entered an order approving the Bar Date Motion [D.I. 800] (the "**Bar Date Order**"), establishing 5:00 p.m. (Prevailing Eastern Time) on June 30, 2020 (the "**Initial General Bar Date**") as the deadline for all persons and entities (including, without limitation, individuals, partnerships, corporations, joint ventures, trusts, governmental units and Native American Tribes), holding a prepetition claim, as defined in section 101(5) of the Bankruptcy Code (a "**Claim**"), against the Debtors which arose on or prior to the Petition Date, to file a proof of claim. On May 20, 2020, the Debtors filed the *Debtors' Motion Pursuant to 11 U.S.C. §§ 105(a) and 501 and Fed. R. Bankr. P. 2002 and 3003(c)(3) for Entry of an Order (I) Extending the General Bar Date for a Limited Period and (II) Approving the Form and Manner of Notice Thereof* [D.I. 1178] (the "**Bar Date Extension Motion**"). On June 3, 2020, the Bankruptcy Court entered an order approving the Bar Date Extension Motion [D.I. 1221] (the "**Bar Date Extension Order**"), extending the Initial General Bar Date to July 30, 2020 at 5:00 p.m. (Prevailing Eastern Time) (the "**General Bar Date**").

Specifically, the Bar Date Extension Order established the following deadlines for filing proofs of claim:

- **General Bar Date**: 5:00 p.m. (prevailing Eastern Time) on July 30, 2020, as the deadline for each person (as defined in section 101(41) of the Bankruptcy Code), governmental unit (as defined in section 101(27) of the Bankruptcy Code), and Native American Tribe to file a proof of claim (as defined in section 101(5) of the Bankruptcy Code) against the Debtors which arose on or prior to September 15, 2019.

- **Rejection Damages Bar Date**: the later of: (i) the General Bar Date; and (ii) thirty (30) days after entry of any order authorizing the rejection of such executory contract or unexpired lease of the Debtors as the deadline by which claimants asserting claims resulting from the Debtors' rejection of an executory contract or unexpired lease must file proofs of claim for damages arising from such rejection.

- **Amended Schedules Bar Date**: the later of: (i) the General Bar Date; and (ii) thirty (30) days after such holders of affected claims are served with notice that the Debtors amended their Schedules of Assets and Liabilities and/or Statements of Financial Affairs (collectively, the "**Schedules**") to identify, reduce, delete, or change the amount, priority, classification, or other status of such a claim as the deadline by which claimants holding claims affected by such amendment or supplement must file proofs of claim with respect to such claim.

The Debtors' notice program provided actual notice of the Bar Dates to known claimants, and included a supplemental notice plan (the "**Supplemental Notice Plan**") to provide an extraordinarily broad array of forms of publication notice to unknown claimants.

The Bar Date form of notice (the "**Bar Date Notice**") (i) notified claimants of the Bar Dates: (a) who must file a proof of claim, (b) the procedures for filing a proof of claim, and (c) the consequences of failing to timely file a proof of claim; and (ii) stated that for a claim to be validly and properly filed, a signed original of the proof of claim form, together with any accompanying documentation, must be filed with Kroll, LLC or the Bankruptcy Court on or before the appropriate Bar Date. The Debtors provided actual notice of the Bar Dates to all known claimants by serving them with the following: (x) the Bar Date Notice and (y) the appropriate proof of claim form(s) and instructions.

The Supplemental Notice Plan employed six additional primary methods of providing notice: (i) paid media (e.g., television, radio, magazine, and newspaper); (ii) online displays across multiple devices and videos (e.g., YouTube); (iii) social media campaigns (e.g., Facebook, Twitter); (iv) out-of-home advertising (e.g., billboards); (v) earned media (e.g., press releases, blogs); and (vi) community outreach.

The Supplemental Notice Plan provided publication notice to areas where claims have arisen or where potential claimants may now be located, including the United States and the U.S. Territories of Guam, U.S. Virgin Islands, Mariana Islands, American Samoa, and Puerto Rico, using the following: (i) broadcast and cable television, radio (terrestrial and streaming), and traditional print media such as magazines and newspapers; (ii) various online displays and videos on websites such as YouTube and Google; (iii) social media, networking and engaging influencers on websites such as Facebook, Instagram, Twitter, and LinkedIn; (iv) static and digital billboards located in high-traffic areas; (v) press releases; and (vi) community outreach via a one-page notice to (a) all prescribers of Purdue brand name medications, (b) U.S. pharmacies and institutions that received certain brand name and generic opioid medications, and (c) third-party organizations such as tribal leaders, veterans communities, treatment and addiction centers, mobile health teams, mining communities, religious leaders, homeless and women's shelters, and government agencies. The Supplemental Notice Plan provided publication notice in both French and English in Canada using the following: (i) traditional print media such as magazines and newspapers; (ii) online and social media, including Google, Facebook, Instagram, and YouTube; and (iii) press releases.

Additionally, the Debtors published the notice of the Bar Dates across several print publications in the United States and Canada. In the United States, the Debtors published the full Bar Date Notice in three (3) nationally circulated newspapers and published a summary notice of the Bar Dates in eight (8) consumer magazines, fourteen (14) industry-specific trade magazines, and seventy-nine (79) local newspapers in eleven (11) states. In Canada, the Debtors published a summary notice of the Bar Dates in nine (9) nationally distributed magazines and three (3) nationally circulated newspapers.

The Supplemental Notice Plan cost over $20 million and included a total of over 1.5 billion impressions across social media, display and search platforms. The nearly unprecedented reach and cost of the Supplemental Notice Plan, which the Debtors developed while engaging extensively with key creditor constituencies, was carefully tailored to the circumstances of

potential claims and provided publication notice far beyond what is customary in typical chapter 11 cases. The Bankruptcy Court included in the Bar Date Order its finding that the noticing procedures outlined therein constituted good, sufficient and due notice of the Bar Dates and the procedures for filing proofs of claim in these Chapter 11 Cases.

K. Entry into Stipulation in Respect of Certain Canadian Patient Litigation

Prior to the Petition Date, the lead plaintiffs (collectively, the "**Patient Plaintiffs**") in ten class actions (the "**Canadian Patient Class Actions**") that were commenced in each province of Canada (except Manitoba) between May 11, 2007 and June 22, 2012, on one hand, and the defendants in the Canadian Patient Class Actions, on the other hand, entered into a conditional national class action settlement agreement (the "**Patient Settlement Agreement**"). Pursuant to its own terms and Canadian class action legislation, the Patient Settlement Agreement must be approved by the Ontario Superior Court of Justice, the Superior Court of Quebec, the Supreme Court of Nova Scotia and the Saskatchewan Court of Queen's Bench in order to become effective. The Patient Settlement Agreement has yet to receive the approval of the Saskatchewan Court of Queen's Bench (the "**Saskatchewan Court**"). Proceedings in respect of the Canadian Patient Class Actions are currently stayed and suspended pursuant to the *Order Re: Related Party Stay* entered in the CCAA Proceedings on December 30, 2019.

The Debtors and the Patient Plaintiffs are party to the *Amended and Restated Stipulation and Order Permitting the Filing of a Class Proof of Claim Solely for Administrative Convenience in Order to Effectuate a Potential Settlement in Respect of Certain Canadian Patient Litigation* (the "**Patient Claim Settlement Stipulation**"). The Bankruptcy Court entered an order approving the Patient Claim Settlement Stipulation on July 24, 2020 [D.I. 1515]. The purpose of the Patient Claim Settlement Stipulation is to permit the Patient Plaintiffs to file a Proof of Claim on their own behalf, and on behalf of the Patient Class (as defined in the Patient Claim Settlement Stipulation) in the Canadian Patient Class Actions solely for protecting their claims pursuant to the terms of the Patient Settlement Agreement and not for any other purpose.

On July 30, 2020, Class Counsel (as defined in the Patient Claim Settlement Stipulation) filed a Proof of Claim [Claim No. 146518] (the "**Patient Class Proof of Claim**") in accordance with the Patient Claim Settlement Stipulation.

Prior to the Petition Date, non-Debtor Purdue Pharma (Canada), an independent associated company beneficially owned by the Debtors' shareholders, settled a trust for CAD $20 million (the "**Settlement Trust**"), which is the full amount of the Settlement Payment (as defined in the Patient Settlement Agreement). The funds in the Settlement Trust are held in trust and are sufficient to make payment of the Settled Patient Claims (as defined in the Patient Claim Settlement Stipulation). The funds will only be distributed in accordance with the Patient Settlement Agreement after the occurrence of the Effective Date (as defined in the Patient Settlement Agreement). The Effective Date is the date on which the requisite orders contemplated by the Patient Settlement Agreement have become final orders from which no appeal lies or in respect of which any right of appeal has expired without the initiation of proceedings in respect of that appeal, or proposed appeal such as the delivery of a notice of appeal or application for leave to appeal.

As set forth in the Patient Claim Settlement Stipulation, if the Patient Settlement Agreement is approved by the Saskatchewan Court and the funds held in the Settlement Trust are released for benefit of Holders of Settled Patient Claims (as defined in the Patient Claim Settlement Stipulation), (i) the Patient Settlement Agreement and Patient Class Proof of Claim will be the exclusive remedy for all Settled Patient Claims in the Chapter 11 Cases; (ii) the Patient Settlement Agreement and Patient Class Proof of Claim will supersede and replace any other Proof of Claim or portion thereof filed by any of the Patient Plaintiffs, Settlement Patient Claimants (as defined in the Patient Claim Settlement Stipulation), or counsel to any of the foregoing, in the Chapter 11 Cases in respect of Settled Patient Claims; and (iii) upon the Effective Date (as defined in the Patient Settlement Agreement), the Debtors will be deemed to have been completely and unconditionally released, forever discharged, and acquitted from any and all Settled Patient Claims against the Debtors and from any other Proof of Claim or portion thereof in respect of any Settled Patient Claim filed against any Debtor. If the Patient Settlement Agreement is approved by the Saskatchewan Court and the funds in the Settlement Trust are released for the benefit of Holders of Settled Patient Claims (as defined in the Patient Claim Settlement Stipulation): (i) no Settlement Patient Claimant that filed a Proof of Claim in the Chapter 11 Cases shall receive a recovery in respect of a Settled Patient Claim from any source other than the Settlement Payment made from the Settlement Trust; and (ii) any Settlement Patient Claimant that filed a Proof of Claim in the Chapter 11 Cases shall have the burden of proving that such Proof of Claim is not in respect of a Settled Patient Claim that was released and discharged pursuant to the Patient Claim Settlement Stipulation.

No Distributions will be made on account of any Claims that may constitute Settled Patient Claims unless and until (x) the Saskatchewan Court approves the Patient Settlement Agreement and all funds in the Settlement Trust have been distributed to Holders of Settled Patient Claims (as defined in the Patient Claim Settlement Stipulation) in accordance with the Patient Settlement Agreement or (y) the Saskatchewan Court denies the Patient Settlement Agreement. In the event the Saskatchewan Court does not approve the Patient Settlement Agreement, the Patient Claim Settlement Stipulation will be deemed withdrawn and the Patient Class Proof of Claim will be rescinded and deemed null and void.

The Patient Class Proof of Claim does not otherwise prejudice any proof of claim filed in respect of (a) claims against the Debtors arising on or before the Petition Date other than Settled Patient Claims or any other claims of the Settlement Patient Claimants; (b) Settled Patient Claims or any other claims of the Settlement Patient Claimants in the event the Patient Settlement Agreement is not approved by the Saskatchewan Court or the Effective Date does not otherwise occur under the Patient Settlement Agreement; or (c) any claims of Canadian provincial health insurers, whether direct or subrogated to claims of the Patient Plaintiffs and other members of the Patient Class (as defined in the Patient Claim Settlement Stipulation) (the "**Contingent Claims**"). For the avoidance of doubt, the Contingent Claims are subject to the General Bar Date and any Contingent Claim filed after the General Bar Date will be considered untimely.

L. Sale of Rhodes Technologies Manufacturing Facility and Entry into Supply Agreement

In April 2020, the Debtors made the decision to explore strategic alternatives with respect to Rhodes Tech's API manufacturing business. The Debtors determined that a transition away

from the API manufacturing facility located in Coventry, Rhode Island (the "**Coventry Facility**") would have the effect of unburdening the Debtors from the facility's extensive annual fixed operating costs, creating a variable cost structure as volumes decrease. The Debtors could not, however, transition away from the Coventry Facility without securing an alternative source of APIs from a credible, high-quality supplier with experience in the API manufacturing industry, and doing so at a lower cost than was then incurred by manufacturing APIs "in house." Following an extensive marketing and negotiation process, on September 14, 2020, Debtor Rhodes Technologies, Noramco Coventry LLC (the "**Purchaser**"), and Noramco LLC ("**Normaco**"), as guarantor of Purchaser's obligations, executed an asset purchase agreement (the "**Rhodes APA**") in contemplation of a sale of the Coventry Facility and related assets to the Purchaser and agreed to enter into the Supply Agreement under which Noramco would supply the Debtors with all products then manufactured at the Coventry Facility for a minimum term of seven years, with two two-year renewals available at the Debtors' option (collectively, the "**Coventry Transactions**"). The Rhodes APA also contemplated additional ancillary documents, including a transition services agreement to effectuate the transfer of the Coventry Facility operations from the Debtors to the Purchaser. On October 1, 2020, the Bankruptcy Court entered the *Order (I) Approving Sale of Debtors' Coventry Facility and Related Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (II) Approving Debtors' Entry into a Long-Term API Supply Agreement, (III) Authorizing Assumption and Assignment, or Assignment, as Applicable, of Executory Contracts and Unexpired Leases and (IV) Granting Related Relief* [D.I. 1765]. The sale of the Coventry Facility closed and the parties entered into the Supply Agreement on December 31, 2020.

M. Consideration of Unsolicited Offers for Certain Assets

1. First Interested Party

In August, 2020, the Debtors were contacted on an unsolicited basis by a party (the "**First Interested Party**") interested in discussing a proposed risk evaluation and mitigation strategy ("**REMS**") initiative and a potential acquisition of certain of the Debtors' assets. At the time of this initial contact, the First Interested Party did not have the financial resources to acquire any material portion of the Debtors' assets. Following several discussions between the Debtors' advisors and the First Interested Party, including a call with the Debtors' full management team regarding the proposed REMS initiative in October 2020, the First Interested Party provided in November 2020 an asset purchase indication of interest. Although the First Interested Party had still not demonstrated any ability to provide financing for any potential acquisition proposal, the Debtors determined that it was nevertheless in the best interests of its stakeholders to afford the First Interested Party an opportunity to develop a potential offer. As a result, the Debtors and the First Interested Party entered into a customary confidentiality agreement on November 16, 2020. Between late November 2020 and early January 2021, the Debtors executed additional confidentiality agreements with ten potential financing sources to the First Interested Party at the First Interested Party's request.

On December 3, 2020, the First Interested Party submitted a non-binding proposal to acquire substantially all of the operating assets of the Debtors. Of the aggregate consideration potentially payable to the Debtors under the proposal, approximately 70% was proposed to be paid in cash at closing of a transaction and the remainder was proposed to be payable in cash in the future, subject to material contingencies. The proposal lacked reasonable evidence of the First

Interested Party's ability to obtain the funds required to pay the proposed acquisition consideration. Notwithstanding that the First Interested Party had not provided assurance that it had the ability to obtain the financing necessary to pay for its proposal, in the interest of providing the First Interested Party the opportunity to obtain such financing, the Debtors agreed to commence a process to provide substantial due diligence information regarding the Debtors and their businesses to the First Interested Party, the potential financing sources identified by the First Interested Party, and their respective representatives and advisors.

Beginning in early December 2020 and continuing until late February 2021, the Debtors and their advisors dedicated hundreds of hours of time to obtain, organize, review and process over 22,000 pages of requested due diligence information, at a significant cost to the Debtors in fees and expenses and time commitment of its management and employees. In addition, the Debtors and their advisors conducted numerous due diligence discussions with the First Interested Party and their respective representatives and advisors to allow the First Interested Party to propose an actionable transaction.

After a number of discussions, given the overall status and timeline of the Debtors' bankruptcy process, the Debtors requested that the First Interested Party submit a best and final binding bid with committed financing by January 8, 2021. At the request of the First Interested Party, the Debtors agreed to extend the bid date to January 11, 2021. On January 11, 2021, the First Interested Party submitted a revised proposal. Notwithstanding the bid requirements specified by the Debtors, the revised proposal was non-binding and subject to due diligence and was not supported by any financing commitments, which would have been required to pay the proposed acquisition consideration. Of the aggregate consideration potentially payable to the Debtors under the revised proposal, which was substantially the same as that in the December 3 proposal, only half would now be payable at closing of a transaction, with the remainder payable over a number of years and subject to significant contingencies. In addition, the non-binding proposal lacked material information necessary for the Debtors to evaluate the value of the proposed consideration. On January 14, 2021, the First Interested Party provided certain additional information; however, such information continued to lack significant information necessary for the Debtors to evaluate the proposal. On a number of occasions, the Debtors, together with the Creditors' Committee and the Ad Hoc Committee, sent follow-up questions to the First Interested Party and requested discussions with the First Interested Party. None of these discussions clarified all of the required information necessary to evaluate the proposal.

On January 18, 2021 and January 19, 2021, the First Interested Party submitted letters from several potential financing sources. Notwithstanding the bid requirements specified by the Debtors, the financing letters were non-binding, were subject to due diligence and were subject to further internal approvals of the applicable financing parties. The financing letters also stated that they would not become binding unless and until definitive transaction documents were executed, which the First Interested Party estimated would require an additional 60-day period, and also indicated that the financing sources could seek further syndication of their proposed financing commitments, which would also result in additional delay. Furthermore, certain financing letters described a transaction that would effectively result in parties other than the First Interested Party acquiring significant portions of the Debtors' assets. In addition, the financing letter relating to the proposed acquisition of assets by such other party required the Debtors to deliver certain material assets not owned by the Debtors.

In late January 2021, through ongoing discussions with the First Interested Party, the Debtors learned that the First Interested Party was in fact only intending to assume a fraction of the Debtors' ordinary course postpetition liabilities, leaving approximately $300 million dollars, and possibly more, of postpetition liabilities to be borne by the bankruptcy estate as administrative claims, effectively resulting in a significant reduction in any upfront consideration offered by the First Interested Party. Moreover, the Purdue Pharma L.P. Pension Plan, a single-employer defined benefit pension plan covered by Title IV of ERISA (the "**Purdue Pension Plan**"),[53] would not be transferred with the assets proposed to be acquired, and the Debtors estimated at the time that, if they became subject to unfunded benefit liabilities on account of the Purdue Pension Plan, such claims would likely total approximately $180 million. Moreover, the First Interested Party would not continue the Debtors' Public Health Initiatives or undertake any other initiatives that would have allowed the Debtors to emerge as a public benefit company or similar entity and therefore satisfy the conditions necessary to benefit from the Forfeiture Judgment Credit in the DOJ Resolution.

On February 7, 2021, the First Interested Party submitted a proposal that consisted of a completely revised and further degraded proposed transaction structure. The revised structure contemplated an essentially "seller-financed" transaction whereby the Debtors would effectively transfer substantially all of its assets to the First Interested Party in exchange for no consideration at consummation of such transaction, with the potential for the Debtors' Estates to receive payments over many years as repayment of the seller financing to the extent the First Interested Party was able to generate sufficient revenues and profits in the future. The revised proposed transaction structure continued to include the requirement that significant postpetition liabilities be borne by the bankruptcy estate as administrative claims and the Purdue Pension Plan remain with the bankruptcy estate as described above.

Notwithstanding that the First Interested Party's revised proposals had in each iteration significantly reduced the proceeds reasonably/potentially deliverable to the Debtors, including the reduction in proceeds payable at consummation of a transaction to zero, over the ensuing weeks, the Debtors continued to permit the First Interested Party to conduct further due diligence.

Based on a careful review of all of the materials submitted by, and the discussions that occurred with, the First Interested Party, its potential financing sources and their respective representatives and advisors over many months, the Debtors determined that the proposals submitted by the First Interested Party were not value maximizing for the Debtors and its stakeholders, provided significantly less cash to the estate than the Debtors' Plan, resulted in stakeholders continuing to be tied to the performance of the Debtors' opioids business for a significantly longer period of time than would the Plan, introduced risk of potentially significant negative tax consequences on stakeholders, and were likely not capable of being executed upon by the First Interested Party, and that further diversion of the Debtors' resources towards

[53] The Purdue Pension Plan has approximately 3,200 current participants. PPLP is the contributing sponsor of the Purdue Pension Plan. The Debtors that are members of the contributing sponsor's controlled group within the meaning of 29 U.S.C. §§ 1301(a)(13), (14) are jointly and severally liable with respect to the Purdue Pension Plan. Further, any non-Debtor members of the contributing sponsor's controlled group are also jointly and severally liable with respect to the Purdue Pension Plan.

discussions with the First Interested Party would only result in significant costs to the Debtors with a high risk of no transaction being executed.

2. Second Interested Party

In March 2024, the Debtors were contacted on an unsolicited basis by a party (the "**Second Interested Party**") interested in discussing certain of the Debtors' assets. An introductory meeting between the Debtors' management team, the Debtors' advisors and the Second Interested Party was held on May 3, 2024, and the Debtors subsequently received a diligence list from the Second Interested Party on May 6, 2024. On August 15, 2024, the Debtors' advisors received a non-binding proposal from the Second Interested Party to acquire the Debtors' branded and generic prescription pharmaceutical businesses. The proposal contemplated (1) divesting the pipeline drugs then in development, and (2) with respect to the operating profits of the branded and generic prescription businesses, transferring 25% of such profits to fund the Debtors' Public Health Initiatives and allocating the remaining 75% of such profits to the Second Interested Party.[54] Upon an extensive review of the proposal and following multiple discussions with the Second Interested Party, the Debtors determined that this proposal was not value maximizing for the Debtors and their stakeholders.

On September 11, 2024, the Second Interested Party submitted a revised proposal to the Debtors, presenting several alternative transaction structures. The Debtors, in consultation with its advisors, determined that the revised structure failed to address certain key issues. The Debtors provided feedback to the Second Interested Party on September 18, 2024, outlining a series of non-negotiable terms, which included the Debtors' post-reorganization mission, compliance with the DOJ Settlement, and an obligation to acquire substantially all of the Debtors' assets. The Debtors received a second revised offer on November 1, 2024, which the Second Interested Party presented to the Debtors' management team on December 18, 2024. The Debtors, in consultation with their advisors seriously evaluated the updated proposal, but concluded it did not address all the Debtors' articulated terms and had other shortcomings. In connection with the second revised offer, the Second Interested Party also submitted an additional diligence request to the Debtors.

The Debtors have provided responses to substantially all of the diligence items requested by the Second Interested Party. The Debtors remain open to further enhanced offers from the Second Interested Party.

3. Other Interested Parties

In the course of the Chapter 11 Cases, the Debtors have received other unsolicited offers and/or indications of interest from other parties to acquire some or all of the Debtors' assets. The Debtors, in consultation with their advisors, have given due consideration to each such proposal, consistent with the applicable fiduciary duties to maximize the value of the Debtors' Estates for the benefit of creditors and other stakeholders. To date, the Debtors have not determined any of the foregoing proposals to be actionable.

[54] The Debtors' public health initiatives are described in more detail and defined in Section II(A)(iv).

N. Continuation of Certain Prepetition Employee Compensation Programs

In order to maintain business operations during the Chapter 11 Cases, the Debtors sought to continue certain preexisting employee compensation programs, which were critical to sustain employee morale and protect the value of the Debtors' business. On September 16, 2019, the Debtors filed the *Motion of Debtors for Entry of an Order Authorizing (I) Debtors to (A) Pay Pre-Petition Wages, Salaries, Employee Benefits and Other Compensation and (B) Maintain Employee Benefits Programs and Pay Related Administrative Obligations, (II) Employees and Retirees to Proceed with Outstanding Workers' Compensation Claims and (III) Financial Institutions to Honor and Process Related Checks and Transfers* [D.I. 6] (the "**Wages Motion**"). As part of the relief requested in the Wages Motion, the Debtors sought to continue two long-standing compensation programs: their annual incentive program (the "**AIP**") and their long-term results plan (the "**LTRP**," and together with the AIP, the "**Prepetition Incentive Plans**"). The AIP designates payments on an annual basis to eligible employees based on a combination of employee performance and the performance of the Debtors. The LTRP is a long-term cash incentive program that provides an annual grant to employees based on a three-year performance period. The Debtors also sought, *inter alia*, to continue a non-executive retention plan.

Objections to the Wages Motion were filed by the U.S. Trustee, Nevada Counties and Municipalities, the Commonwealth of Pennsylvania, the NCSG and the State of Arizona [D.I. 134, 190, 196, 197, 201]. The New York State Department of Financial Services also submitted an informal objection [D.I. 99]. The NCSG filed a statement maintaining its and certain of its members' objections insofar as such objections related to the Debtors' CEO [D.I. 557].

The Debtors agreed to multiple partial adjournments of the Wages Motion such that various elements of the relief sought in the Wages Motion were considered at different hearings. Following extensive negotiations with certain creditor groups, the Debtors agreed to certain modifications to the relief sought in the Wages Motion. The Debtors reached agreement on, or agreement not to object to, modified relief with all relevant creditor groups except with respect to the Debtors' CEO's incentive compensation, which was opposed only by the NCSG. The modified relief sought in the Wages Motion was granted in the *Final Order Authorizing (I) Debtors to (A) Pay Prepetition Wages, Salaries, Employee Benefits and Other Compensation and (B) Maintain Employee Benefits Programs and Pay Related Administrative Obligations, (II) Employees and Retirees to Proceed with Outstanding Workers' Compensation Claims and (III) Financial Institutions to Honor and Process Related Checks and Transfers* [D.I. 309]; the *Supplemental Final Order Authorizing (I) Debtors to (A) Pay Certain Prepetition Wages, Salaries, Employee Benefits and Other Compensation and (B) Maintain Employee Benefits Programs and Pay Related Administrative Obligations, (II) Employees and Retirees to Proceed with Outstanding Workers' Compensation Claims and (III) Financial Institutions to Honor and Process Related Checks and Transfers* [D.I. 629] and the *Second Supplemental Final Order Authorizing (I) Debtors to (A) Pay Certain Prepetition Wages, Salaries, Employee Benefits and Other Compensation and (B) Maintain Employee Benefits Programs and Pay Related Administrative Obligations, (II) Employees and Retirees to Proceed with Outstanding Workers' Compensation Claims and (III) Financial Institutions to Honor and Process Related Checks and Transfers* [D.I. 783].

On February 4, 2025, the Debtors filed the *Debtors' Motion for Authorization to (A) Commence "Standard Termination" Proceedings for the Debtors' Defined Benefit Pension*

Plan, (B) Execute Amendments in Connection Therewith and (C) Fund Such Plan and Annuitization of Benefits Thereunder [D.I. 7166] (the "**Purdue Pension Plan Termination Motion**"), pursuant to which, the Debtors sought authorization to effect a "standard termination" of the Purdue Pension Plan. On March 17, 2025, the Bankruptcy Court entered an order approving the Purdue Pension Plan Termination Motion [D.I. 7302].

In order to effectuate a standard termination of the Purdue Pension Plan, the Debtors must make contributions to the Purdue Pension Plan so that it will possess sufficient assets to satisfy all plan benefits and liabilities as of the date of distribution. The Debtors believe that, given the value of Plan assets and the favorable interest rate environment, terminating the Purdue Pension Plan at this time would reduce the risk of future liability and ensure that more funds would be available to creditors. The Debtors expect to contribute approximately $30 million in order to initiate the standard termination process and permit participants to elect lump-sum withdrawals, and the Debtors expect to contribute approximately $13 million of additional funds to be used to purchase annuities in approximately 12-24 months' time for participants who do not elect lump sums.

O. Key Employee Incentive Program and Key Employee Retention Program

The Debtors developed a Key Employee Incentive Program (the "**KEIP**") and the Key Employee Retention Program (the "**KERP**," and together with the KEIP, the "**Compensation Plans**"), in order to ensure the continued motivation, engagement and retention of the Debtors' workforce and the maximization of the value of the Debtors' Estates. On September 9, 2020, the Debtors filed the *Motion of Debtors for Entry of an Order Authorizing Implementation of a Key Employee Incentive Plan and a Key Employee Retention Plan* [D.I. 1674] (the "**Compensation Motion**").

The KEIP, as initially designed, would have applied to the Debtors' eight then-current insider employees, consisting of the: (i) CEO; (ii) CFO; (iii) General Counsel; (iv) Senior Vice President, Intellectual Property Law & Public Health Initiatives; (v) Chief Technical Operations Officer; (vi) President, Imbrium Therapeutics; (vii) President, Rhodes Pharmaceuticals; and (viii) President, Rhodes Technologies. After filing the Compensation Motion, the President of Imbrium Therapeutics and the Debtors' Senior Vice President, Intellectual Property Law & Public Health Initiatives resigned and therefore became ineligible for the proposed KEIP. The KERP applies to virtually all incentive-eligible employees other than the employees covered under the KEIP.

After extensive discussions with creditor groups, the Debtors agreed to certain modifications to the proposed KEIP and KERP. The Debtors also agreed to multiple partial adjournments of the Compensation Motion such that various elements of the relief sought in the Compensation Motion were considered at different hearings. On October 1, 2020, the Bankruptcy Court entered the *Order Authorizing the Debtors to Implement a Key Employee Retention Plan* [D.I. 1762]. On October 28, 2020, the Bankruptcy Court entered the *Order Authorizing the Debtors to Implement a Key Employee Incentive Plan* [D.I. 1861] (the "**2020 KEIP**"), which granted the Debtors authority to implement the KEIP as modified with respect to (i) General Counsel; (ii) Chief Technical Operations Officer; (iii) President, Rhodes Pharmaceuticals; and (iv) President, Rhodes Technologies. On November 18, 2020, the Bankruptcy Court entered the *Supplemental Order Authorizing the Debtors to Implement a Key Employee Incentive Plan* [D.I.

2002], which granted the Debtors authority to implement the KEIP as modified with respect to the CEO and CFO.

In the four years following implementation of the Compensation Plans in 2020, the Debtors have annually sought approval for successive Compensation Plans that have remained consistent both with the levels negotiated in 2020 with the Creditors' Committee and other critical stakeholders and generally below the compensation levels under the Debtors' longstanding prepetition compensation plans. Moreover, where the Debtors initially sought authority to pay eight participants under the 2020 KEIP, only three KEIP participants remain, dividing the same crucial leadership roles among a leaner executive team. Approval of the Compensation Plans have enabled the Debtors to provide their employees with appropriate, market-based compensation for the duration of the Chapter 11 Case. On September 15, 2021, the Bankruptcy Court entered the *Order Authorizing the Debtors to Implement 2021 Key Employee Incentive Plan* [D.I. 3770], which granted the Debtors authority to implement the 2021 Compensations Plans, including with respect to the (i) Chief Executive Officer; (ii) Chief Financial Officer; (iii) General Counsel; (iv) Chief Technical Operations Officer and (v) President, Rhodes Pharmaceuticals. On May 20, 2022 and, subsequently, on June 27, 2022, the Bankruptcy Court entered the *Order Authorizing the Debtors to Implement 2022 Key Employee Retention Plan and 2022 Key Employee Incentive Plan* [D.I. 4862] and the *Supplemental Order Authorizing The Debtors To Implement 2022 Key Employee Incentive Plan* [D.I. 4924], which granted the Debtors authority to implement the 2022 Compensations Plans, including with respect to the (i) Chief Executive Officer and (ii) General Counsel. On May 30, 2023, the Bankruptcy Court entered the *Order Authorizing the Debtors to Implement 2023 Key Employee Incentive Plan and 2023 Key Employee Retention Plan* [D.I. 5646], which granted the Debtors authority to implement the 2023 Compensations Plans, including with respect to the (i) Chief Executive Officer; (ii) new Chief Financial Officer and (iii) General Counsel. On April 24, 2024, the Bankruptcy Court entered the *Order Authorizing the Debtors to Implement 2024 Key Employee Incentive Plan and 2024 Key Employee Retention Plan* [D.I. 6322], which granted the Debtors authority to implement the 2024 Compensations Plans, including with respect to the (i) Chief Executive Officer; (ii) Chief Financial Officer and (iii) General Counsel.

P. Extension of Exclusive Periods

Section 1121(b) of the Bankruptcy Code provides for a period of one hundred twenty (120) days after the commencement of a chapter 11 case during which time a debtor has the exclusive right to file a plan of reorganization (the "**Exclusive Filing Period**"). In addition, section 1121(c)(3) of the Bankruptcy Code provides that if the debtor files a plan within the Exclusive Filing Period, it shall have a period of one hundred eighty (180) days after commencement of the chapter 11 case to obtain acceptances of such plan (the "**Exclusive Solicitation Period**," and together with the Exclusive Filing Period, the "**Exclusivity Periods**"). Pursuant to section 1121(d) of the Bankruptcy Code, the Bankruptcy Court may, upon a showing of cause, extend the Exclusivity Periods.

The Debtors' Exclusive Filing Period and Exclusive Solicitation Period were initially set to expire on January 13, 2020 and March 13, 2020, respectively. On January 28, 2020, the Court entered the *Order Extending the Exclusive Periods Within Which to File a Chapter 11 Plan and Solicit Acceptances Thereof* [D.I. 782] extending the Exclusive Filing Period and the Exclusive Solicitation Period through and including Monday, July 13, 2020 and Wednesday, September 9,

2020, respectively. On July 24, 2020, the Court entered the *Second Order Extending the Exclusive Periods Within Which to File a Chapter 11 Plan and Solicit Acceptances Thereof* [D.I. 1517] extending the Exclusive Filing Period and the Exclusive Solicitation Period through and including Thursday, December 10, 2020 and Monday, February 8, 2021, respectively. On December 16, 2020, the Court entered the *Third Order Extending the Exclusive Periods Within Which to File a Chapter 11 Plan and Solicit Acceptances Thereof* [D.I. 2143] extending the Exclusive Filing Period and Exclusive Solicitation Period through and including Monday, February 15, 2021 and Monday, May 17, 2021, respectively. On March 1, 2021, the Court entered the *Fourth Order Extending the Exclusive Periods Within Which to File a Chapter 11 Plan* [D.I. 2433] extending the Exclusive Filing Period through and including Monday, March 15, 2021.

Q. Information Sharing/Diligence

From the outset of the Chapter 11 Cases, the Debtors have been committed to transparency and robust information sharing, both of which the Debtors believe are critical in cases of this magnitude and public import. To that end, the Debtors have provided an extensive amount of diligence and discovery material—totaling over 90 million pages—on a wide range of topics, including in response to requests from the Debtors' major creditor groups, such as the Creditors' Committee, the Ad Hoc Committee, the NCSG, the MSGE, the NAS Committee, the Ad Hoc Group of Hospitals, the Personal Injury Claimants, and the DOJ. A select summary of key aspects of the Debtors' information sharing follows:

In addition to the public reports prepared at the direction of the Debtors' Special Committee described in Article II.E above, the Debtors have provided extensive amounts of document discovery to key stakeholders. These materials include, for example, more than 10 million documents, totaling more than 70 million pages, which had been previously produced by the Debtors in the federal multidistrict litigation pending in the Ohio MDL and in similar non-MDL civil litigations, and more than 2.5 million documents, totaling 13.5 million pages, that had been previously produced to the DOJ in connection with its investigation of the Debtors.

These enormous productions, however, only represent a small fraction of the Debtors' information sharing efforts. Recognizing the Creditors' Committee's important role in these Chapter 11 Cases, the Debtors also agreed to undertake review of substantial email and document collections from over 50 custodians, including from additional Sackler Families custodians and Directors, in most cases for time periods going back 25 years, and make corresponding productions. These productions have resulted in the provision of more than 680,000 documents, totaling more than 4.2 million pages, to the Creditors' Committee and NCSG.

The Debtors also reached an extraordinary agreement in connection with a negotiated resolution of two motions filed by the Creditors' Committee to share over 16,000 of the Debtors' privileged documents, which are ordinarily not subject to discovery, with the Creditors' Committee on a common interest basis. These productions included privileged documents related to distributions or transfers of assets from the Company to the Sackler Families or entities owned by or operated for the benefit of Sackler Families members; privileged documents that were contemporaneously sent to or by Sackler Families members or Purdue Board members during their time serving on the Debtors' Board; and privileged documents identified by the Debtors' Special

Committee's counsel as important to its investigation—all of which go to the heart of the investigation of possible estate claims against the Sacklers.

Parallel to the foregoing efforts, the Debtors have separately provided almost a million pages of diligence materials (comprising both original analyses and historical documents) to the Creditors' Committee and other key stakeholders in response to dozens of requests. These include materials comprising original analyses and reams of historical documents on a wide variety of topics, including, for example, compilations of all settlements, lists of all personal injury claims ever filed against Purdue, compilations of licensing and royalty agreements, granular opioid sales data at the prescription level over a 22-year period, and much more.

Finally, the Debtors have worked closely with other parties to support and facilitate extensive discovery and information sharing from members of the Sackler Families and entities associated with them. As a result of the parties' efforts, the Sackler Families, certain financial institutions with which they have had relationships, and other non-Sackler Board members among others, have produced over 600,000 documents (totaling over 3.2 million pages) in these Chapter 11 Cases. The Sackler Families' IACs have also made productions totaling over 830,000 documents and over 8.3 million pages. Finally, another 180,000 documents, totaling over a 1.3 million pages, have been produced from the files of Norton Rose Fulbright LLP, a longtime advisor to the Debtors, the Sackler Families and Sackler-related entities. In addition to these document productions, the Creditors' Committee and NCSG took 16 depositions of members of the Sackler Families, current and former Board members, current employees of the Debtors, and other parties, which counsel for the Debtors' Special Committee attended.

R. Pre-Confirmation Mediation

On February 20, 2020, the Debtors filed the *Debtors' Motion for Entry of an Order Appointing Mediators* [D.I. 855] (the "**Mediation Motion**"), seeking to appoint the Honorable Layn Phillips and Mr. Kenneth Feinberg as co-mediators (together, the "**Mediators**") to conduct mediation in the Chapter 11 Cases and mandating that the Debtors, the Creditors' Committee, and various ad hoc committees and groups in the Chapter 11 Cases participate in mediation (the "**Pre-Confirmation Mediation**"). After a telephonic hearing on March 2, 2020, the Bankruptcy Court entered an order approving the Mediation Motion. *See Order Appointing Mediators* [D.I. 895] (the "**Pre-Confirmation Mediation Order**"). The following parties (collectively, the "**Mediation Parties**") participated in the Pre-Confirmation Mediation: (i) the Debtors; (ii) the Creditors' Committee (including *ex officio* members); (iii) the Ad Hoc Committee;[55] (iv) the NCSG;[56] (v) the MSGE;[57] (vi) the Ad Hoc Group of Individual Victims[58] (the "**Personal Injury Claimants**"); (vii) the Ad Hoc Group of NAS Children [59] (the "**NAS Committee**");

[55] The Rule 2019 Statement for the Ad Hoc Committee is filed at D.I. 279.

[56] The Rule 2019 Statement for the NCSG is filed at D.I. 296.

[57] The Rule 2019 Statement for the MSGE is filed at D.I. 1794.

[58] The Rule 2019 Statement for the Personal Injury Claimants, as amended, is filed at D.I. 3939.

[59] The Rule 2019 Statement for the NAS Committee is filed at D.I. 1582.

(viii) representatives of a group of hospitals in the United States[60] (the "**Ad Hoc Group of Hospitals**"); (ix) counsel for the Blue Cross Blue Shield Association, various private third-party payors and health insurance carrier plaintiffs (the "**Private Third-Party Payors**"); and (x) counsel for a putative class of individual health insurance purchasers[61] (the "**Ratepayers**"). The following parties participated in the Pre-Confirmation Mediation process although they were not "Mediation Parties" as defined in the Pre-Confirmation Mediation Order: (a) the United States of America; (b) the Muscogee (Creek) Nation, a member of the Ad Hoc Committee, the Cheyenne and Arapaho Tribes, an *ex officio* member of the Creditors' Committee, and other federally recognized tribes represented by various counsel from the Tribal Leadership Committee and the Plaintiffs Executive Committee in MDL No. 2804 (the "**Native American Tribes**"); (c) proposed representatives of a putative class of independent public school districts (the "**IPSDs**"); (d) proposed representatives of a putative class of children born with NAS in the State of West Virginia (the "**WV NAS**"); (e) the National Association for the Advancement of Colored People (the "**NAACP**"); and (f) a group of individual victim advocates which refer to themselves as the "Ad Hoc Committee on Accountability."

The Mediators' initial and exclusive objective pursuant to the Pre-Confirmation Mediation Order was to mediate the disputes between the Non-Federal Public Claimants (as defined in the Mediation Motion), on the one hand, and the Private Claimants (as defined in the Mediation Motion), on the other, as to the allocation of value/proceeds available from the Debtors' Estates, including, without limitation, from any settlements, to such claimants, in each case on an aggregate basis as between them. The Pre-Confirmation Mediation provided the least expensive means to achieve a consensual resolution of the Chapter 11 Cases and avoid the protracted, burdensome and costly process associated with testing the validity of each of the claims filed in the Chapter 11 Cases through a claims objection process. The Mediators engaged in numerous informal discussions with the Mediation Parties commencing February 28, 2020, and conducted a series of rigorous formal mediation sessions during the period from March 6, 2020 to September 11, 2020. Additional information regarding the results of the Pre-Confirmation Mediation can be found in the *Mediators' Report* [D.I. 1716] (the "**Mediators' Report**").

On September 30, 2020, the Bankruptcy Court entered the *Order Expanding Scope of Mediation* [D.I. 1756], which authorized the Mediators to continue the Pre-Confirmation Mediation to resolve certain open issues referenced in the Mediators' Report, as well as to mediate the estate causes of action and any potential claims or causes of action held by any of the Non-Federal Public Claimants against members of the Sackler Families.

S. [Protocols for the Resolution of Healthcare Liens[62]

1. The United States-PI Claimant Medical Expense Claim Settlement is as follows:

(i) On the Effective Date of the Plan, the PI Trust shall be deemed, without further action of the Bankruptcy Court or the PI Trust, to have irrevocably

[60] The Rule 2019 Statement for the Ad Hoc Group of Hospitals is filed at D.I. 1536.

[61] The Rule 2019 Statement for the Ratepayers is filed at D.I. 333.

[62] Section 5.2(i) of the Plan reflects terms that were agreed to in 2021 in connection with the 12th Amended Plan among PI claimants and the federal government. The parties do not currently have an agreement on any of these issues.

assigned to the United States the PI Trust's right to receive $26 million from the Master Disbursement Trust, which amount shall be paid by the Debtors or the Master Disbursement Trust, as applicable, to the United States in installments equal to 3.7143% of any amounts received and retained by the PI Trust under the Plan in the form of the Initial PI Trust Distribution and distributions made on account of the MDT PI Claim, and on the same distribution schedule as such distributions are received and retained by the PI Trust, until the United States has received payments aggregating to $26 million. For the avoidance of doubt, in no event shall (1) the stated amount of the Initial PI Trust Distribution or the stated amount of the MDT PI Claim be altered in a manner that would reduce the aggregate amount to be paid to the United States pursuant to Section 5.2(i)(i) of the Plan, (2) the aggregate amount paid to the United States pursuant to Section 5.2(i)(i) of the Plan exceed $26 million, or (3) the United States' claim against the Master Disbursement Trust arising from the assignment described in Section 5.2(i)(i) of the Plan be released until the United States has received payments thereof aggregating to $26 million. Should the PI Trust obtain recoveries under the Plan from a source other than the Master Disbursement Trust as a result of litigation following and resulting from either a modification of the MDT Insurer Injunction pursuant to Section 10.10 of the Plan or election by the Master Disbursement Trust of a Shareholder Release Remedy, the PI Trust shall pay over 3.7143% of any such recoveries to the United States until the United States shall have received payments aggregating to $26 million pursuant to the United States-PI Claimant Medical Expense Claim Settlement. The United States shall have the right to enforce the obligations set forth in Section 5.2(i)(i) of the Plan notwithstanding the United States-PI Claimant Medical Expense Claim Releases.

(ii) Notwithstanding Section 10.19 of the Plan, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the PI Trust, each Holder of a PI Claim and, in respect of each of the PI Trust and each Holder of a PI Claim, its respective agents, representatives, heirs, successors and assigns, in their respective capacities as such, shall, without any further action by the Bankruptcy Court, be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by each Holder of a United States-PI Claimant Medical Expense Claim of all United States-PI Claimant Medical Expense Claims and all Causes of Action based on or relating to, or in any

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If an agreement is reached, it will be reflected in subsequent versions of the Plan and Disclosure Statement. There can be no assurances that any such agreement will be reached. If no agreement is reached, the federal government reserves its rights to seek recoveries from appropriate parties (including PI claimants and/or their attorneys) under the Medicare Secondary Payer Act, 42 U.S.C. §§ 1395y(b), section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. 110-173), or the Federal Medical Care Recovery Act, 42 U.S.C. §§ 2651-2653; and other parties (including the PI claimants each and their attorneys) reserve all rights and defenses to such claims and any attempts by the federal government to recover on such claims.

manner arising from, in whole or in part, the United States-PI Claimant Medical Expense Claim Settlement (other than a Cause of Action to enforce the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, the release set forth in Section 5.2(i)(iii) of the Plan) that each Holder of a United States-PI Claimant Medical Expense Claim has asserted or could assert on its own behalf or on behalf of another Person or party, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), against the PI Trust, a Holder of a PI Claim, Distributions to Holders of PI Claims pursuant to the PI TDP or under the Plan and, in respect of each of the PI Trust and each Holder of a PI Claim, its respective agents, representatives, heirs, successors and assigns, in their respective capacities as such; provided, however, that, if a Holder of a PI Claim commences a legal action against a Holder of a United States-PI Claimant Medical Expense Claim challenging all or any portion of the United States-PI Claimant Medical Expense Claim Settlement, then, from and after the commencement of such legal action, the United States-PI Claimant Medical Expense Claim Release shall be void ab initio solely with respect to such Holder of a PI Claim, and the heirs, successors and assigns of such Holder of a PI Claim, in their capacities as such, and not with respect to any other Person or party, including, but not limited to, the PI Trust, counsel to such Holder of a PI Claim and, in respect of each of the PI Trust and such counsel, its respective agents, representatives, heirs, successors and assigns, in their respective capacities as such; provided further that no such legal action against a Holder of a United States-PI Claimant Medical Expense Claim shall impair or reduce the amount that the United States shall receive pursuant to Section 5.2(i)(i) of the Plan. Nothing in Section 5.2(i)(ii) of the Plan creates any rights of a Holder of a PI Claim to sue the United States or any of its agencies, including a Holder of a United States-PI Claimant Medical Expense Claim, and the United States and its agencies reserve all rights and defenses in that regard; and nothing in this paragraph is or shall be deemed a waiver of any applicable sovereign immunity with respect to any legal action against the United States or any of its agencies challenging all or any portion of the United States-PI Claimant Medical Expense Claim Settlement brought by a Holder of a PI Claim or the heirs, successors or assigns of such Holder of a PI Claim, in their capacities as such.

(iii) As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, each Holder of a United States-PI Claimant Medical Expense Claim shall, without any further action by the Bankruptcy Court, be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the PI Trust and its agents, representatives, successors and assigns, in their respective capacities as such, of all Causes of Action based on or relating to, or in any manner arising from, in whole or in part, the United States-PI Claimant Medical Expense Claim Settlement (other than a Cause of Action to enforce the

United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, any United States-PI Claimant Medical Expense Claim Release) that the PI Trust has asserted or could assert on its own behalf or on behalf of another Person or party, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), against a Holder of a United States-PI Claimant Medical Expense Claim and, in respect of each Holder of a United States-PI Claimant Medical Expense Claim, its respective agents, representatives, successors and assigns, in their respective capacities as such.

(iv) The payments made to the United States pursuant to Section 5.2(i)(i) of the Plan are a prepayment by the PI Trust of amounts that would otherwise be payable by certain Holders of PI Claims to Holders of United States-PI Claimant Medical Expense Claims upon receipt by such Holders of PI Claims of Distributions pursuant to the PI TDP and under the Plan. Such prepayment shall be borne equitably by such Holders of PI Claims in the form of a reduction in the Distributions otherwise payable to such Holders of PI Claims pursuant to the PI TDP.

(v) The United States Department of Defense, Defense Health Agency (in respect of the TRICARE Program) submits to the jurisdiction of the Bankruptcy Court for purposes of the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, the United States-PI Claimant Medical Expense Claim Releases.

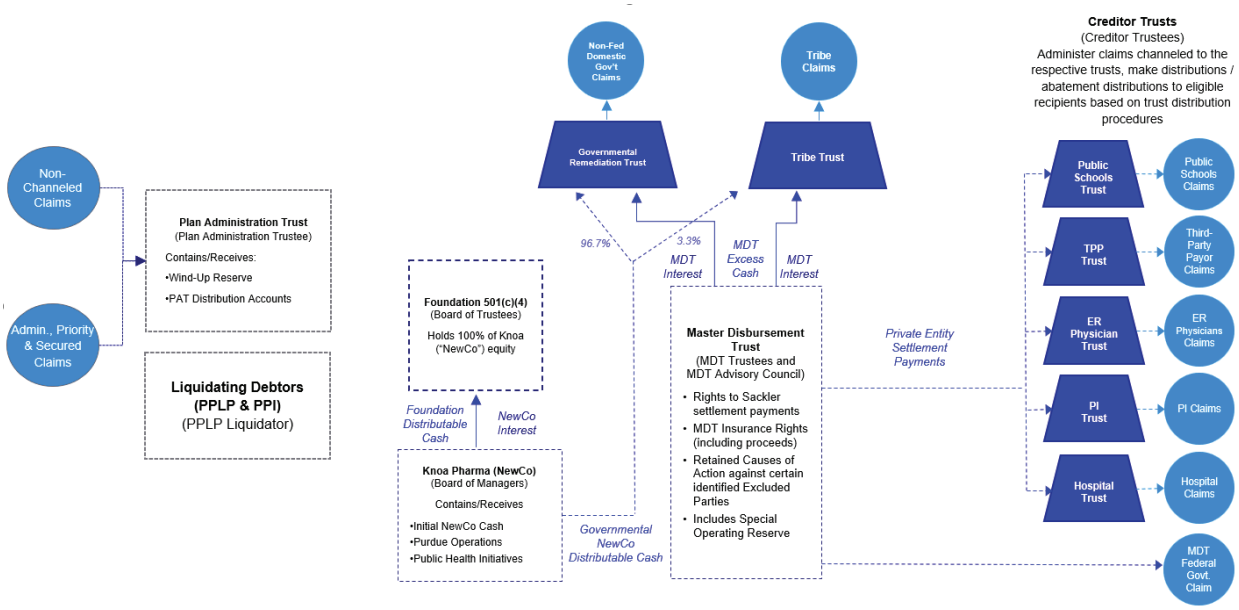
(vi) The United States Department of Health and Human Services, on its own behalf and on behalf of its component agencies, which are the Centers for Medicare & Medicaid Services and the Indian Health Service on behalf of its federally-operated programs; the United States Department of Defense, Defense Health Agency (in respect of the TRICARE Program); and the United States Department of Veterans Affairs submit to the exclusive jurisdiction of the Bankruptcy Court for purposes of any proceeding in respect of the interpretation or enforcement of the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, the United States-PI Claimant Medical Expense Claim Releases.]

T. Post-Effective Date Structure and Governance[63]

NewCo's post-Effective Date ownership and governance structure fulfills the vision embodied in the initial Settlement Framework and the DOJ Resolution for the Debtors' businesses to be transferred to a new entity for the benefit of claimants and the U.S. public. Building upon the framework established in the originally confirmed Plan, the updated terms are the product of extensive negotiations among the Debtors, the States AG Negotiating Group, the AHC, the UCC, the DOJ and other stakeholders, during the Post-Supreme Court Decision Mediation. The diagram

[63] [**NTD**: subject to ongoing review.]

and descriptions below summarize key elements of the structure and the related mechanisms by which NewCo Distributable Cash will be distributed to the Foundation, the Governmental Remediation Trust and the [Tribe Trust].



1. NewCo

[NewCo will be a newly formed Delaware limited liability company that will be directly owned by the Foundation (which will own 100% of the voting and economic Interests in NewCo). NewCo's Purpose will be to responsibly, sustainably, and transparently balance (i) the interests of its stakeholders to abate the opioid crisis, (ii) the effective deployment of its assets to address the opioid crisis, and (iii) the interests of those materially affected by its conduct. To this end, on or prior to the Effective Date, NewCo will directly or indirectly receive NewCo Transferred Assets, which consist of approximately $135 million of the Effective Date Cash and all of the Debtors' non-Cash Assets (including the equity of the Transferred Debtors) other than the Excluded Assets.[64] In connection with any action of NewCo, all elements of NewCo's Purpose shall be taken into account, and NewCo shall not be required (and the NewCo Managers shall not be required to cause NewCo) to maximize NewCo's or NewCo's subsidiaries' sales or profits. Up to 5% of the NewCo Distributable Cash, which shall not exceed $5 million per annum, will be distributed annually to the Foundation, which the Foundation may utilize to make grants for evidence-based strategies to abate the opioid crisis. NewCo shall allocate any remaining NewCo Distributable Cash not distributed to the Foundation to the Governmental Remediation Trust and the Tribe Trust.

NewCo will be governed by a board of five (5) disinterested and independent NewCo Managers who will each have experience in one or more of the following areas: pharmaceuticals, public policy (including public health policy), law enforcement, ethics and compliance, finance, audit, general business and/or corporate governance issues. The initial NewCo Managers will be

[64] Prior to the Effective Date, the Debtors commenced termination of the Purdue Pension Plan to ensure that this liability is resolved in the current favorable environment in which forecasted costs are lower than anticipated.

selected by the Settling States, with the consent (not to be unreasonably withheld) of the Ad Hoc Committee and in consultation with the Debtors and the Creditors' Committee, and pursuant to a selection process that is reasonably acceptable to the Debtors; provided that the DOJ shall have the right, in its discretion, to observe such selection process. The NewCo Board will (1) determine appropriate expenditure levels for commercial operations and the Public Health Initiatives; (2) make all decisions with respect to operations, taking into account NewCo's purpose; and (3) do so subject to oversight by the Foundation.

2. The Foundation

The Foundation will be a newly formed New York corporation to be created in accordance with the Plan and the Foundation Bylaws and is intended to be an exempt organization under IRC section 501(c)(4) for U.S. federal income tax purposes.

The Foundation will hold one hundred percent (100%) of the equity interests and voting rights in NewCo and will be entitled to collect cash distributions of up to 5% of NewCo Distributable Cash, which distributions shall not exceed in any year $5 million. NewCo shall allocate any remaining NewCo Distributable Cash not distributed to the Foundation to the Governmental NewCo Distributable Cash.

The Foundation will be governed by a board of three (3) disinterested and independent Foundation Trustees, *provided* that one (but no more than one) Creditor Trustee of the [Master Disbursement Trust] may serve as a Foundation Trustee; *provided* further that any action taken by such individual in his or her capacity as Foundation Trustee shall not be subject to the fiduciary duties of such individual in his or her capacity as a Creditor Trustee of the Master Disbursement Trust." The initial Foundation Trustees will be selected by the Settling States, with the consent (not to be unreasonably withheld) of the Ad Hoc Committee and in consultation with the Debtors and the Creditors' Committee, and pursuant to a selection process that is reasonably acceptable to the Debtors; *provided* that the DOJ shall have the right, in its discretion, to observe such selection process.

Additional information about the governance structure of the Foundation is set forth in Article IV.D.5.

3. Governmental Remediation Trust

The Governmental Remediation Trust will be a newly formed trust established in accordance with Section 5.8 of the Plan that will be administered by the Governmental Remediation Trust Administrator (as defined in the Governmental Remediation Trust Agreement) and created pursuant to the Delaware Statutory Trust Act and the Governmental Remediation Trust Agreement. The Governmental Remediation Trust will (i) receive all distributions on account of the Allowed Non-Federal Domestic Government Channeled Claims and (ii) make distributions to Allowed Non-Federal Domestic Governmental Claims, which distributions shall be further allocated among States and Subdivisions in accordance with the Governmental Remediation Trust Documents. The Governmental Remediation Trust will also fund the Class 4 Non-Participating Claims Reserve. To the extent a Non-Participating Channeled Claim in Class 4 becomes an

Allowed Claim, the Governmental Remediation Trust shall make distributions from the Class 4 Non-Participating Claims Reserve to the holder of such Allowed Claim.

The funds distributed to the Governmental Remediation Trust under the Plan will be allocated to each State for use within that State based on a detailed methodology developed in Mediation for determining the estimated amount of abatement funds to be distributed to each State. The Governmental Entity Direct Shareholder Settlement Agreement allows for intrastate allocation to be addressed by a State-Subdivision Agreement or by statute, with a default process to be used if a State does not otherwise have an allocation agreement. The core abatement purposes for which each State may allocate abatement funds are described in the Governmental Remediation Trust Documents.

States (and their Subdivisions) are divided into different groupings that impact the timing of payment of their distributions. Additional detail regarding the timing of distributions within each State will be set forth in more detail in the Governmental Remediation Trust Agreement, which will be included as part of the Plan Supplement.

The Governmental Remediation Trust Agreement will include provisions for distributing Estate Distributions in accordance with an estimated payment chart for each state (the "**GRT Waterfall**"). The GRT Waterfall will prioritize ensuring that each State receives its full amount of distributions on account of its settlement of direct claims and providing each state with its aggregate estimated total of Estate Distributions paid. The GRT Waterfall will also include certain provisions for disbursing funds to the extent the total amount received exceeds what is necessary to fully meet the aggregate distribution estimate for all 16 Payment Dates.

In addition to addressing intrastate allocation of abatement funds, the Governmental Entity Direct Shareholder Settlement Agreement sets forth the terms of the settlement between and among the Settling States, the Participating Subdivisions, and the Payment Parties. It includes various provisions outlining the solicitation process by which States and Subdivisions may opt into participating in the agreement, details base and incentive payments available to participating States and Subdivisions, and outlines mechanisms for the payment of certain attorneys' fees.

4. The Tribe Trust

The Tribe Trust will be one or more trusts, limited liability companies or other Persons to be established in accordance with Section 5.8 of the Plan to (i) assume all liability for the Tribe Channeled Claims, (ii) hold the MDT Tribe Interest and collect the Initial Tribe Trust Distribution and the other Public Creditor Trust Distributions received in accordance with the Public Entity Settlements, (iii) administer Tribe Channeled Claims, (iv) hold and administer the Class 5 Non-Participating Claims Reserve on and after the Effective Date, (v) hold the Class 5 Released Claims Reserve on and after the Effective Date and (vi) make Distributions in accordance with the Tribe TDP. Distributions to the Tribes will be required to be used exclusively for abatement purposes and permitted administrative costs, and will be made through one or more Tribe Trust entities that will abide by the Tribe Trust Distribution Procedures. The allocation of distributions among Tribes will be consistent with the Tribal Allocation Matrix set forth on Schedule E and the Tribal

Allocation Percentages set forth on Schedule C to the Tribe Trust Distribution Procedures, which will be included as part of the Tribe Trust Documents filed with the Plan Supplement. The Tribes will use the tribal allocation of Abatement Funds for programs on the approved list of abatement strategies (see Schedule B to the Tribe Trust Distribution Procedures) and also for culturally appropriate activities, practices, teachings or ceremonies that are, in the judgment of a tribe or tribal health organization, aimed at or supportive of remediation and abatement of the opioid crisis within a tribal community. A list of representative examples of such culturally appropriate abatement strategies, practices, and programs is attached to the Tribe Trust Distribution Procedures as Schedule D (the "**Tribal Abatement Strategies**"). The separate allocation of abatement funding and illustrative list of Tribal Abatement Strategies recognizes that American Indian and Alaska Native Tribes and the communities they serve possess unique cultural histories, practices, wisdom, and needs that are highly relevant to the health and well-being of American Indian and Alaska Native people and that may play an important role in both individual and public health efforts and responses in Native communities.

5. The Master Disbursement Trust

The Master Disbursement Trust will be a newly formed Delaware trust that will (i) hold and administer the MDT Transferred Assets and the Special Operating Reserve, (ii) serve as administrative agent with respect to Released Claims Reserves, (iii) make payments in satisfaction of the MDT Claims in accordance with the Plan and the Private Entity Settlements and (iv) make Public Creditor Trust Distributions in respect of the MDT Interests from MDT Distributable Value in accordance with the Plan and the Public Entity Settlements. The beneficiaries of the MDT Trust initially shall include, subject to Section 5.6(f)(iv) of the Plan, each of (i) the Public Creditor Trusts, (ii) the Hospital Trust, (iii) the ERP Trust, (iv) the Public School Trust, (v) the PI Trust, (vi) the TPP Trust, and (vii) the United States. Holders of MDT Claims shall cease to be MDT Beneficiaries upon payment in full of such MDT Claim. The Master Disbursement Trust will be governed by a board of three (3) disinterested and independent MDT Trustees. The MDT Trustees will be selected by the Settling States with the consent of the Ad Hoc Committee in consultation with the Debtors and the MSGE Group, through a selection process observed by the DOJ (in its discretion). There will also be an MDT Advisory Council that will consist of a total of seven (7) members: (i) four to be nominated by the Settling States, (ii) one to be nominated by the Settling States' four nominees, (iii) one to be nominated by the MDL Plaintiffs' Executive Committee, and (iv) one to be nominated by the MSGE Group, with each such nominee being appointed with the consent of the Ad Hoc Committee.

6. The Private Creditor Trusts

The Private Creditor Trusts consist of the PI Trust, the Hospital Trust, the TPP Trust, and the ERP Trust. The Private Creditor Trusts will hold beneficial interests in and collect payments from the Master Disbursement Trust of a specified amount in accordance with the Private Entity Settlements. Each of the Private Creditor Trusts will assume all liability for and administer Claims in the applicable Class and make distributions or award grants pursuant to their respective governing documents.

7. The Plan Administration Trust

The Plan Administration Trust will be established to (i) hold, manage, sell and invest the PAT Assets[65] for the benefit of holders of Claims (other than Channeled Claims and Federal Government Unsecured Claims), (ii) hold and maintain the PAT Reserves[66] and the PAT Distribution Account[67] and maintain the Professional Fee Escrow Account, (iii) administer, process, resolve and liquidate Claims (other than Channeled Claims and Federal Government Unsecured Claims), and (iv) make distributions to holders of Allowed Claims (other than Channeled Claims and Federal Government Unsecured Claims).

The Plan Administration Trust will be administered by the Plan Administration Trustee, who will be responsible for all decisions and duties with respect to the Plan Administration Trust and PAT Assets. The Plan Administration Trustee will be selected by the Debtors.

The Plan Administration Trust shall be dissolved after (a) all Disputed Claims against the Debtors have been resolved, (b) all PAT Assets have been liquidated, (c) the Plan Administration Trust has made all required distributions and (d) PPLP has been dissolved.

8. Effective Date Payments

On the Effective Date, all cash and cash equivalents of the Debtors will be used to: (i) fund reserves to be held by the Plan Administration Trust;[68] (ii) fund the MDT Operating Reserve for the operating expenses of the Master Disbursement Trust; (iii) fund the Initial NewCo Cash for post-Effective Date operations; (iv) make distributions under the Plan in respect of the Federal Government Unsecured Claims, Avrio General Unsecured Claims, Adlon General Unsecured Claims and Other General Unsecured Claims; (v) provide funding for the establishment of the public document repository; (vi) make Initial Private Creditor Trust Distributions under the Private

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[65] The PAT Assets consist of (i) the PAT Reserves, (ii) the PAT Distribution Accounts, (iii) the Retained Causes of Action relating solely to, and only to the extent necessary for, the administration of Claims against the Debtors (other than Channeled Claims), the enforcement of the Plan Administration Trust's rights and the other responsibilities of the Plan Administration Trust, *provided* that no Retained Causes of Action against Excluded Parties shall constitute PAT Assets, except as necessary to object to and resolve any Disputed Claims held by an Excluded Party, (iv) the Excluded Privileged Materials and (v) any other Excluded Assets that are not MDT Transferred Assets.

[66] The PAT Reserves consist of the Wind-Up Reserve, the PAT Disputed Claims Reserves, the Disputed Cure Claims Reserve and the Priority Claims Reserve. The Wind-Up Reserve will be established to pay all costs incurred from the administration of the Debtors' Estates after the Effective Date. The Disputed Claims Reserves will be established to make distributions to Disputed Claims that become Allowed Claims. The Disputed Cure Claims Reserves will be established to pay cure costs associated with contracts and leases assumed by NewCo and the Transferred Debtors. The Priority Claims Reserve will pay Allowed Administrative Claims, Allowed Secured Claims and Allowed Priority Claims.

[67] The PAT Distribution Accounts are one or more accounts to be established to make distributions on account of Allowed Claims (other than Channeled Claims).

[68] Such reserves include: the Priority Claims Reserve to satisfy Administrative Claims, Secured Claims and Priority Claims, the Disputed Claims Reserve to pay Disputed Other General Unsecured Claims that are ultimately allowed and the Creditor Trust Non-Participating Claims Reserves, the Disputed Cure Claims Reserve to pay Disputed Cure Claims that are ultimately allowed, the Professional Escrow Account to pay Professional Fee Claims, and the Wind-Up Reserve to pay for expenses of the Plan Administration Trust.

Entity Settlements and the Public Entity Settlements; (vii) make Initial Tribe Trust Distributions; (viii) make Initial Public Schools Distribution; and (ix) after the satisfaction of all amounts described above, make Initial Governmental Remediation Trust Distributions.

9. Dissolution of PPLP and PPI

Under the terms of the Plan, all Interests in PPLP and PPI will be terminated with no distribution. After the Effective Date, PPLP (and any other Debtor not transferred to NewCo) will continue to exist as Liquidating Debtors solely for the purposes of winding up their respective estates and liquidating such entities. To administer the wind-up and liquidation process, the PPLP Liquidator (which will be the Plan Administration Trustee) will assume governance and control of the Liquidating Debtors. The Plan Administration Trustee may dissolve all of the Liquidating Debtors after the Plan Administration Trust is established.

U. DOJ Resolution

On October 21, 2020, the Debtors filed a motion (the "**DOJ 9019 Motion**") seeking approval to enter into the DOJ Resolution (as described above in Article I.B). If the Plea Agreement is accepted by the New Jersey District Court, the DOJ Resolution will fully resolve the United States' civil and criminal investigations into the Debtors' past practices related to the production, sale, marketing and distribution of opioid Products and enable a value-maximizing restructuring. Pursuant to the DOJ Resolution (including the Plea Agreement, which remains subject to acceptance by the New Jersey District Court), the United States and the Debtors agreed as follows:

- Purdue Pharma agreed to the entry of the Forfeiture Judgment, which Forfeiture Judgment shall, (i) as of the later of (a) entry of the judgment of conviction in accordance with the Plea Agreement and (b) confirmation of the Debtors' Plan, have the status of an allowed superpriority administrative expense claim against Purdue Pharma, and (ii) be satisfied by (A) an upfront payment of $225 million (the "**Forfeiture Payment**") by Purdue Pharma within three business days following the entry of a judgment of conviction following a sentencing hearing held pursuant to the Plea Agreement and (B) application of the Forfeiture Judgment Credit by the United States of up to $1.775 billion for value distributed or otherwise conferred by Purdue Pharma under the Plan in respect of claims asserted by state, tribal, or local government entities;

- The sentence imposed at the sentencing hearing (which shall occur no earlier than 75 days following confirmation of the Debtors' Plan) shall order a criminal fine in the amount of $3.544 billion. The United States shall, as of the later of (i) entry of the judgment of conviction in accordance with the Plea Agreement and (ii) confirmation of the Debtors' Plan, have an allowed, unsubordinated, undisputed, non-contingent, liquidated unsecured claim against Purdue Pharma in such amount (the "**Criminal Fine Claim**");

- The United States shall have an allowed, unsubordinated, undisputed, non-contingent, liquidated unsecured claim against Purdue Pharma in the amount of

$2.8 billion arising from the Department of Justice's civil investigation (the "**Civil Claim**");

- The United States and Purdue Pharma stipulated and agreed to the statements set forth in Schedule A to the Plea Agreement (the "**Agreed Statement of Facts**"), and the United States agreed to a resolution in exchange for guilty pleas from Purdue Pharma to a three-count information;

- After the order confirming the Plan has become final and non-appealable, and the Plan has become effective, the Debtors will create and host a public document repository containing non-privileged documents in their possession, custody, or control that they have produced to the United States and that the United States identifies as relating to the charges asserted in the information and the alleged civil violations, which will be publicly available at an easily identifiable and accessible website;

- The New Jersey District Court will determine whether to accept the Plea Agreement at the sentencing hearing, pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C). Before the Plea Agreement is accepted by the New Jersey District Court at the sentencing hearing, Purdue Pharma may withdraw its pleas of guilty (i) if the Bankruptcy Court rejects, or otherwise declines to confirm, a Plan that provides for the emergence of a public benefit company (or other entity with a similar mission) or (ii) if the Office of Inspector General of the United States Department of Health and Human Services exercises, or states an intent to exercise, any available authority to exclude Purdue Pharma's successor public benefit company (or other entity with a similar mission) from participation in federal healthcare programs.

On November 17, 2020, the Bankruptcy Court held a hearing to consider approval of the DOJ 9019 Motion. On November 18, 2020, the Bankruptcy Court entered an order approving the DOJ 9019 Motion. *See Order Pursuant to 11 U.S.C. § 105 and Fed. R. Bankr. P. 9019 Authorizing and Approving Settlements Between the Debtors and the United States* [D.I. 2004] (the "**DOJ 9019 Order**").

On November 24, 2020, in accordance with the terms of the DOJ Resolution, PPLP pleaded guilty in the New Jersey District Court to an information charging it with three felony offenses: one count charging a dual-object conspiracy to defraud the United States and to violate the Federal Food, Drug, and Cosmetic Act, and two counts charging conspiracy to violate the federal Anti-Kickback Statute.

The DOJ Resolution preserves billions of dollars of value for creditors other than the federal government and maximizes the value available to address the opioid crisis. It favorably settles the risk of forfeiture or loss of all, or substantially all, of the Debtors' value flowing from the potential for criminal and civil forfeitures, fines, and penalties totaling billions of dollars, many of which are also alleged to be non-dischargeable. It also eliminates the prospect of extraordinarily expensive and value-destructive criminal prosecution and litigation by the federal government against the Debtors. While PPLP will be excluded from participation in federal healthcare

programs if the Plea Agreement is accepted and PPLP is convicted, the DOJ Resolution anticipates the emergence of a public benefit company or entity with a similar mission that can continue to commercialize the Debtors' medications following PPLP's exclusion. Moreover, if the confirmed Plan provides for emergence of a public benefit company or entity with a similar mission, value distributed or otherwise conferred in respect of claims asserted by state, tribal, or local government entities will receive the benefit of the Forfeiture Judgment Credit up to the $1.775 billion cap. Accordingly, the DOJ Resolution enables distributions to various claimants under the Plan that are substantially larger than would likely be possible without such an agreement with the United States.

V. The Debtors' Acceptance of Responsibility and Apologies for Past Misconduct

The Debtors have publicly and unequivocally acknowledged and apologized for their past misconduct.

On October 21, 2020, the Debtors issued a press release announcing the DOJ Resolution, under which PPLP pled guilty to three felony offenses—one count charging a dual-object conspiracy to defraud the United States and to violate the Federal Food, Drug, and Cosmetic Act and two counts charging conspiracy to violate the federal Anti-Kickback Statute—and stipulated to an Agreed Statement of Facts describing the underlying conduct. In this release, Steve Miller, who joined Purdue's Board as Chairman in July 2018, stated that "Purdue deeply regrets and accepts responsibility for the misconduct detailed by the Department of Justice in the agreed statement of facts." Press Release, Purdue Pharma, Purdue Pharma Reaches Agreement With U.S. Department of Justice (Oct 21, 2020), https://www.purduepharma.com/news/2020/10/21/purdue-pharma-reaches-agreement-with-u-s-department-of-justice/. In the DOJ 9019 Motion, the Debtors also highlighted for the Court that the DOJ Resolution is "the Debtors' public admission of responsibility for their past misconduct." DOJ 9019 Motion ¶ 9.

At the hearing in the United States District Court for the District of New Jersey at which PPLP (acting through its Chairman) pleaded guilty, PPLP again publicly acknowledged and took responsibility for its past misconduct, including acknowledging that Purdue "knowingly and intentionally conspire[d] with others to defraud the DEA by impeding, impairing, obstructing, and defeating the ability of the DEA to prevent the diversion of controlled substances," *US v. Purdue Pharma L.P.*, Tr. 38:21-25 (Nov. 24, 2020), "fail[ed] to cease promoting its opioid products to healthcare providers after receiving information suggesting that those healthcare providers were prescribing opioid products without a legitimate medical purpose and outside the usual course of professional practice, in situations in which Purdue possessed sufficient information that a decision should have been made to cease detailing," *Id.* 39:10-17, and "knowingly and willfully offer[ed] payments to two healthcare providers through the speaker program, where at least one purpose of the payment was to induce those healthcare providers to write more prescriptions for Purdue opioid products." *Id.* 42:6-11.

Purdue's CEO also addressed the Company's past misconduct at a public hearing before the House Committee on Oversight and Reform that was broadcast in video, stating: "To everyone listening who's been impacted by the opioid crisis, I want to be clear and I want to speak directly to you. On behalf of Purdue as its current leader, I'm profoundly sorry. . . . The company accepts full responsibility for its wrongdoing." The Role of Purdue Pharma and the Sackler Family in the

Opioid Epidemic: Hearing before the Committee on Oversight and Reform, 116 Cong. 2 (2020) (Statement of Craig Landau).

W. Public Document Repository

As previously approved by this Court and the Creditors on September 1, 2021, pursuant to Section 5.13 of the Plan, the document disclosure program will lead to the public disclosure of the most significant documents about Purdue, the Sackler family and the opioid crisis, including video depositions and millions of documents that Purdue produced in investigations and litigation over the past two decades. In addition, it will lead to the public disclosure of millions of documents not previously available to the public, including documents not previously produced in any investigation or litigation and certain privileged documents from the years when Purdue developed and promoted OxyContin and other opioid medications, as identified below. The document disclosure program and Public Document Repository will be conducted in a way to maximize public confidence and public access and will set a new standard for transparency. The Debtors' responsibility for complying with the DOJ document repository obligation set forth in the Plea Agreement is not modified by the Plan.

[The disclosure program provided in the Plan shall be funded in an aggregate amount of $39 million plus an additional $5 million earmarked for review and processing of the documents available for inclusion on the PDR.] It will be overseen by the disclosure oversight board ("**DOB**"), made up of up to four representatives appointed by each of the Ad Hoc Committee, the Creditors' Committee, the States AG Negotiating Group and the MSGE Group and one representative appointed by the Native American Tribe Group created on the Confirmation Date. On the Effective Date, or as soon as reasonably practicable thereafter, a Public Document Repository shall be established and hosted at an academic institution or library selected by the DOB, which will be responsible for hosting and maintaining the Public Document Repository in perpetuity.

Debtors or the Plan Administration Trust will provide the DOB with the following materials, among others, for potential inclusion in the Public Document Repository: (a) all transcripts and audio or video recordings of depositions taken in the Purdue Legal Matters, together with the exhibits to those depositions; (b) more than 13,000,000 documents (of more than 100,000,000 pages) produced by Debtors during the course of the Purdue legal matters, including the following: (i) documents from the Debtors' email system from present and former officers and senior current and former employees in marketing, sales, R&D, legal, compliance, and regulatory; (ii) documents that the Sackler Families sent or received on the Debtors' email system; (iii) documents that reflect clinical and pre-clinical research regarding opioids, including research related to safety and effectiveness of opioids; (iv) minutes and documents presented to the Board; (v) marketing and sales plans for opioid medications; (vi) sales call notes; (vii) standard operating procedures; (viii) suspicious order monitoring data and documents; and (ix) reports of concern and Purdue's Abuse & Diversion Detection program files pertaining to prescribers; (c) the non-privileged documents collected in the course of litigation, which are estimated to comprise more than twenty million additional documents; (d) all privilege logs regarding documents withheld by the Debtors in the Purdue Legal Matters; (e) documents obtained during the Chapter 11 Cases by the Ad Hoc Committee of NAS Children identified in the *First Amended Verified Statement of the Ad Hoc Committee of NAS Children Pursuant to Bankruptcy Rule 2019* regarding clinical and pre-clinical studies conducted by the Debtors or other companies associated with the Sackler Family

Members; and (f) certain privileged documents for which Debtors agree to waive privilege, including relating to marketing, regulatory submissions, distributions to the Sackler Family Members, and the organization and function of the board of directors.

Notwithstanding anything in the Plan, and with the exception of the documents over which Debtors waive privilege, the Public Document Repository shall not contain or disclose any documents or content of documents that are privileged, including privileged documents subject to a claw back by Debtors in the Purdue legal matters, documents that are subject to trade secret protection as defined in the Plan, or documents that are subject to protections against public disclosure by the Health Insurance Portability and Accountability Act or similar state or federal statute. Inadvertent production of non-waived privileged documents to the Public Document Repository does not operate as a waiver of the privilege and, upon discovery, any such privileged documents must be promptly removed from the Public Document Repository.

Shortly after the Confirmation Date, the Debtors shall file an appropriate motion asking the Bankruptcy Court or the United States District Court for the Southern District of New York to select and appoint a disclosure oversight Special Master. The Special Master's qualifications shall include former service as a judicial officer, whether as a state or federal judge, and no current or former director, officer, employee or attorney of the Debtors, the Sackler Family Members, the Creditors' Committee, or the Governmental Consent Parties shall be eligible to be appointed as the Special Master, counsel or staff working under the Special Master, *provided* that prior work for a Governmental Consent Party that was completed prior to 2015 shall not preclude the appointment of a Special Master. The Special Master will adjudicate all privilege and related disputes. The Special Master's reasonable hourly fees and expenses shall be paid out of the Disclosure Program Budget except as the Special Master orders otherwise upon finding that a party advanced an argument that was frivolous, harassing or in bad faith.

X. Initial Shareholder Settlement

1. Initial Settlement Framework

Shortly before the Petition Date, after more than a year of intense negotiations, the Debtors, the Sackler Families, and a critical mass of plaintiff constituencies reached an agreement in principle on the structure of a global resolution of the Pending Actions (the "**Initial Settlement Framework**"). The Initial Settlement Framework had three basic components: (i) Purdue Pharma's existing shareholders would relinquish all of their equity interests in the Debtors and consent to the transfer of all of the Debtors' assets to a trust or similar post-emergence structure for the benefit of claimants and the U.S. public, "free and clear" of liabilities to the fullest extent permitted by law; (ii) Purdue Pharma's existing shareholders would engage in a sale process for their ex-U.S. pharmaceutical companies; and (iii) Purdue Pharma's existing shareholders would contribute an additional $3 billion over seven years (in addition to 100% of the value of all 24 Debtors), with the hope of substantial further contemplated contributions from the sales of their ex-U.S. pharmaceutical businesses. This Initial Settlement Framework served as the starting point for negotiating a settlement that could be finalized and effectuated only through chapter 11.

This Initial Settlement Framework, however, was far from a final settlement. Indeed, the Debtors made clear on multiple occasions that the Initial Settlement Framework left many items

to be negotiated and resolved. The Debtors, together with the Creditors' Committee, the Ad Hoc Committee of Governmental and Other Contingent Litigation Claimants, the NCSG and the Multi-State Governmental Entity Group (together with the AHC and the NCSG, the "**Non-Federal Public Claimants**"), worked tirelessly for more than a year continuing to negotiate improved settlement terms that would maximize creditor support. As the Debtors explained early in these Chapter 11 Cases, the Debtors have long viewed the process of confirming a plan as requiring passing through four "gates." Gate one was reaching agreement with a critical mass of important plaintiff constituencies and the Sackler Families on the Initial Settlement Framework shortly before the Petition Date. Gate two was memorializing the Initial Settlement Framework in the term sheet agreed by and among the Debtors, the Ad Hoc Committee, and the Sackler Families filed with the Court on October 8, 2019. *See Notice of Filing of Term Sheet with Ad Hoc Committee* [D.I. 257]. Gate three was proposing a comprehensive restructuring transaction based on the Initial Settlement Framework, which the Debtors had always recognized would require massive amounts of diligence, structuring and negotiation. *See* Nov. 19, 2019 Hr'g Tr. 70:8-71:14. The Debtors and their key stakeholders engaged in an extensive process leading up to filing the plan, including through the Court-ordered Pre-Confirmation Mediation, to develop, build upon and refine the Initial Settlement Framework. That process involved negotiating the proposed terms of the settlement of claims against the Debtors' shareholders, reaching agreement on the allocation of estate value among various classes of creditors and addressing a host of other issues expressly left open in the term sheet memorializing the Initial Settlement Framework. Gate four was the confirmation hearing where the Debtors sought approval of the substantially improved settlement embodied in the Twelfth Amended Plan.

2. The Special Committee's Investigation and Approval of Settlement of Claims Against the Sackler Families

Shortly after it was formed, the Special Committee, in consultation with Davis Polk, discussed certain areas of investigation, including a review of all transfers from Purdue Pharma to or for the benefit of the Sackler Families and Sackler Entities. This led the Special Committee, again in consultation with Davis Polk, to discuss the nature and scope of an investigation into potential estate claims against the Sackler Families and Sackler Entities. The purpose of this investigation was to form the basis to determine whether to bring litigation against the Sackler Families and Sackler Entities to recover on these potential Estate claims or to determine if, in the business judgment of the Special Committee, it was more prudent to seek a settlement with the Sackler Families and Sackler Entities and whether any proposed Initial Settlement Framework was fair and equitable and thus in the best interests of the estate.[69]

The Special Committee met on a regular basis and in special sessions as warranted by circumstances. In total, the Special Committee held no fewer than 56 meetings between May 21, 2019 and March 14, 2021. During its meetings, the Special Committee received many reports, briefings, and updates from Davis Polk, including reports, briefings and updates, prepared at the request of Davis Polk, from expert accounting and financial advisors at AlixPartners and Bates White regarding the investigation and analysis of potential estate claims against the Sackler

[69] *See Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414 (1968).

Families and Sackler Entities. There were also hundreds of calls and emails among the members of the Special Committee and with its professionals.

Together with evaluating potential claims by the Debtors against the Sackler Families and Sackler Entities, the Special Committee also considered, among other matters and pursuant to its mandate, (i) a review of all related party transactions that the Debtors maintained with the Sackler Families and Sackler Entities; (ii) the contribution of Rhodes Associates, including Rhodes Pharmaceuticals and Rhodes Technologies, to Purdue Pharma; (iii) the amendment, renegotiation, or termination of certain supply, licensing, and intercompany services agreements between Purdue and the IACs; (iv) a reevaluation of the lease for Purdue Pharma's headquarters with One Stamford Realty L.P. ("**OSR**"); and (v) all requests for advancement of legal fees for current and former officers, directors, and employees in connection with litigation or governmental investigations pending against the Debtors.

(i) Investigation of Potential Estate Causes of Action

Over the course of more than 22 months, the Special Committee conducted a comprehensive investigation into potential claims that the Debtors may have against the Sackler Families and Sackler Entities. The investigation included an exhaustive review by legal counsel and forensic and financial experts to identify and assess transfers from the Debtors to or for the benefit of the Sackler Families and Sackler Entities and an in-depth legal and factual analysis of the strengths and weaknesses of various potential claims by the Debtors against the Sackler Families and Sackler Entities.

The legal and factual investigation undertaken by Davis Polk on behalf of the Special Committee was conducted by a team of Davis Polk lawyers. The Davis Polk investigation team was led by partner Charles S. Duggan and counsel Margarita Clarens. Mr. Duggan has deep experience representing corporate boards of directors, audit committees and special board committees in conducting internal investigations. Ms. Clarens similarly has extensive experience in conducting internal investigations on behalf of corporations in a broad range of industries.

Beginning in April 2019, in anticipation of the formation of a Special Committee, and continuing through March 2021, the Davis Polk lawyers assisting with the Special Committee's investigation devoted more than 22,500 hours to the investigation and analysis of potential estate claims. Where necessary, the Davis Polk team was supplemented by a separate team of attorneys that performed initial screenings of electronic documents and escalated relevant documents for review by Davis Polk and other professionals, including AlixPartners and Bates White, as appropriate.

(A) Identification of Potential Claims

At the outset of its investigation, Davis Polk undertook a searching assessment to identify all facts and legal theories that might provide a basis for claims by the Debtors against the Sackler Families and Sackler Entities. To this end, one of the first projects was to review the complaints filed against Purdue Pharma and members of the Sackler Families that asserted claims that in bankruptcy were capable of assertion by the Debtors, such as claims for fraudulent transfer, breach of fiduciary duty, unjust enrichment, veil piercing, and alter ego. In addition, to further ensure that

the investigation on behalf of the Special Committee inquired into all facts and circumstances potentially relevant to such claims, Davis Polk also surveyed relevant news articles and media publications relating to Purdue Pharma and the Sackler Families and Sackler Entities for potentially relevant information. Based on this review of public-record materials, Davis Polk identified and evaluated potential subjects for further investigation.

For example, Davis Polk considered allegations made by the Connecticut, Massachusetts, New York, and Oregon Attorneys General, among others, that in the face of mounting litigation risk arising from its sale and marketing of OxyContin, Purdue Pharma, at the direction of the Sackler Families, made hundreds of millions of dollars in shareholder distributions each year for no consideration and in bad faith, leaving behind insufficient assets to satisfy the claims of Purdue Pharma's creditors. Based on these and other similar allegations, as well as information available regarding Purdue Pharma's distributions, Davis Polk continued to investigate fraudulent transfers.

Based on allegations reported by the *Financial Times* that Rhodes Pharma was created in 2008 as part of a scheme to "siphon billions of dollars" out of Purdue Pharma following its guilty plea in 2007 to violations of federal drug marketing laws and $634.5 million settlement, the circumstances surrounding the formation of Rhodes Pharma was similarly identified as a topic for investigation.

In view of these allegations and reports, and supplemented primarily by their ongoing review, the Special Committee and Davis Polk focused the factual investigation and legal analysis on the following potential theories of claims and recoveries against the Sackler Families and Sackler Entities:

- ***Intentional Fraudulent Transfer*** based on theories that members of the Sackler Families, acting based on fears that Purdue Pharma was subject to potentially overwhelming liabilities for harms caused by opioids or for violations of law relating to marketing or other sales practices, caused Purdue Pharma to transfer cash and other assets to the Sackler Families or Sackler Entities with the intent of keeping those assets out of the hands of possible Purdue Pharma creditors.

- ***Constructive Fraudulent Transfer*** based on theories that, while it was legally insolvent as a result of accrued but unliquidated liabilities, Purdue Pharma transferred cash and other assets to the Sackler Families and Sackler Entities without receiving reasonably equivalent value in exchange.

- ***Breach of Fiduciary Duty*** based on theories that members of the Board—including members of the Sackler Families—breached their fiduciary duties to Purdue Pharma by (i) entering into self-dealing transactions that injured Purdue Pharma, (ii) directly causing Purdue Pharma to engage in the misconduct underlying the DOJ settlements and other lawsuits, or (iii) consciously failing to monitor Purdue Pharma's compliance programs.

- ***Unjust Enrichment*** based on theories that members of the Sackler Families and the Sackler Entities had acted in bad faith and, therefore, were unjustly enriched by the transfers of cash and other assets from Purdue Pharma, as well as any additional

profits realized as a result of such transfers, at the expense of Purdue Pharma and its creditors.

- ***Veil-Piercing***, as a means of recovery for potential claims, based on theories that members of the Sackler Families controlled and dominated the Debtors and the IACs, that members of the Sackler Families operated the Debtors and IACs as a single enterprise, and that members of the Sackler Families used their control and domination to cause injury generalized to the estate as a whole by transferring value from the Debtors to trusts held for their benefit.

(B) Analysis of Key Legal Issues

Throughout the investigation, the Special Committee received briefings on and considered various legal matters bearing on the potential estate claims. Specifically, Davis Polk advised the Special Committee on choice of law analyses focused on determining which jurisdiction's laws would govern each of the claims. After canvassing the relevant statutes, case law, and secondary sources, Davis Polk also advised the Special Committee on the substantive elements of each claim including, among others, the "badges of fraud" considered intentional fraudulent transfer claims, the treatment of unliquidated legal claims in assessing insolvency in constructive fraudulent transfer claims, the fiduciary duties, including the duty of loyalty, owed by a board to a company and, potentially, the company's creditors, and conduct that could constitute a breach of such duties, how a party can recover for unjust enrichment, and when plaintiffs can pierce the corporate veil.

Other legal questions relevant to the potential estate claims were considered as well, including, but not limited to:

(ii) Statutes of Limitation / Lookback Periods

Davis Polk evaluated applicable statutes of limitations for each claim under review. Notably, Davis Polk evaluated whether the Company could extend the statute of limitations for a fraudulent transfer recovery action beyond the two-year lookback period provided by section 548 of the Bankruptcy Code. In particular, Davis Polk evaluated the applicability of state or federal law under section 544, as well as other legal principles and doctrines, that could form the basis of extending the limitations period.

(A) Prejudgment Interest

Davis Polk considered whether a court would award prejudgment interest in the context of potential estate claims, including an intentional fraudulent transfer recovery action, and, if so, the rate at which prejudgment interest would be set and the date from which prejudgment interest would accrue. In connection with this analysis, Bates White, at Davis Polk's direction, prepared an analysis of a range of prejudgment interest awards based on various rates and accrual dates.

(B) Tax Distributions

Davis Polk evaluated whether distributions made for the purpose of satisfying the tax obligations of Purdue Pharma's shareholders (the "**Tax Distributions**") were properly the subject of a constructive or intentional fraudulent transfer recovery action, including whether the Tax

Distributions could be considered reasonable equivalent consideration for Purdue Pharma's status as a pass-through entity.

(C) Collectability of Potential Judgments

Davis Polk also evaluated issues relating to the ability to collect judgments from the Sackler Families' trusts, both in the United States and abroad. Many of the trusts held for the benefit of the descendants of Mortimer D. Sackler ("**Side A**" of the Sackler Families) are organized in the Bailiwick of Jersey, Channel Isles, and are governed by Jersey law. For this reason, the Debtors, in conjunction with the Creditors' Committee, negotiated a standstill agreement and retained local counsel in Jersey to provide advice on matters pertaining to Jersey law.

(iii) Collection, Search and Review of Documents

With respect to the factual investigation conducted on behalf of the Special Committee, a key initial phase focused on identifying, collecting, and processing records—including electronic documents and emails—from Purdue Pharma and other entities that might be relevant to an assessment of potential claims by the Debtors against the Sackler Families and Sackler Entities. In conducting this key initial phase of its review, Davis Polk collected over 21 million documents covering a period of almost 25 years from Purdue Pharma custodial files of 110 current and former Directors, officers, and employees of Purdue Pharma and affiliated entities. The individuals whose records Davis Polk collected for search and review included:

- All members of the Sackler Families who held any position with Purdue Pharma between 1995 and the Petition Date, including as a Director, officer, employee, consultant, or intern;
- Every member of the Board between 1995 and the Petition Date, excepting only the new independent Directors who serve on the Special Committee;
- Each individual who served as a CEO, CFO, or General Counsel of Purdue Pharma between 2006 and 2018;
- Notable advisors to Purdue Pharma or the Sackler Families who held positions at Purdue Pharma or affiliates and were assigned a Purdue Pharma email address, such as Stuart Baker, the longtime corporate secretary for and advisor to the Board, and Stephen Ives, an outside advisor and accountant to certain members of the Sackler Families; and
- Specified custodians, who based on their tenure and positions in Purdue Pharma's legal, government affairs, compliance, corporate security, R&D, sales and marketing, and corporate communications functions, were identified as likely to have information relevant to potential estate claims.

The Purdue Pharma documents collected by Davis Polk included, among other things, custodial records, such as emails and other correspondence, as well as shareholder and Board materials and minutes, organization charts, memoranda, presentations, transaction documents,

corporate governance documents, financial statements and projections, legal advice, spreadsheets, and litigation-related documents.

The collection included documents produced by Purdue Pharma in certain prior litigations, such as the opioid-related multidistrict litigation pending in the Northern District of Ohio, and certain government investigations, including the then-pending investigation by the DOJ, as well as the electronic files and records collected for purposes of those productions.

Davis Polk searched this enormous database of electronic records innumerable times in the course of conducting its investigation on behalf of the Special Committee and, as part of its review, developed complex search strings containing hundreds of potentially relevant terms designed to identify documents relevant to potential estate claims. These searches initially identified more than 428,000 internal Purdue Pharma documents for higher-priority review. Utilizing a technology-assisted review algorithm to identify and prioritize documents most likely to be relevant to the investigation, Davis Polk and other attorneys reviewed 175,500 of these documents.

Davis Polk also conducted numerous individual targeted searches, as well as smaller and discrete targeted reviews, to probe key events, individuals, and relevant issues as they were identified over the course of the investigation. For example, in connection with the investigation into the circumstances surrounding the formation of Rhodes Pharma, Davis Polk reviewed and analyzed an additional 30,000 internal Purdue Pharma and Rhodes documents.

The topics and issues investigated by Davis Polk included, among other things:

- Purdue Pharma's exposure to civil or criminal liabilities relating to its sale and marketing of OxyContin, and the awareness by members of the Sackler Families of the same;

- Purdue Pharma's history of OxyContin-related litigation and government investigations, including its prior settlements with private plaintiffs and with various federal, state, and local government agencies;

- Purdue Pharma's history of litigation relating to its patents for OxyContin and related efforts to preserve patent exclusivity;

- Purdue Pharma's compliance with regulatory and other obligations concerning efforts to monitor potential abuse and diversion of OxyContin;

- Histories of and motivations behind various cash and non-cash transfers of value from Purdue Pharma to or for the benefit of the Sackler Families and Sackler Entities;

- Purdue Pharma's risk of potential insolvency and the consideration of restructuring;

- Purdue Pharma's stated business strategies and objectives, including its efforts relating to research and development, mergers and acquisitions, and other business development initiatives;

- Purdue Pharma's efforts to obtain third-party debt or other sources of capital;
- Purdue Pharma's motivations for pursuing an abuse-deterrent formulation of OxyContin;
- Reactions by senior Purdue Pharma executives and members of the Board to press articles reporting on the national opioid crisis; and
- The extent to which members of the Sackler Families controlled or dominated Purdue Pharma.

Davis Polk also reviewed approximately 760,500 additional internal Purdue Pharma documents in connection with responding to requests for discovery from the Creditors' Committee. Also considered and analyzed were documents identified by the Creditors' Committee and shared with Davis Polk on a common interest basis as relevant to the potential claims.

In addition to its collection and review of internal Purdue Pharma documents, Davis Polk also participated in efforts led primarily by the Creditors' Committee and NCSG to obtain discovery from parties and non-parties in these proceedings, including the Sackler Families, the law firm Norton Rose Fulbright LLP, the IACs, certain financial institutions, and others.[70] Specifically, on behalf of the Special Committee, Davis Polk participated in over 20 teleconferences between the creditors and Sackler Families and Sackler Entities regarding the scope of discovery, among other issues. Davis Polk also participated in over a dozen additional calls and other communications relating to discovery from Norton Rose Fulbright LLP.

Based on the results of these efforts, Davis Polk, on behalf of the Special Committee, conducted numerous individual targeted searches over custodial documents, electronic records, and financial records produced by the parties and non-parties to probe key events, individuals, and relevant issues, as listed above.

Finally, Davis Polk reviewed and analyzed documents relating to Purdue Pharma's long and complex history of opioid-related litigation and legal liability principally arising from its sale and promotion of OxyContin, as well as relevant documents bearing on its long history of patent litigation. Davis Polk considered and analyzed public and internal documents related to Purdue Pharma's history of litigation and government investigations, including complaints and other court filings, subpoenas, civil investigative demands, plea agreements, settlement documents, and court decisions spanning from early 2001 through the Petition Date.

In all, Davis Polk, and other attorneys working at its direction, reviewed over 960,670 documents, comprising over seven million pages, in connection with its investigation into potential estate claims.

(iv) Forensic Analysis of Transfers to or for the Benefit of Sackler Entities

[70] *See supra*, Article III.Q.

The Special Committee commissioned a sweeping review of transfers of value to or for the benefit of the Sackler Families and Sackler Entities, including to assess potential recoveries by the Debtors from the Sackler Families and Sackler Entities on a variety of legal theories. In furtherance of the Special Committee's investigation, Davis Polk engaged experts experienced in both forensic accounting and the valuation of pharmaceutical assets to assist Davis Polk by compiling and analyzing data at Purdue Pharma and obtained in discovery from third parties to identify transfers by Purdue Pharma to the Sackler Families and Sackler Entities or commercial dealings with Sackler Entities that might support claims of recoupment by the Debtors, on a variety of legal theories.

In April 2019, Davis Polk engaged AlixPartners to perform a comprehensive forensic review to identify (i) all material cash transfers of value to or for the benefit of the Sackler Families and Sackler Entities and (ii) all material dealings between Purdue Pharma and the Sackler Families and Sackler Entities, in both cases from 2008 through September 2019.

AlixPartners is a preeminent consulting firm that provides forensic accountings, financial analyses, and other professional services. The AlixPartners team was led by Richard Collura, a Managing Director who specializes in large-scale financial investigations and complex forensic accounting. Mr. Collura has worked with counsel in representing companies, boards of directors, audit committees, special committees, and creditors' committees in connection with bankruptcy cases and other distressed company situations. He is a Certified Public Accountant, Certified Fraud Examiner, Certified Insolvency and Restructuring Advisor, and is certified in financial forensics by the American Institute of Certified Public Accountants. Mr. Collura was assisted in his work by an experienced team of professionals including Certified Public Accountants (CPAs), Certified Fraud Examiners (CFEs), CFA charterholders and Masters of Business Administration (MBAs), many of whom have been Certified in Financial Forensics by the American Institute of Certified Public Accountants.

AlixPartners has extensive experience conducting large-scale, high-profile independent forensic accounting investigations. Its professionals assisting Davis Polk with the investigation on behalf of the Special Committee have a comprehensive understanding of how transactions are recorded in accounting systems and the technical capabilities to extract, manage, and analyze large sets of transactional data. They have performed complex cash tracing analyses and traced assets transferred around the world, and conducted investigations involving intercompany transactions as well as transactions with insiders and related/affiliated entities.

AlixPartners had full access to Purdue Pharma's internal accounting systems, documents and personnel, including individuals in Purdue Pharma's finance and legal functions, as well as access to personnel at OSR, an IAC that provides facilities and administrative services to Purdue Pharma and PPI, and TXP Services Inc. ("**TXP**"), an IAC that provides accounting and other administrative services to Purdue and PPI.[71]

[71] The various services agreements between Purdue Pharma and PPI, on the one hand, and TXP and OSR, on the other hand, have been renegotiated at the direction of the Special Committee, such that TXP and OSR no longer provide the accounting, facilities and administrative services to Purdue Pharma and PPI that were historically provided in years prior.

(A) Cash Transfers

At the request and working under the supervision of Davis Polk, AlixPartners generated a comprehensive 355-page report on behalf of the Special Committee of all cash transfers to the Sackler Families and Sackler Entities from January 1, 2008 through September 30, 2019 (the "**1A Report**"). The 1A Report details approximately $10.347 billion in total net cash distributions paid by Purdue Pharma and Rhodes to or for the benefit of the Sackler Families and Sackler Entities during this time period. These amounts include $4.120 billion in cash distributions to partners of Purdue Pharma, approximately $4.680 billion in Tax Distributions for the benefit of partners, and approximately $1.547 billion in distributions earmarked for other Sackler Entities.[72]

In preparing its report, AlixPartners reviewed, among other things, organizational charts of entities owned by the Sackler Families, Purdue Pharma's SAP accounting system, audited financial statements, internal financial and accounting statements and records, payroll records, pension benefit records, and travel and expense reimbursement reports and records. AlixPartners interviewed 19 employees of Purdue Pharma, OSR, and TXP in connection with the 1A Report. AlixPartners' investigation and the report required approximately 6,500 hours to complete over the course of seven months.

At Davis Polk's direction, AlixPartners presented its findings as reflected in the draft 1A Report to the Special Committee and furthered certain points of its analysis in response to the Special Committee's review. The Special Committee authorized the Debtors to make the contents of the report public, and on December 16, 2019, the Debtors filed the 1A Report with the Bankruptcy Court [D.I. 654].[73]

(B) Non-Cash Transfers and Intercompany Dealings

Also at the request and working under the direction of Davis Polk, AlixPartners produced a second comprehensive 400-page report on behalf of the Special Committee that detailed Purdue Pharma's non-cash distributions and transfers and other dealings with Sackler Entities between January 1, 2008 and September 15, 2019 (the "**1B Report**"). The forensic investigation and analysis required for the 1B Report similarly required an exhaustive review of, among other things, organizational charts of entities owned by the Sackler Families, Purdue Pharma's SAP accounting system, audited financial statements, internal accounting records and other documentation regarding intercompany transactions (e.g., invoices and wire instructions) maintained by Purdue Pharma. AlixPartners also interviewed numerous employees of Purdue Pharma and TXP in connection with the 1B Report. AlixPartners' work on the 1B Report required approximately 4,500 hours over a period of 12 months.

The 1B Report identified intercompany dealings between Purdue Pharma and the Sackler Entities, including royalty arrangements to sell OxyContin outside the United States, service agreements, and asset transfers; intercompany dealings between the Rhodes Debtors and Sackler Entities, including for active pharmaceutical ingredients; intercompany dealings between Purdue

[72] The figures identified in the 1A Report were essentially identical to those identified in the Company's earlier calculation.

[73] The 1A Report was redacted consistent with the operative protective order in the Chapter 11 Cases.

Pharma and the Rhodes Debtors, including for contract manufacturing services; and non-cash distributions from Purdue Pharma to its shareholders, including distributions of equity in related- and third-party entities and distributions of the rights to non-ADF OxyContin and other products.

At Davis Polk's direction, AlixPartners presented its findings as reflected in the draft 1B Report to the Special Committee and furthered certain points of its analysis in response to the Special Committee's review. The Special Committee authorized the Debtors to make the contents of the report public, and on May 29, 2020, the Debtors filed the 1B Report with the Bankruptcy Court [D.I. 1194].[74]

(C) Valuation of Non-Cash Transfers and Intercompany Dealings

As a complement to AlixPartners' work in detailing the transactions contained in the 1B Report, Davis Polk retained the financial advisory firm Bates White, a leading financial consulting firm with expertise in valuation, transfer pricing, econometrics and data analysis and significant experience in the pharmaceutical and life sciences industries, to perform an analysis to determine whether, for each of the material transfers or transactions identified by AlixPartners in the 1B Report, (i) Purdue Pharma received fair value and (ii) if Purdue Pharma did not receive fair value, an estimation of the excess value provided by Purdue Pharma over the value (if any) that it received in exchange. Among numerous other items, Bates White assessed whether, for example, Purdue Pharma granted licenses to various IACs to market and sell OxyContin at royalty rates that were lower than a true arm's-length royalty, or whether Purdue Pharma paid various IACs amounts for services or for supply of API at rates higher than true arm's-length service and supply rates. In addition to this valuation and transfer pricing analysis, Davis Polk also asked Bates White to analyze the Tax Distributions identified by AlixPartners in the 1A Report to assess amounts actually paid to taxing authorities, as well as the portions of such amounts attributable to profits earned by Purdue Pharma as opposed to other Sackler Entities.

The valuation and transfer pricing analysis performed by Bates White was led by Dr. David DeRamus, a partner and founding member of Bates White and an expert in transfer pricing and tax, antitrust and competition, and public policy and regulatory economics. He has provided expert analysis on a number of topics, including pricing analysis, damages analysis, quantitative modeling, and valuation. Dr. DeRamus received a doctorate and a master's degree in economics from the University of Massachusetts and a Bachelor's degree from Duke University.

To prepare its transfer pricing analysis, Bates White reviewed, among other things, numerous documents provided by Purdue Pharma and produced by various IACs, including, for example, audited financial statements, Board materials and presentations, intercompany licensing, servicing and manufacturing supply agreements, and other internal records. In addition, Bates White reviewed over 4,000 documents, as well as other data from third-party sources, including, for example, information from commercial databases regarding third-party licensing agreements, public regulatory filings from third parties in the pharmaceutical industry, and other documents in

[74] The 1B Report was redacted consistent with the operative protective order in the Chapter 11 Cases.

the public domain. Bates White's analysis required approximately 15,130 hours over a period of more than 18 months.

Based on this analysis, Bates White determined in its professional judgment that Purdue Pharma transferred significant value to the Sackler Families and Sackler Entities between January 1, 2008 and September 15, 2019. These value transfers included, among other things, the distribution by Purdue Pharma of non-Cash Assets on certain occasions between 2008 and 2019—such as, for example, equity interests in businesses distributed out of Purdue Pharma in 2013 and 2014 and the assignment by Purdue Pharma of the right to future royalties payable on non-ADF formulations of OxyContin in 2017. Bates White also determined that certain dealings between Purdue Pharma and the Sackler Families and various Sackler Entities were not conducted on arm's-length terms, including in particular that Purdue Pharma received below-market royalties from the Sackler Families and Sackler Entities on sales of OxyContin.

Davis Polk and Bates White presented Bates White's preliminary findings as to these matters to the Special Committee, including the different amounts of value that Bates White estimated in its professional judgment had been transferred from Purdue Pharma to the Sackler Families and Sackler Entities as a result of the activities identified in the 1B Report.

At Davis Polk's direction, Dr. DeRamus and his colleagues at Bates White also presented their preliminary assessments and analyses with respect to these issues on a common interest basis to the legal counsel and the financial advisors for the Creditors' Committee on May 21, 2020 and September 21, 2020, and members of the investigation teams at Davis Polk and Bates White had numerous follow-on video or telephonic conferences on a common interest basis with the Creditors' Committee and its advisors on Bates White's methodology, views, and the evidence relied upon in making its assessments.

(v) Insolvency Analysis

With respect to its evaluation of potential constructive fraudulent conveyance claims, Davis Polk, on behalf of the Special Committee, directed Bates White to also complete two complementary analyses: (a) a "foreseeability" analysis evaluating the impact that certain events may have had on the foreseeability of Purdue Pharma's default risk and (b) an "accrual analysis" of Purdue Pharma's liabilities to determine its potential insolvency over time.

In conducting these analyses, Bates White reviewed numerous documents including relevant financial statements and business plans, as well as documents reflecting behavior of Purdue Pharma's economic counterparties (e.g., joint ventures, insurers and lenders), market indicators (e.g., Purdue Pharma's indicative credit ratings, industry exclusions, event studies, case studies and competitor disclosures), documents related to the overall legal environment for opioid manufacturers and public awareness of the opioid epidemic, and the DOJ settlement documentation, including any factual admissions and allegations of misconduct.

The foreseeability analysis was led by Dr. Charles Mullin. Dr. Mullin is the Managing Partner of Bates White and is a recognized expert in statistical and data analysis, econometrics, economic and microsimulation modeling, insurance allocation, and asbestos-related matters. He has provided expert opinions and testimony in a wide range of matters, including the valuation of

mass tort claims in the class action and bankruptcy contexts. Dr. Mullin has published numerous papers on applied and theoretical econometrics and labor economics in peer-reviewed journals. He received a doctorate in economics from the University of Chicago and a Bachelor's degree in mathematics and economics from the University of California, Berkeley.

Bates White presented the findings of the foreseeability analysis and the accrual analysis to the Special Committee.

(vi) Depositions and Interviews

Davis Polk attended all 16 discovery depositions conducted in these Chapter 11 Cases. The deponents included every living member of the Sackler Families who served on the Board, each of Purdue Pharma's current and former CEOs, and several advisors to Purdue Pharma and the Sackler Families. The examinations were conducted primarily by counsel for the Creditors' Committee and the NCSG, and in furtherance of cooperation with counsel for both groups, Davis Polk on repeated occasions provided select documents to the Creditors' Committee in advance for potential use during the depositions. In addition, prior to certain depositions, Davis Polk conferred with counsel for one or both groups regarding potential lines of examination.

In addition to participating in depositions, Davis Polk interviewed a number of key individuals in connection with various aspects of the investigation into potential estate claims. For example, in connection with its investigation into the circumstances surrounding the formation of Rhodes Pharma, Davis Polk interviewed six current and former Purdue Pharma and Rhodes Pharma officers and Directors. As noted, Bates White and Davis Polk also jointly interviewed 15 Purdue Pharma employees and advisors in connection with the investigation into various cash and non-cash transfers from Purdue Pharma. In addition, throughout the investigation, Davis Polk held numerous discussions with senior and longtime members of Purdue Pharma's in-house legal department with respect to Purdue Pharma's history of OxyContin-related litigation and government investigations, corporate governance issues, the Board's decision-making processes, including how decisions were made concerning the IACs, the purpose and functions of certain Sackler Entities, and various royalty and licensing arrangements, among other things.[75]

(vi) Information Presented on Behalf of the Sackler Families

To complement its review of large numbers of internal Purdue Pharma and third-party documents, Davis Polk and its advisors also received and evaluated a series of detailed presentations and supporting documentation provided by representatives of the Sackler Families on several key topics, including the Sackler Families' trust structures, the amount and location of assets held by the Sackler Families, and the Sackler Families' defenses to primary liability and estate claims. The Sackler Families had agreed to make these presentations, and to supply the required information, under the terms of a case management stipulation signed on November 5, 2019, and so-ordered by the Bankruptcy Court on November 20, 2019. *See Amended and Restated*

[75] In connection with the transfer pricing analysis, Davis Polk and Bates White jointly interviewed 13 Purdue Pharma employees, including select members of Purdue Pharma's legal, finance, operations, sales and marketing, R&D, and regulatory affairs functions, as well as two outside advisors associated with Norton Rose Fulbright LLP.

Case Stipulation Among the Debtors, the Official Committee of Unsecured Creditors and Certain Related Parties (the "**Case Management Stipulation**") [D.I. 431-1].

- On November 22, 2019, the Davis Polk investigation team attended an approximately four-hour oral presentation by Debevoise & Plimpton LLP ("**Debevoise**") on behalf of Side A and Milbank LLP ("**Milbank**") and Joseph Hage Aaronson LLC ("**Joseph Hage**") on behalf of the descendants of Raymond R. Sackler ("**Side B**" of the Sackler Families) regarding the general classes of assets held by the Initial Covered Sackler Persons ("**ICSPs**"), as defined in the Case Management Stipulation. The Davis Polk investigation team also received and reviewed an accompanying 130-page presentation from Side A regarding the general classes of assets for Side A ICSPs and a 108-page presentation and 21-page supplemental presentation regarding the general classes of assets for Side B ICSPs;

- On December 9, 2019, the Davis Polk investigation team attended an approximately seven-hour oral presentation by Debevoise on behalf of Side A and Milbank and Joseph Hage on behalf of Side B regarding the Sackler Families' defenses to primary liability and estate claims and arguments in favor of settlement. The Davis Polk investigation team also received and reviewed an accompanying 128-page presentation from Side A and a 580-page presentation from Side B;

- On January 29, 2020, the Special Committee received an approximately three-hour oral presentation from Debevoise on behalf of Side A and Milbank and Joseph Hage on behalf of Side B regarding their defenses to primary liability and estate claims and arguments in favor of settlement;

- On January 15, 2020, the Davis Polk investigation team attended an approximately four-and-one-half-hour oral presentation by Debevoise on behalf of Side A and Milbank and Joseph Hage on behalf of Side B covering the aggregate value of the assets and approximate liabilities of the Side B ICSPs. Davis Polk also received and reviewed an accompanying 168-page presentation from Side A and an accompanying 101-page presentation from Side B;

- On August 13, 2020, the Davis Polk investigation team attended an approximately one-hour oral presentation by Milbank, Joseph Hage, and Huron Consulting Group, financial advisors to Side B. Davis Polk also received and reviewed an accompanying 102-page presentation covering the flow of funds from Purdue Pharma to the so-called Top-Level Entities, transfers among the Top-Level Entities, and subsequent transfers to other parties;[76] and

[76] For purposes of the presentation, the term "Top-Level Entities" was defined to include the Rosebay Medical Company L.P., Trust U/A 11/5/74 fbo Beverly Sackler (a/k/a the "**74A Trust**"), Rosebay Medical Company, Inc., 1974 Irrevocable Trust A fbo BS and RSS, 1974 Irrevocable Trust A fbo BS and JDS, Trust B U/A dtd 11/5/74 fbo Beverly Sackler, 1974 Irrevocable Investment Trust, Raymond R. Sackler Trust 1 dtd 12/23/89, Raymond R. Sackler Trust 2 dtd 12/23/89, Raymond R. Sackler Trust 1B dtd 12/23/89, Raymond R. Sackler Trust 2B dtd 12/23/89, AR Irrevocable Trust and AJ Irrevocable Trust.

- On September 17, 2020, the Davis Polk investigation team attended an approximately one-half-hour oral presentation by Debevoise and received and reviewed 16 accompanying spreadsheets detailing the flow of funds from Purdue Pharma to Beacon Company and related entities, including trusts held for the benefit of members of Side A.

(vii) Cooperation with the Creditors' Committee

In conjunction with and as part of the Special Committee's investigation, Davis Polk and the Special Committee's financial advisors cooperated on an ongoing basis since early November 2019 with the legal counsel and financial advisors to the Creditors' Committee as co-fiduciaries of the Debtors' estates, in evaluating potential claims by the Debtors against the Sackler Families and Sackler Entities.

In furtherance of that cooperation, and pursuant to a common interest understanding between counsel for the Debtors and the Creditors' Committee with respect to the assessment and prosecution of the claims of the Debtors' estates as to the Sackler Families and Sackler Entities, Davis Polk and the Special Committee's financial advisors participated in more than 25 substantive in-person meetings and teleconferences with the legal and financial advisors to the Creditors' Committee, as well as innumerable emails.

In these exchanges, the Creditors' Committee had direct access to the Special Committee's legal and financial advisors on matters concerning potential estate claims. Bates White, for example, participated in numerous hours-long meetings with the Creditors' Committee's counsel and financial advisors for common interest discussions of matters including but not limited to (a) methodological approaches to evaluating the value of non-cash transfers and intercompany transactions between Purdue Pharma and various Sackler Entities; and (b) interim conclusions by Bates White with respect to the values of various equity transfers, licenses granted with respect to OxyContin, and the 2017 assignment by PPLP of its royalty rights to non-ADF OxyContin. In the course of these discussions, Bates White explained its methodology and assessment of relevant factors with the Creditors' Committee's financial advisors, Province and Ocean Tomo. It also discussed its findings with the Ad Hoc Committee's professionals at FTI.

Throughout its investigation, Davis Polk shared with counsel to the Creditors' Committee, on a common interest basis, certain work product concerning potential estate claims, including among other things, preliminary legal analysis, document compilations relevant to specific deponents, and draft reports prepared by AlixPartners and Bates White.

Davis Polk also engaged in extensive discussions with counsel to the Creditors' Committee throughout the discovery period in the Debtors' Chapter 11 Cases, in order to, among other things: (a) identify an appropriately scoped set of documents for the Debtors to produce to the Creditors' Committee and (b) assist with the Creditors' Committee and NCSG's depositions of the Sackler Families, current and former Board members, current employees of the Debtors, and other parties. With respect to the scope, Davis Polk engaged with the Creditors' Committee to best identify the

materials relevant to potential estate claims and to produce an appropriate and extensive volume of documents and information.[77]

Davis Polk also ensured that non-privileged documents identified by the Special Committee team as relevant to potential estate claims were produced to the Creditors' Committee. And, pursuant to a stipulation between the Debtors and the Creditors' Committee in connection with a negotiated resolution of two motions filed by the Creditors' Committee, Davis Polk also provided privileged Purdue Pharma documents that were deemed material to its analysis of potential estate claims to the Creditors' Committee on a common interest basis, representing an extraordinary level of cooperation with the Creditors' Committee on the part of the Debtors. Indeed, soon after the stipulation was reached, the Creditors' Committee itself informed the Bankruptcy Court that it was "aware of no other debtor agreeing to supply privileged documents to its creditors, certainly not on this scale." *See Creditors' Committee Reply in Support of Its Motion to Compel Production of Purportedly Privileged Documents* [D.I. 2014].

(viii) Evaluation of Potential Claims by Special Committee

As the work of the Special Committee's advisors was ongoing, the Special Committee received regular briefings and a series of in-depth presentations from Davis Polk, AlixPartners, and Bates White on relevant factual findings and legal analysis concerning potential estate claims, including on, among other topics, the value of the distributions to or for the benefit of the Sackler Families and Sackler Entities; the factual investigation into the cash and non-cash transfers made from Purdue Pharma; the transfer pricing analysis to determine whether Purdue Pharma received fair value for each of the material transfers or transactions made from Purdue Pharma; the legal framework for evaluating potential estate claims; the availability and range of prejudgment interest on potential estate claims; and the standards used by courts to decide whether to approve settlements in the bankruptcy context.

Davis Polk also periodically provided the Special Committee with a chronology of select documents identified as relevant to potential estate claims, as well as portfolios of the underlying documents. Over time, the chronology was expanded to include pertinent documents from productions by parties and non-parties in the Chapter 11 Cases, such as the Sackler Families and Norton Rose Fulbright LLP, and documents highlighted by the Creditors' Committee as relevant to estate claims.

Based on the investigation and analysis of its advisors, the Special Committee assessed the strength of the estate claims and any issues of fact and law that might be disputed in a potential litigation. The Special Committee considered the strength of the evidence, as well as the legal and expert analyses presented by its advisors. The Special Committee considered a number of issues of fact and law that could affect the value of the claims including, but not limited to:

[77] Davis Polk also devised technical solutions with the Debtors' discovery vendor to help remove duplicative documents to ensure efficiency; proposed numerous refinements to improve the Creditors' Committee's search terms; and participated in multiple teleconferences with the Creditors' Committee related to potential custodians of electronic documents for collection and review.

- The substance and strength of the evidence supporting the estate causes of action, including the substance and strength of any evidence of intent to transfer assets in order to frustrate creditors;

- The legal and factual basis for concluding that Purdue Pharma was insolvent prior to the Petition Date based on unliquidated and, often, unasserted claims;

- The applicable statute of limitations relevant to the fraudulent transfer claims;

- Whether all transfers of value may be avoidable based on fraudulent transfer claims, with a particular focus on Tax Distributions and the below-market royalty arrangements;

- The ability to recover and potential value of prejudgment interest; and

- The collectability of any judgments against individuals, trusts, and other affiliated entities, including in connection with assets located outside the United States.

(ix) Negotiation and Approval of the Proposed Settlement and Release

On September 30, 2020, the Bankruptcy Court entered the Supplemental Mediation Order, which authorized the Mediators to continue the Pre-Confirmation Mediation to resolve certain open issues referenced in the Mediators' Report, as well as to mediate the estate causes of action. *See Order Expanding Scope of Mediation* (the "**Supplemental Mediation Order**") [D.I. 1756].

On November 13, 2020, in the context of the parties' then-ongoing Mediation, Davis Polk attended an oral presentation by the Creditors' Committee on its provisional views and findings with respect to its investigation of potential estate causes of action. With the consent of the Creditors' Committee, on November 24, 2020, Davis Polk reviewed aspects of the Creditors' Committee's presentation with the Special Committee, and provided the Special Committee with a redacted version of the presentation consistent with the operative protective order in the Chapter 11 Cases.

In December 2020 and January 2021, as the Pre-Confirmation Mediation advanced, the Special Committee formally met on no fewer than eight occasions. Moreover, counsel had numerous additional calls with the Chair of the Special Committee and other members of the Special Committee. The Special Committee was provided regular updates on the Pre-Confirmation Mediation, including offers and counteroffers that had been communicated through the Mediators by the NCSG, on the one hand, and the Sackler Families, on the other hand. The Special Committee also discussed with its advisors the Debtors' strategic objectives in the Pre-Confirmation Mediation and potential alternative plans of reorganization, including such alternatives that both included and excluded contributions from a potential settlement with the Sackler Families. Among other things, financial advisors provided critical information on the feasibility of the Company to operate post-emergence in light of potential mediation outcomes. Counsel also continued to update the Special Committee on the ongoing investigation.

On January 19, 2021, Davis Polk received additional information from the Creditors' Committee regarding documents considered by its advisors to be relevant to the estate causes of action, which were subsequently provided to the Special Committee. At the same time, on January 19, 2021, the Special Committee authorized the Special Committee's advisors to continue negotiations at the direction of the Special Committee Chair in between meetings of the Special Committee. In addition to this authorization, the Special Committee resolved to continue to meet regularly to ensure that, among other things, all members of the Special Committee were apprised of developments in the Pre-Confirmation Mediation and ongoing negotiations.

On January 22, 2021, the Special Committee was advised that the Mediators had made a joint Mediators' proposal. During a nearly two-hour meeting of the Special Committee on January 22, advisors provided the Special Committee with a comprehensive update on the investigation, including analysis of the estate causes of action and potential recoveries. The presentation also discussed the possible methodologies developed by economic advisors at Bates White for calculating the present value of the settlement proposal based on assumptions regarding the payment schedule. Following the presentation, the Special Committee authorized the Debtors to convey to the other parties to the Pre-Confirmation Mediation that the Special Committee supported ongoing negotiations subject to the satisfactory resolution of all economic terms.

With the Special Committee's authorization, the Debtors began to take an active role in the negotiations and at all times kept the Special Committee informed through contemporaneous email, calls and meetings of the status. During a Special Committee meeting on January 28, 2021, the Special Committee was advised that the Debtors, together with the Creditors' Committee, the Ad Hoc Committee, and the MSGE had written to the representatives of the Sackler Families and the Mediators to convey their willingness to continue negotiations with the Sackler Families based on the terms of the Mediators' proposal of January 21, 2021.

On January 29, 2021, the Sackler Families expressed their willingness to engage in such negotiations, accepting a payment amount and proposing a payment schedule. On January 31, 2021, the Pre-Confirmation Mediation formally concluded pursuant to court order, but settlement negotiations continued among the Sackler Families, the Debtors, the NCSG, the Creditors' Committee, the Ad Hoc Committee, and the MSGE. From January 29, 2021 to February 18, 2021, the Sackler Families and the Debtors, together with the Creditors' Committee, the Ad Hoc Committee, and the MSGE, exchanged eight offers and counteroffers. Each of the Creditors' Committee, the Ad Hoc Committee, and the MSGE supported each of the counteroffers. In addition to the Special Committee's discussion of the negotiations during meetings on February 2 and 16, 2021, the Special Committee Chair, as authorized by the Special Committee, subsequently approved all counteroffers proposed jointly by the Debtors, the Creditors' Committee, the Ad Hoc Committee, and the MSGE to the Sackler Families. Economic advisors from Bates White provided constant financial analysis of the present value of the settlement proposals.

On February 21, 2021, all members of the Special Committee approved a best and final offer to the Sackler Families regarding the payment schedule. The offer, also supported by the Creditors' Committee, the Ad Hoc Committee, and the MSGE, as every counteroffer, was accepted by the Sackler Families on February 22. During a meeting on February 24, the Special Committee was provided an update on negotiations regarding all other terms, including payment guarantees, that the Debtors, the Creditors' Committee, the Ad Hoc Committee, the MSGE, and the Sackler

Families were continuing to negotiate. The Special Committee was also provided an update on any additional investigatory work performed on its behalf.

On March 2, March 8 and March 11, the Special Committee was again provided updates on the ongoing negotiation of the additional settlement terms, including terms relating to credit support, remedies, terms of releases and other terms. At a meeting of the Special Committee held on Sunday, March 14, in advance of a full board meeting, the Special Committee authorized the filing of the Twelfth Amended Plan, including the Initial Shareholder Settlement Term Sheets (defined below).

3. The Initial Terms of Settlement of Claims Against the Sackler Families

The initial terms of the settlement with certain Sackler Entities (excluding the IACs but including certain direct and indirect owners of the IACs) (the "**Sackler Parties**") were set forth in the term sheets (the "**Initial Shareholder Settlement Term Sheets**") attached to the *Disclosure Statement for Fifth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and its Affiliated Debtors* (the "**Original Disclosure Statement**") as Appendix G, which document the principal terms of an initial settlement agreement (the "**Initial Shareholder Settlement Agreement**") that was included in the plan supplement for the Twelfth Amended Plan.

The settlement with the Sackler Parties required payments from the Sackler Parties totaling $4.275 billion over nine years (or ten years if certain amounts were paid ahead of schedule in the first five years), up from $3 billion over seven years under the Initial Settlement Framework. The expected schedule of payments, which allowed adjustment based on the actual effective date of the Twelfth Amended Plan, (the "**Initial Required Settlement Payments**") is set forth below.

Date	Initial Required Settlement Payments
Effective Date	$300 million
June 30, 2022	$350 million
June 30, 2023	$350 million
June 30, 2024	$350 million
June 30, 2025	$350 million
June 30, 2026	$300 million
June 30, 2027	$1 billion
June 30, 2028	$475 million
June 30, 2029	$425 million, subject to deferral of up to $25 million
June 30, 2030	$375 million, subject to deferral of up to $175 million
June 30, 2031	Up to $200 million, consisting of any deferred amounts

The potential deferral of certain Initial Required Settlement Payments would have been applicable as follows: each dollar in excess of $2.5 billion up to and including $2.675 billion in the aggregate that the Master Disbursement Trust actually receives pursuant to the Initial Shareholder Settlement Agreement on or prior to June 30, 2026 would have been deferred one dollar, up to a maximum aggregate amount of $175 million, of Initial Required Settlement

Payments otherwise payable on June 30, 2030 to instead become payable on June 30, 2031. Furthermore, each dollar in excess of $2.675 billion that the Master Disbursement Trust actually receives pursuant to the Settlement Agreement on or prior to June 30, 2026 would have been deferred one dollar, up to a maximum aggregate amount of $25 million, of Initial Required Settlement Payments otherwise payable on June 30, 2029 to instead become payable on June 30, 2031. Deferrals would have only been made if the aggregate amount available for deferral exceeded $25 million.

As described in more detail in the Initial Shareholder Settlement Term Sheets, Initial Required Settlement Payments payable on June 30, 2023 or later, as well as certain other payments to be made by the Sackler Parties to the Master Distribution Trust pursuant to the Initial Shareholder Settlement Agreement, would have been made into escrow, paused or terminated (and amounts held in escrow would have been returned to the Sackler Parties), depending on whether the Confirmation Order had been appealed and the status or outcome of such appeal.

The Sackler Parties and certain other persons and/or individuals would have received the benefit of Releases and injunctions described in the Twelfth Amended Plan, as consideration for such payments under the Initial Shareholder Settlement Agreement.

As described in more detail in the Initial Shareholder Settlement Term Sheets, the Sackler Parties would have been required to use their best efforts to sell the IACs within seven years. All cash proceeds received by the Sackler Parties from the IACs, in connection with a sale or otherwise, would have been deposited and maintained in pledged and perfected deposit accounts or escrow accounts for the benefit of the Master Distribution Trust, with certain withdrawals permitted from such accounts as described in the Initial Shareholder Settlement Term Sheets. Certain of such proceeds would have been used to satisfy the next due Initial Required Settlement Payment(s), after accounting for a deduction consistent with the initial Settlement Framework based on the amount of previously funded Initial Required Settlement Payments, as well as other deductions that were agreed in connection with the Initial Shareholder Settlement Agreement.

As collateral for the Initial Required Settlement Payments and other obligations of the Sackler Parties under the Initial Shareholder Settlement Agreement, all equity interests in certain holding companies of the IACs owned by the Sackler Parties (subject to exclusions) were to be pledged for the benefit of the Master Disbursement Trust. Moreover, certain Sackler Parties would have provided additional collateral under the Initial Shareholder Settlement Agreement of certain of the Sackler Parties that are trusts and in the case of the Raymond Sackler family collateral in the form of equity interests in investment holding companies that directly or indirectly own investment assets.

The Debtors and other parties were provided substantial information regarding the quantum of the Sackler Families' wealth, its location, the holdings and risk profile of various individual members of the Sackler Families and their trusts, and other factors relevant to collectability in connection with the extensive discovery conducted during these cases. Further detailed information regarding the net asset values of the proposed obligors under the Initial Shareholder Settlement Agreement was provided to the Debtors and other parties in response to diligence requests in connection with the settlement negotiations.

Under the terms of the Initial Shareholder Settlement Agreement, the obligation of the Sackler Parties to pay the $4.275 billion settlement amount was to be allocated between Side A and Side B of the Sackler Families on a 50/50 basis between the Side A and Side B Sackler Families, and then further allocated on a 50/50 basis within the Side B Sackler Families and on a 1/8 basis within the Side A Sackler Families, subject in each case to a financial adjustment mechanism based on the gross proceeds from the sale of the IACs (which would shift settlement obligations from Side A to Side B in the event IAC proceeds were in the lower end of the expected range and from Side B to Side A if IAC proceeds exceeded certain thresholds) and in the case of the A-Side Payment Group 8, subject to further adjustments, as set forth in more detail in the Initial Shareholder Settlement Term Sheets. Within the Side A and Side B families, there were also significant disparities between the financial positions and holdings of the various individuals and family groups. These differences between the separate family groups were taken into account within each of the 10 family groups in order to tailor an overall credit support package that would maximize the likelihood of recovery of the overall obligations under the Initial Shareholder Settlement Agreement, as set out in greater detail in the Initial Shareholder Settlement Term Sheets.

The settlement obligations of Side A of the Sackler Families were further allocated, largely on a *pro rata* basis, among eight different groups consisting of certain trusts, individuals and/or other entities that were obligors under the Initial Shareholder Settlement Agreement. The information received from Side A of the Sackler Family as of September 30, 2020 for trusts and for individuals (which, depending on the individual, may be as of September 30, 2020 or September/October 2019), which information was based on a methodology developed by the Sackler Families and subject to change since such respective dates, indicated that for each Side A group, the combined net asset value of the obligors in such Side A group represented an approximate multiple of more than 1.4x of the potential settlement obligations of the Side A group, on average across all of the Side A groups (including working assumptions for the IACs, per discussions between financial advisors to the Debtors and other parties). In addition, and as part of such net asset value, as detailed in the Initial Shareholder Settlement Term Sheets, certain obligors within each of the Side A groups were to provide additional collateral to support the settlement obligations, consisting of deposit accounts funded with cash and cash equivalents, equity interests in holding companies that directly or indirectly own investment assets, real estate and/or other assets and security interests over substantially all of the assets of certain trusts.

Side B of the Sackler Families was divided into only two separate groups consisting of trusts, individuals and/or other entities that would be obligors under the Initial Shareholder Settlement Agreement, with settlement obligations allocated on a *pro rata* basis between the two Side B groups. The information received from Side B of the Sackler Family as of September 30, 2020 and October 2019 for individuals, trusts, and entities, which information was based on a methodology developed by the Sackler Families and was subject to change since such respective dates, indicated that for each Side B group, the combined net asset value of the obligors in such Side B groups represented an approximate multiple, on average across both of the Side B Groups, of more than 2.0x of the potential settlement obligations of the Side B group (including working assumptions for the IACs, per discussions between financial advisors to the Debtors and other parties). As collateral to support the settlement obligations, the Side B groups also pledged equity interests in certain holding companies that indirectly owned investment assets, which, across both Side B groups, were valued at over $1 billion.

The net asset values described above referred to the proposed obligors under the Initial Shareholder Settlement Agreement and did not represent the total net asset value of all individuals, entities and trusts associated with the Sackler Families.

In addition, certain Sackler Entities were prohibited from engaging in the manufacturing or sale of opioids, subject to exceptions to be agreed. Certain of the Sackler Parties agreed to additional affirmative and restrictive covenants, including with respect to the collateral provided, as more fully described in the Initial Shareholder Settlement Term Sheets.

Remedies for breach of the Initial Shareholder Settlement Agreement included, without limitation, acceleration of the unpaid and unfunded obligations of the defaulting Sackler Parties, voiding the releases applicable to the Sackler Parties in breach and certain other members of the Sackler Entities related to the breaching Sackler Parties, foreclosure by the Master Disbursement Trust on the collateral provided, and enforcement of confessions of judgment by the applicable Sackler Parties admitting the obligations that had come due and certain other remedies to be mutually agreed. For additional detail regarding such terms, see the Initial Shareholder Settlement Term Sheets attached to the Original Disclosure Statement as Appendix F.

The Initial Shareholder Settlement Agreement also resolved certain other matters between certain Sackler Entities and the Debtors, including that it would be a condition precedent to the effectiveness of the Initial Shareholder Settlement Agreement that the matters related to the ongoing contractual and intellectual property relationships among the Debtors, the Specified Parties (as defined in the Initial Shareholder Settlement Term Sheets) and the IACs had been mutually agreed, and that certain agreements related to such matters had been executed, including, but not limited to, an agreement between Avrio and PRA, pursuant to which (i) certain existing licenses from PRA to Avrio for the exploitation of Senokot-branded and Betadine-branded over-the-counter products would be terminated and (ii) all of the intellectual property licensed from PRA to Avrio under such existing licenses would be assigned to Avrio.

Y. Subsequent Shareholder Settlement

1. The Terms of Settlement of Claims Against the Sackler Parties

The principal terms of the Shareholder Settlements with the Sackler Payment Parties will be documented in the Plan, the Plan Supplement, the Confirmation Order, the Master Shareholder Settlement Agreement, and the Direct Claims Shareholder Settlement Agreements. The rights and obligations of all parties under the Master Shareholder Settlement Agreement and Direct Claims Shareholder Settlement Agreements remain subject to the finalization of such agreements.

Certain key terms of the Shareholder Settlements, including the terms of the settlement among the Shareholder Payment Parties and Holders of both Third-Party Payor Claims and PI Claims and the Debtors' releases of the Shareholder Released Estate Claims against the Shareholder Released Parties, are set forth in the Plan.

The Debtors, the Sackler Payment Parties and certain other parties will also enter into the Master Shareholder Settlement Agreement, which will govern the Sackler Payment Parties' settlement payment obligations on an aggregate basis, the terms, conditions and details with respect to such payments and general implementation of the Shareholder Settlements (e.g.,

provisions relating to the sale of the IACs and snapback litigation in the event of a default), the establishment of certain reserves (as described below), and certain other Sackler Payment Party covenants in connection with the Shareholder Settlements. An initial draft of the Master Shareholder Settlement Agreement is filed at D.I. [●] and is part of the Plan Supplement.

In addition to the Plan and the Master Shareholder Settlement Agreement, certain Settling Creditors will enter into Direct Claims Shareholder Settlement Agreements pursuant to which such Settling Creditors will provide releases of claims against the Shareholder Released Parties and the Released Parties. The Direct Claims Shareholder Settlement Agreements will provide specific terms governing the terms and enforcement of payment obligations of the Sackler Payment Parties to such Settling Creditors.[78]

In aggregate, the Shareholder Settlement Agreements require payments from the Sackler Parties of up to $6.5 billion over fifteen years,[79] which represents an increase in the Sackler Parties' payment obligations from the $4.325 billion over nine years required under the Initial Shareholder Settlement Agreement. Additionally, if the net proceeds from the sale of Sackler Parties' IACs exceed $4.3 billion, the IAC Payment Parties (as defined in the Master Shareholder Settlement Agreement) will contribute to the Master Disbursement Trust 90% of such excess net proceeds, up to a maximum of a further $500 million.[80]

The Sackler Payment Parties' payments under the Plan and Shareholder Settlement Agreements will be allocated between the Estate Claims Settlement and the Direct Claims Settlements, the two separate but related components of the Shareholder Settlement Agreements. Of the payments made by the Sackler Parties, approximately one-third (i.e. ~$2.17 billion) will be allocated to the Estate Claims Settlement payments and approximately two-thirds (i.e., ~4.33 billion) will be allocated to Direct Claims Settlements payments. Settling Creditors will receive Distributions on account of both the Estate Claim Settlement and the Direct Claims Settlements. Non-Settling Creditors who do not provide releases to the Sackler Parties will not receive Distributions on account of the Direct Claims Settlements but will be eligible to receive their share (as calculated pursuant to the Plan and Creditor Trust Documents) of Estate Distributions from the Estate Claim Settlement payments and other estate consideration if and when their claims are allowed.

The Sacklers' payments are front-loaded, with approximately 44% of the payments payable in the first three years after the Effective Date. The expected schedule of payments, which may

[78] For example, certain holders of Non-Federal Domestic Governmental Claims, the Master Disbursement Trust and the Sackler Payment Parties will enter into the Governmental Entity Settlement Agreement which will govern direct settlement payment determinations, enforcement, and release terms for Settling Creditors holding Non-Federal Domestic Governmental Claims. A draft of the Governmental Entity Settlement Agreement is filed at D.I. [●] for informational purposes only (the Debtors are not a party to any Direct Claims Shareholder Settlement Agreements).

[79] The Shareholder Direct Settlement Portion of the Sackler Parties' $7 billion maximum contribution will be subject to reduction based upon the number and category of claimants who choose not to provide releases to the Shareholder Released Parties and Released Parties.

[80] Under the Master Shareholder Settlement Agreement, the IAC Payment Parties must use commercially reasonable efforts to sell IACs within seven years. If they fail to do so, the Master Disbursement Trust will have the option to seek a forced sale for a price in excess of a certain appraised amount.

be adjusted based on, among other things, creditor participation in the Shareholder Settlements and any permitted prepayments, is set forth below (the "**Required Settlement Payments**").

Date	**A-Side Contribution**	**B-Side Contribution**	**Required Settlement Payments**
Effective Date	$537.50 million	$962.50 million	$1.5 billion
Effective Date + 1 Year	$212.50 million	$287.50 million	$500 million
Effective Date + 2 Years	$212.50 million	$287.50 million	$500 million
Effective Date + 3 Years	$170.00 million	$230.00 million	$400 million
Effective Date + 4 Years	$156.25 million	$93.75 million	$250 million
Effective Date + 5 Years	$156.25 million	$93.75 million	$250 million
Effective Date + 6 Years	$106.25 million	$143.75 million	$250 million
Effective Date + 7 Years	$106.25 million	$143.75 million	$250 million
Effective Date + 8 Years	$106.25 million	$143.75 million	$250 million
Effective Date + 9 Years	$106.25 million	$143.75 million	$250 million
Effective Date + 10 Years	$106.25 million	$143.75 million	$250 million
Effective Date + 11 Years	$106.25 million	$143.75 million	$250 million
Effective Date + 12 Years	$106.25 million	$143.75 million	$250 million
Effective Date + 13 Years	$191.25 million	$258.75 million	$450 million
Effective Date + 14 Years	$191.25 million	$258.75 million	$450 million
Effective Date + 15 Years	$191.25 million	$258.75 million	$450 million
Total	$2,762.5 million	$3,737.5 million	$6.5 billion

The Sackler Payment Parties, and certain other persons will receive the benefit of releases and injunctions, as described in Article I.E-F., as consideration for such payments and other agreements under the Shareholder Settlements. The Thirteenth Amended Plan will not contain non-consensual third-party releases. Consistent with the Harrington Decision, public and private

claimants who choose not to provide releases to the Shareholder Released Parties and the Released Parties will have the opportunity to pursue litigation against the Shareholder Released Parties and the Released Parties, subject to certain terms and conditions described more fully in the Plan.

The Master Shareholder Settlement Agreement establishes certain "reserves" that will be available to fund "Litigation Costs" (as defined in the Master Shareholder Settlement Agreement) comprised of Shareholder Released Parties' litigation and settlement costs relating to, among other things, certain Causes of Action that would have been released pursuant to the 12th Amended Plan (if such Plan were in effect), subject to certain limitations and conditions set forth in the Master Shareholder Settlement Agreement.

The Sackler Payment Parties will provide collateral and other forms of credit support to secure the Required Settlement Payments and other obligations of the Sackler Parties under the Shareholder Settlement Agreements, as more fully set forth in the Credit Support Annexes to the Master Shareholder Settlement Agreement.

As discussed in Article III.Q, *supra*, the Debtors and other parties were provided substantial information regarding the quantum of the Sackler Families' wealth, its location, the holdings and risk profile of various individual members of the Sackler Families and their trusts, and other factors relevant to collectability in connection with the extensive discovery conducted during these cases. Further detailed information regarding the net asset values of the proposed obligors under the Shareholder Settlement Agreements was provided to the Debtors and other parties in response to diligence requests in connection with the settlement negotiations.

Under the terms of the Shareholder Settlement Agreements, the obligation of the Sackler Parties to pay the $6.5 billion Required Settlement Amount will be allocated between the A-Side and B-Side of the Sackler Families as set forth above and in further detail in the Shareholder Settlement Agreements. Within the A-Side and B-Side of the Sackler Families, there are also significant disparities between the financial positions and holdings of the various individuals and family groups. These differences between the separate family groups will be taken into account within each of the 10 family groups in order to tailor an overall credit support package that will maximize the likelihood of recovery of the overall obligations under the Shareholder Settlement Agreements.

Finally, consistent with the Debtors' obligations under the DOJ Resolution, the Shareholder Settlement Agreements contemplate the creation of the Public Document Repository, which is described in Article III.W. herein.

Overall, when combined with what the Debtors expect will be approximately $927 million[81] of Effective Date Cash of the Debtors available for distribution on the Effective Date, the total cash consideration available to the creditors under the Plan is anticipated to be up to $7.9 billion. In addition, public claimants may also receive recoveries from insurance and causes of action against third parties.

[81] The $927 million figure is based on current projections and subject to variability based on the Debtors' Effective Date, the cost of the Debtors' bankruptcy cases, and any legal, contractual or other restrictions on such cash.

2. Evaluation of the Settlement with the Sackler Parties

The Shareholder Settlements with the Sackler Parties are key elements of the Plan. Pursuant to these interrelated settlements, the Sackler Parties will pay up to $7 billion in cash over 15 years (subject to certain pre-payment discounts) in exchange for (1) release of civil claims against the Sackler Families and certain other persons by the Debtors under the Plan and (2) releases of direct civil claims against the Sackler Families and certain other persons by only those claimants who elect to settle those claims.[82]

The Sackler Parties' settlement with the Estates and the Direct Claims Settlements are interrelated and mutually conditioned on one another, and together provide substantial value to creditors. The Debtors seek the Court's approval of only the Sackler Parties' settlement with the Estates, which is the only Shareholder Settlement subject to such approval under the Bankruptcy Code. However, the Debtors evaluated—and in the Debtors' view the Court should evaluate—the benefits of the comprehensive resolution provided by the Shareholder Settlements.

As described in Article III.X.2, *supra*, after an extensive investigation and careful consideration by the Special Committee of potential claims against the Sackler Parties held by the Debtors, and months of engagement with and the involvement of key creditor constituencies including the Creditors' Committee, the AHC, the MSGE Group, the Native American Tribes Group, the Ad Hoc Group of Individual Victims, the Ad Hoc Group of Hospitals, the ER Physicians, the Third-Party Payor Group, the Ratepayer Mediation Participants, the NAS Committee, and the Public School District Claimants, the Debtors[83] have determined the Estates' settlement with the Sackler Parties is fair, equitable, and in the best interest of the Debtors' Estates. In light of the enormous value to the Estates provided by the global resolution of the Estate Causes of Action and interrelated opportunity for creditors to resolve (i) Direct Claims and (ii) disputes concerning the validity of claims and allocation of estate proceeds among claimants of the estate, the consideration contemplated by the Shareholder Settlements is well above "the lowest point in the range of reasonableness." *In re Telignet Services, Inc.,* 2010 WL 2034509 at *9 (S.D.N.Y. May 13, 2010) (citing *In re W.T. Grant Co.*, 699 F.2d 599, 613 (2d Cir. 1983)). Accordingly, the Debtors support the Shareholder Settlements as elements of the Plan, subject to satisfactory resolution of certain terms that continue to be negotiated.

(i) Factors Relevant to Evaluating the Settlements

[82] As described in Article III.CC.3. the Direct Claims Settlements provide individual creditors with the opportunity to settle their Direct Claims in exchange for additional consideration. Creditors who elect to release their Direct Claims against the Sackler Parties will receive their pro rata share of (i) consideration from the Estates and (ii) consideration from the Sackler Parties. Creditors who do not elect to release their Direct Claims will retain such Claims and will be entitled to pursue litigation against the Sackler Parties after the Effective Date.

[83] As discussed in Art. II.E.2., supra, Purdue Pharma's governance documents irrevocably granted an independent Special Committee of the Board of Directors exclusive authority over the prosecution, defense, and settlement of any causes of action Purdue Pharma may assert against its shareholders as well as members of the Sackler Families and their affiliates. As such, all references in this Section to considerations and determinations of the Debtors, as they relate to its evaluation of claims against the Sackler Families and Sackler Parties, reflect considerations and determinations of the Special Committee pursuant to this exclusive delegated authority.

Under Federal Rule of Bankruptcy Procedure 9019, any settlement of claims of or against the Debtors is subject to approval by the Bankruptcy Court. Further, because the Sackler Parties' settlement with the Estates is an essential element of the Plan, approval of that settlement by the Bankruptcy Court is a necessary precondition to confirmation and consummation of the Plan.

In *TMT Trailer Ferry*, the U.S. Supreme Court outlined the standards for courts to use in evaluating proposed settlements by debtors in bankruptcy. The key function of courts in that circumstance, the Court explained, is "to compare the terms of the compromise with the likely rewards of litigation." *Protective Committee for Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 425 (1968). Following the Supreme Court's decision in *TMT Trailer Ferry*, courts in the Second Circuit have outlined certain factors to be considered by courts evaluating whether to approve settlements proposed by a debtor in bankruptcy proceedings:

- The balance between the litigation's possibility of success and the settlement's future benefits;
- The likelihood of complex and protracted litigation, "with its attendant expense, inconvenience, and delay," including the difficulty in collecting on the judgment;
- "[T]he paramount interests of the creditors," including each affected class's relative benefits "and the degree to which creditors either do not object to or affirmatively support the proposed settlement";
- Whether other parties in interest support the settlement;
- The "competency and experience of counsel" supporting, and "[t]he experience and knowledge of the bankruptcy court judge" reviewing, the settlement;
- "[T]he nature and breadth of releases to be obtained by officers and directors"; and
- "[T]he extent to which the settlement is the product of arm's length bargaining."

In re Iridium Operating LLC, 478 F.3d 452, 462 (2d Cir. 2007).

In the following pages, the Debtors summarize their evaluation of the Shareholder Settlements under the foregoing factors to be considered by the Bankruptcy Court in evaluating the settlements and the reasons for the Debtors' belief that, under those factors, the settlements should be approved by the Bankruptcy Court as fair, reasonable and in the best interest of the Debtors' Estates. The Debtors understand that the Bankruptcy Court will have to rule on whether the *TMT Trailer* factors are satisfied. For purposes of this Disclosure Statement, the Debtors are providing this analysis for the more limited purpose of assisting creditors in understanding the Debtors' rationale for putting forward the Plan. The Debtors are aware that the claims against the Sackler Parties discussed herein may be litigated in the future, either because the settlement is not finally approved or because of a future default event. The analysis balances the need for disclosure regarding the Debtors' support for the Plan with the need to avoid any potential prejudice in future litigation.

(ii) Balancing Possible Litigation Recoveries Against the Benefits of the Settlements

In the Debtors' estimation, the first *Iridium* factor—the balance between the litigation's likelihood of success and the settlements' future benefits—weighs in favor of approval of the Sackler Parties' settlement with the Estates. As explained in more detail below, success in litigating and collecting on the Debtors' claims against the Sackler Parties cannot be guaranteed, whereas the Shareholder Settlements promise very significant benefits for the Debtors' Estates and stakeholders.

The settlements reflect a reasoned judgment as to the trade-off between a possible but uncertain recovery of a larger amount through years of continued litigation versus an agreed recovery of settlement payments that are certain, but may be less than what the Debtors potentially could obtain in litigation.

The following section discusses the expected benefits of the settlements and then weighs them against the likelihood of success in litigation.

(1) The Benefits of the Settlements

There are many benefits of the Shareholder Settlements to weigh against the uncertain results of litigation. These include, among other things, the very material up to $[7.0] billion in payments to be made by the Sackler Parties, which are a critical element of the Plan. Among other things, these payments make possible the agreed distribution of funds in satisfaction of the Private-Side Resolutions, secure the benefits of the DOJ Resolution for Purdue Pharma and its creditors, and still provide for billions of dollars in cash that will fund the state, local and tribal trusts. The settlements' benefits also include the avoidance of the potentially ruinous disintegration of Purdue Pharma's valuable assets that would result if it were left to participate in years of further litigation.

(A) The Shareholder Settlement Payments

The proposed settlements provide enormous financial value for the benefit of Purdue Pharma's creditors, and improve upon the settlement terms embodied in the Twelfth Amended Plan and on the Initial Settlement Framework announced in September 2019. As described in detail in Article III.Y.1., the settlements with the Sackler Parties require payments from the Sackler Parties totaling a maximum of $7 billion over fifteen years. These funds will be deposited in trusts established for the benefit of states and localities, as well as other creditor groups such as Native American Tribes, hospitals, and children with a history of Neonatal Abstinence Syndrome and their guardians. There will be transparency to ensure that the purpose of the trusts will be effected.

These payments by the Sackler Parties under the proposed Shareholder Settlements improve upon the Sackler Parties' prior payment obligations of $4.325 billion over nine years contemplated under the Initial Shareholder Settlement Agreement. The payments by the Sackler Parties also exceed the benefits contemplated by the Initial Settlement Framework that was under consideration at the time these Chapter 11 Cases commenced in September 2019. Under the proposed Shareholder Settlements, the Sackler Parties will pay up to $4 billion over and above the $3 billion they had offered as of September 2019 (and in addition to the $225 million they have

already paid to the DOJ), a material additional recovery of funds that will be directed towards to Public Creditor Trusts and Private Creditor Trusts pursuant to the Plan.

The principal consideration to be granted to the Sackler Parties in exchange for such payments are the civil release and injunction provisions with respect to specified parties associated with the Sackler Parties provided for under the Plan and the various Direct Claims Shareholder Settlement Agreements. *See* Article III.CC below and the Master Shareholder Settlement Agreement for a more detailed description of the terms of these settlements. The release and injunction provisions are described in detail in Articles I.E-F. herein.

The Shareholder Settlements call for the Sackler Parties to make payments totaling up to $7.0 billion over a period of fifteen years. This time period was heavily negotiated by the Special Committee, the Creditors Committee, the AHC, the MSGE Group and the Sackler Parties, and takes into account the potential sale of the IACs, providing necessary assurance that the Sackler Parties would be able to satisfy the payment requirements and other considerations. The Debtors and other parties evaluated both the face value of the payments as well as their present value. The present value of future payments is a function of the applied discount rate.

The Debtors considered a number of approaches to determine the appropriate discount rate that, from an economic perspective, may reflect the creditworthiness of the payor and risk of nonpayment, or the cost to the payee of the delay in obtaining the funds. The Debtors considered various approaches, including: (i) the time value of money over the payment horizon; (ii) relevant historical AA municipal bond rates as a reasonable proxy for state and municipal borrowing costs over the future payment horizon; (iii) lower medium grade or even Ba1/BB+ corporate bond yields as a potential proxy for the Sackler Parties' credit risk under the terms contemplated for the settlements under the Plan; and (iv) other higher rates driven by the Debtors' own cost of capital and other potential factors.

(B) Other Benefits of the Settlements

The Shareholder Settlements also provide the critical benefit of enabling the Debtors to avoid potential negative consequences that would occur absent the additional value recovered through the settlements from the Sackler Parties. These include the potentially devastating consequences of being unable to secure the full benefits of the DOJ Resolution and to satisfy the Private-Side Resolutions. Absent the settlements, the Debtors would also continue to incur the very significant expenses of remaining in bankruptcy for an additional period of unknown length and would need to expend material further resources to litigate the estate claims against the Sackler Parties. Absent a resolution in these Chapter 11 Cases, the Preliminary Injunction could expire and tens of thousands of creditors would be competing with each other to obtain judgments. Moreover, in these circumstances, the Debtors would, themselves, be competing with creditors for whom the Debtors are a fiduciary, diminishing the value of the Debtors' Estates. The ensuing litigation of claims against the Sackler Parties, which could very well continue for years post-emergence, would diminish the value of the assets available to satisfy claimants and, if successful, would certainly result in delayed and inequitable recoveries among potential claimants.

These negative circumstances that the Shareholder Settlements enable the Debtor to avoid are discussed in turn below.

(A) **DOJ Resolution**

Absent the Shareholder Settlements and approval of the Plan, the Debtors would face the possible unwinding of the DOJ Resolution, which could put at risk the entire value of the Debtors' Estates. Under the terms of the DOJ Resolution, Purdue Pharma pled guilty to certain criminal acts, and the Debtors agreed to a $2 billion Forfeiture Judgment.[84] The Forfeiture Judgment will have the status of an allowed superpriority administrative expense claim against Purdue Pharma.

Under the terms of the DOJ Resolution, the United States agreed to provide a Forfeiture Judgment Credit of up to $1.775 billion for value distributed or otherwise conferred by Purdue Pharma under the Plan in respect of claims asserted by state, tribal, or local government entities, provided that the Plan provides for the emergence of a public benefit company (or entity with a similar mission) and certain other terms and conditions as described in more detail in the Plea Agreement.

As discussed in Article I.D, if the Shareholder Settlements with the Sackler Parties are not approved, there is considerable risk that the Debtors will not have sufficient value to satisfy both the Private-Side Resolutions, discussed below, and the distributions to the state, tribal and local government entities required to receive the Forfeiture Judgment Credit. In such a case, the United States will not provide the Forfeiture Judgment Credit, and Purdue Pharma will be forced to pay the full Forfeiture Judgment, $2 billion. Such funds, if paid to the United States, will be unavailable for distribution to other creditors.

Absent the DOJ Resolution, the United States could resume its criminal prosecution of the Defendant Debtors, potentially subjecting the Defendant Debtors to a $6.2 billion fine and a $3.5 billion forfeiture judgment. These exposures, together with the DOJ's $2.8 billion asserted claim for civil liability (which could be trebled to $8.4 billion), would exceed and could potentially consume the entire value of the Debtors' Estates, including litigation recoveries.

(B) **Private-Side Resolutions**

Without the financial contribution from the Shareholder Settlements, the Debtors would not be able to satisfy their obligations under the Private-Side Resolutions, and the agreements that major stakeholders, including the Non-Federal Public Claimants and the Private Claimants, reached following months of mediation would likely fail, with very negative potential consequences.

Absent the Private-Side Resolutions, the various Private Claimant groups would dispute the claims of the Non-Federal Public Claimants, the United States and other Private Claimant groups, and each of those groups would likely respond in kind against each of the other groups. Litigation over the claims of the Non-Federal Public Claimants and the Private Claimant groups would be protracted and extremely costly. There would be no assurance that the claims of any particular claimant would ultimately be allowed in any particular amount, or at all. And as noted above, if the ultimate resolution failed to provide at least $1.775 billion in respect of claims

[84] The terms of the DOJ Resolution are described in greater detail in Article I.B. and I.D., *supra.*

asserted by state, tribal, or local government entities and for the emergence of a public benefit company or entity with a similar mission, the DOJ could reduce or retract the Forfeiture Judgment Credit and the Debtors would need to satisfy the $2 billion Forfeiture Judgment in cash (and would be at risk of further criminal prosecution and yet higher claims and fines). In such circumstances, other creditors could receive little to no recovery.

(C) **Sackler Parties' Estates**

When these Chapter 11 Cases began, the Sackler Parties were named in approximately 400 civil suits throughout the United States. At that time, additional new suits against them were being filed every week. At the same time, Purdue Pharma had been named as a defendant in more than 2,600 civil actions pending in various state and federal courts and other fora across the United States and its territories, and was also subject to several governmental investigations. Purdue Pharma's defense of these many matters was causing it to incur professionals' fees at an average rate of over $2 million per week, amounts attributable solely to pretrial defense costs, because none of these civil actions had yet proceeded to trial. In the event that thousands of cases are restarted or filed upon any expiration of the stay of litigation against Purdue Pharma or the Sackler Parties and move toward trial, run rate expenses would likely be multiples of those historical figures. These costs provide a potential basis for gauging the magnitude of the expenses that the Sackler Parties would incur in continuing to defend the pending and future lawsuits against them in the event the claims against them were not resolved as provided in the proposed settlements. Absent the proposed settlements, the Sackler Parties would likely need to incur such expenses, depleting the funds which they would potentially regard as available for compromising the claims against them and Purdue Pharma.

Moreover, in the event that any of the claims asserted in litigation against the Sackler Parties by parties other than the Debtors were to succeed, their assets would be depleted by the amounts of the costs incurred and judgments paid to successful litigants by the particular Sackler Parties in such actions. For this reason, upon the expiration of the stay of litigation against the Sackler Parties, there would be a race to the courthouse among their tens or hundreds of thousands of potential creditors, including both the Debtors and third parties. The recoveries in these individually prosecuted cases, were they to succeed, would not be equitably distributed among the claimants in Purdue Pharma's bankruptcy or to those asserting claims against the Sackler Parties. Rather, the assets would be recovered by perhaps just the handful of the successful plaintiffs that were the first to obtain and enforce court judgments, until the weight of liabilities or expected liabilities of the Sackler Parties exceeded the value of their estates. The litigation against the Sackler Parties would, if successful, likely force certain Sackler Parties into multiple separate bankruptcies. In other words, the process that, prior to and in this bankruptcy proceeding, after years of costly discovery and negotiations, eventually resulted in the proposed settlements with the Sackler Parties would likely have to be recommenced, in effect, in fragmented separate bankruptcy proceedings. Any possible recoveries that might be obtained by claimants or third parties as a result of those proceedings would very likely be delayed and, potentially, materially lower than their expected recoveries under the Plan.

Even were the Debtors able to secure judgments against the Sackler Parties in the U.S. courts, they would face several obstacles in collecting on those judgments. The Sackler Families comprise many distinct individuals and family units and the Sackler Parties comprise various

businesses around the world. Many individual Sackler Parties live abroad, and many are not U.S. citizens. Not all of their very considerable assets may be readily accessible by Purdue Pharma or other claimants seeking to hold the Sackler Parties personally liable for the costs of the opioid epidemic. Accordingly, while the U.S. House Committee on Oversight and Reform publicly reported on April 20, 2021 that the "Sackler family's total net assets equal approximately $11 billion" based on information from early 2020, that figure does not necessarily identify the total assets capable of being recovered by claimants at any specific point in time.

As of 2021, documents released by the Committee on Oversight and Reform indicate that the Sackler Families' wealth is divided between the A- and B-sides of the Sackler Families (the descendants of Mortimer and Raymond Sackler, respectively), with the A-Side individuals, companies and trusts holding collectively approximately $4.8 billion in assets and the B-Side individuals, companies and trusts holding collectively approximately $6.2 billion in assets. The information that the Debtors and certain other parties were provided with, while substantially more detailed in some respects and in certain instances including information as of different dates than those reported in the materials released by the Committee on Oversight and Reform, did not indicate that the aggregate value of the Sackler Families' wealth is materially different from the amounts indicated by the documents released by the Committee on Oversight and Reform; provided that the information released by the Committee on Oversight and Reform reference a hypothetical IAC value of $4.5 billion and the Debtors have utilized a more conservative assumption for purposes of evaluating the Shareholder Settlements. Further, most of the wealth is concentrated in dozens of U.S. and foreign-based spendthrift trusts. The ability of the Debtors or other creditor groups to enforce judgments by collecting amounts held by these trusts, or by the Sackler Parties in multiple jurisdictions around the world, is uncertain and would be zealously litigated, likely over a multi-year period and in multiple jurisdictions. In addition, documents released by the B-Side members of the Sackler Families indicate that the collective net worth of the B-Side individuals, companies and trusts has not changed significantly in the intervening years.[85]

As discussed in Article III.Q, supra, the quantum of the Sackler Parties' wealth, its location, the holdings and risk profile of various individual Sackler Family Members and their trusts, and other factors relevant to collectability were the subject of extensive discovery and taken into consideration by the Special Committee in determining the reasonableness of the Shareholder Settlements. In particular, the Special Committee considered the wealth of both the A- and B-sides of the Sackler Parties. Then, within the A- and B-sides, there are also significant disparities between the financial positions and holdings of the various individuals and family groups. The Special Committee also took into account differences among "pods" within each of the two sides in order to maximize the likelihood of recovery of the overall promised settlement amounts. The Special Committee also considered the value of the IACs, which are owned equally by the A- and B-Side families, and how the value of those assets would affect the overall recoverable assets.

With respect to the B-Side of the Sackler Families, the Special Committee considered the value and location of the B-Side wealth, which is concentrated in a number of trusts, companies

[85] See https://www.judgeforyourselves.info/wp-content/uploads/2021/04/2021.04.08-Response-from-Side-B-Former-Directors-to-March-11-Letter.pdf, at 240 of 419 (updating the January 2020 Raymond-Side Net Assets Report).

and individuals located in the United States, the beneficiaries of the trusts, and the personal wealth of certain B-Side members of the Sackler Families who sat on the Board or may face personal liability in connection with the estate and third-party claims. B-Side members of the Sackler Families include historical Board members Richard, Jonathan (now deceased) and David Sackler, among others.

With respect to the A-Side, the Special Committee considered the location of the family's wealth, which is overwhelmingly in foreign jurisdictions, and the dispersion of funds across a number of family units and companies, as well as dozens of trusts. While members of the A-Side family also participated in the governance of Purdue Pharma, including Theresa, Kathe, Mortimer D.A., Ilene Sackler, and Samantha Hunt, other members of the Sackler Families (including on A-Side) had no direct role in the management of the Debtors.

These considerations—including the uncertain prospects for enforcing potential U.S. court judgments against members of the Sackler Families and Sackler Parties, the differences between members of the Sackler Families, and the costs and delay that would be inherent in a multinational enforcement effort—make it difficult to conclude that continuing litigation outweighs the certain merits of the proposed Shareholder Settlements.

(2) Likelihood of Successful Litigation

The benefits of the Shareholder Settlements to the estate are to be weighed against an assessment of whether the Debtors' litigation would be successful—*i.e.*, the amounts that the Debtors might expect to recover in litigated judgments against the Sackler Parties. The litigation involves various potential claims, with varying prospects of success and different potential recoveries.

(A) The Debtors' Fraudulent Transfer Claims

As explained in more detail above, *see* Article II.E, *supra*, the Debtors' advisors have determined that from 2008 through 2019, the Debtors distributed approximately $10.4 billion in cash to Sackler Parties for the benefit of the Sackler Parties. The amounts of these distributions, which include distributions classified for tax purposes, are as follows:

In addition to these cash distributions, the Debtors' advisors have also catalogued non-cash distributions made for the benefit of the Sackler Parties from 2008 through 2019, as well as various commercial transactions between the Debtors and Sackler Parties, such as supply agreements, service agreements and license-and-royalty arrangements, during the same period. In the opinion of the Debtors' advisors, some of these commercial transactions between the Debtors and Sackler Parties did not reflect reasonable terms of exchange. To the extent that the Sackler Parties or Sackler Parties benefitted from above-market or below-market terms of exchange that were not reasonable, the excess benefits they obtained constitute additional transfers of value for the benefit of the Sackler Parties. Non-cash transfers and excess benefits based on non-market terms may total in excess of an additional $1.4 billion in value to or for the benefit of the Sackler Parties from 2008 through 2019.

Absent the Shareholder Settlements, the Creditors' Committee and/or any successors to the Debtors would litigate to recover all or some of these potential transfers of value made for the benefit of the Sackler Parties for the benefit of the Debtors' estates.[86] The Creditors' Committee could pursue recovery of these transfers on a variety of legal theories, but the chief claims would be claims to recover fraudulent transfers, as provided under the Bankruptcy Code and applicable state law. The Bankruptcy Code authorizes debtors to assert two types of fraudulent transfer claims: constructive fraudulent transfers and intentional fraudulent transfers.

A constructive fraudulent transfer is one where the transferor (i.e., Purdue Pharma) received less than reasonably equivalent value for the transfer and was insolvent as of the date of the transfer or became insolvent as a result of the transfer. An intentional fraudulent transfer is one where the transfer was made with an actual intent to hinder, delay, or defraud creditors. A debtor's ability to recover assets that were fraudulently transferred may be limited by the applicable statute of limitations. The amount of recovery if a claim is proven may be increased by prejudgment interest.

In assessing the likelihood of success in litigating the Debtors' fraudulent transfer claims against the Sackler Parties, the key factors considered include

1. whether Purdue Pharma was insolvent as of the time of a particular transfer made for the benefit of the Sackler Parties, such that the transfer was constructively fraudulent;
2. the strength of the evidence that a particular transfer was made with the intent to hinder, delay or defraud creditors, such that the transfer was intentionally fraudulent;
3. whether distributions made for purposes of funding tax payments owed by the Sackler Parties can be recovered on a theory of fraudulent transfer;
4. whether, under the applicable statute of limitations, certain transfers occurred too long ago for the Debtors to seek to recover them;

[86] On December 2, 2024, the Bankruptcy Court entered an order granting leave and sole standing to the Creditors' Committee to commence and prosecute claims held or that may be asserted by the Debtors' estates on behalf of the Debtors' estates. *Order Granting the Official Committee of Unsecured Creditors of Purdue Pharma L.P., et al. Sole Standing to Commence and Prosecute Estate Causes of Action* [D.I. 6979].

5. the time period and rate to be used in calculating prejudgment interest on a successful claim; and
6. the Debtors' ability to collect a judgment on a successful claim.

Each of these key factors relating to the likelihood of the Debtors' success in recovering transfers for the benefit of the Sackler Parties is discussed below.

(B) Evidence of Insolvency

To prevail on a claim of constructive fraudulent transfer, a debtor must show that the debtor received less than reasonably equivalent value for the transfer and that the debtor was insolvent at the time of the transfer or was rendered insolvent as a result of the transfer.

At all times prior to the Petition Date—and thus for each of the transfers identified between 2008 and 2019—Purdue Pharma's balance sheet as presented in its audited financial statements indicated that the value of Purdue Pharma's assets exceeded that of its liabilities. The balance sheet is not determinative, however. Although as a general matter unliquidated litigation claims are not counted as liabilities for accounting purposes, courts may consider them when evaluating a debtor's liabilities for purposes of a claim of constructive fraudulent transfer. Even claims that were not asserted as of the date of a particular transfer may be considered liabilities in this context, if the court determines that the claim had "accrued" by that date and could be timely asserted under the relevant statute of limitations. Whether a claim had accrued and could be timely filed can vary depending on the type of claim, the governing law, the facts regarding the parties' conduct, the nature of the relief sought and the nature of the harm. In determining a debtor's liability for accrued but unasserted claims, courts take varying approaches that, among others, have included considering the likelihood that the plaintiff would succeed, the foreseeability of future litigation of the claims or evidence as to the value of such claims through adjudications or settlements. A court evaluating whether Purdue Pharma was insolvent as of the date of a particular transfer would accordingly assess whether, as of that time, Purdue Pharma's liabilities for accrued claims (even if unasserted) exceeded the value of its assets.

On this basis, the Debtors would seek to establish that Purdue Pharma was insolvent as of a date well prior to the Petition Date. The likelihood of being able to demonstrate that Purdue Pharma was insolvent would likely vary over time, in keeping with the changing circumstances. For example, the facts relevant to evaluating whether Purdue Pharma was insolvent in 2008 differ from the facts relevant to evaluating whether Purdue Pharma was insolvent in 2015 or 2019. Many different considerations are relevant to the insolvency analysis. One factor deemed relevant by some courts is the number of asserted claims as of a particular date (e.g., the date of a transfer). As of the Petition Date, approximately 2,600 lawsuits against Purdue were pending in various federal and state courts. Following the Petition Date, many thousands of proofs of claims were filed with the Court. These claims include those seeking recovery on behalf of cities, counties and states, which given their breadth could result in very significant amounts. However, the Sackler Parties would point to the fact that between 2008 and 2015, there were relatively few tort claims asserted against Purdue Pharma, and very few governmental claims. Given this history, a court would have to make a judgment as to when it was foreseeable that additional claims by governmental entities and others would be filed against Purdue Pharma, that Purdue Pharma would be deemed to have liability on those claims by governmental entities and others, and that the aggregate liabilities of

such claims exceeded Purdue Pharma's very significant enterprise value, so as to render it insolvent.

Even as of the Petition Date, after many such claims had been filed, none had proceeded to trial or resulted in a judgment against Purdue Pharma. Moreover, many of these claims rest on novel theories of liability. Unlike many other mass tort claims, such as asbestos claims, that have a more predictable value after many years of litigation, the claims against Purdue Pharma and other opioid manufacturers do not have a history of adjudicated values. The record of litigation against Purdue Pharma has been highly variable: Some cases have been dismissed as legally defective on the pleadings. In many others, courts have held that the complaints stated a valid claim for relief, and many of these were being litigated as of the time of the bankruptcy filing and stay of proceedings. Other cases asserting tort claims have been settled. In 2007, Purdue Pharma and three senior executives reached a settlement with the DOJ and the U.S. Attorney's Office for the Western District of Virginia that resolved federal criminal claims and certain civil claims for $634.5 million, on top of a $19.5 million settlement Purdue Pharma reached that same month with the attorneys general of 26 states and the District of Columbia to resolve certain civil claims. Despite the size of that resolution, Purdue Pharma's enterprise value exceeded amounts that it paid in settlements prior to filing for bankruptcy. In the aggregate, Purdue Pharma paid approximately $342 million in settlements from 2008 through 2019, excluding matters involving patents and similar intellectual property disputes.

Liabilities based on the total claims asserted by the federal government and resolved through the DOJ Resolution, including those that were not admitted to by the Debtors, would exceed Purdue Pharma's enterprise value today. Courts would likely consider the DOJ Resolution in determining Purdue Pharma's insolvency over time. While there are arguments against the appropriateness of such consideration, the DOJ Resolution, if taken at face value, would support a claim of insolvency prior to the Petition Date. Courts would then have to determine how the liabilities accrued over time. In doing so, a court could consider the various public documents filed by the government. For example, based upon the Agreed Statement of Facts associated with the Plea Agreement, a court might consider the nature and length of the conspiracies alleged. The documents do not explain how liability accrued over time. Further, if a court concluded that significant liabilities accrued in earlier years, as noted above, the court would have to balance such accrued liabilities against Purdue Pharma's significant enterprise value in those years.

There is, accordingly, uncertainty as to whether and to what extent the Debtors would prevail in recovering all relevant distributions based on a constructive fraudulent transfer claim.

(C) Evidence of Intent to Hinder, Delay or Defraud Creditors

To prevail on a claim of intentional fraudulent transfer, a debtor must show that the transferor acted with the intent to hinder, delay or defraud creditors. Such a showing would likely need to be proven by a standard of clear and convincing evidence, not merely a preponderance of the evidence, and it would need to be proven with respect to each individual transfer challenged as having been made with fraudulent intent, including where individuals acted based on multiple interests and motivations.

There is an extensive discovery record in this case. As is described more fully in Article III.Q. above, Purdue Pharma has produced more than 12.5 million documents it had previously produced in prior litigations and to the DOJ, as well as an additional 680,000 documents it produced in response to requests from the Creditors' Committee. For their part, the Sackler Parties have collectively produced over 1.5 million documents.

Within these materials are documents that could be used to argue that, as early as 2007, individual members of the Sackler Parties and members of the Board believed that Purdue Pharma faced substantial legal risks related to its sale and marketing of OxyContin and other opioid products, such as Hysingla ER and Butrans (collectively, the "**Opioid Products**"). In addition, some documents reflect concerns, at various times, about the concentration of the Sackler Parties' wealth in Purdue Pharma, including in respect of legal risks to the business, and discussions of ways to diversify the Sackler Parties' wealth beyond their investment in Purdue Pharma, including through strategies to distribute Purdue Pharma's assets. The Sackler Parties likely would argue in response that there are also contemporaneous indications throughout the period from 2007 through 2017 that certain individual members of the Sackler Parties and members of the Board did not consider those legal risks to present a threat of insolvency, but instead considered them to be manageable, just as Purdue Pharma had managed its liability exposures to the federal government, 26 states, and the District of Columbia in settling claims with those entities in May 2007 for approximately $650 million. It is uncertain how a court or jury might evaluate the full body of evidence in an ex post facto reconstruction of the intent of the PPI Board and members of the Sackler Parties as of the time of past transfers.

The record of Purdue Pharma's transfers for the benefit of the Sackler Parties reflect a large increase in the amount of cash distributions beginning in 2008, shortly after Purdue Pharma's large federal and state government settlements. At the same time, the Sackler Parties would likely argue that the increase in distributions coincided with a significant increase in Purdue Pharma's revenues, profits and cash position; and that documents show instances in which members of the Sackler Parties chose to reinvest in the business rather than take additional cash distributions. The Sackler Parties may also point to documents indicating that certain transfers of assets and certain off-market intercompany dealings were made based on rational business planning or the continuation of practices, such as distributions for tax purposes, that were consistently followed throughout Purdue Pharma's history going back well before 2008.

While the foregoing does not reflect the full record and considerations available in pursuing a claim of intentional fraudulent transfer, it demonstrates the uncertainty that would face the Debtors if they needed to establish that Purdue Pharma made transfers for the benefit of the Sackler Parties with the intention to defraud Purdue Pharma's creditors; or, significantly, that Debtors could succeed in establishing a right to recover amounts on such a claim in excess of the present value of the Shareholder Settlements.

(D) Tax Distributions

Since its formation on June 12, 1991 as a Delaware limited partnership, Purdue Pharma has been treated as a "pass-through" entity for U.S. federal income tax purposes, which means that it was not itself subject to U.S. federal income tax. Purdue Pharma's taxable income instead "passed through" to, and was reportable by, its shareholders.

As set out in agreements entered into by certain of the Debtors' shareholders, the Debtors distributed amounts equal to the income tax liability at the highest tax rate of any shareholder. Approximately $4.7 billion of the $10.4 billion of cash distributions identified in the 1A Report were identified as tax distributions.

The Debtors would argue that, for any period in which Purdue Pharma was insolvent, tax distributions can be recovered as transfers for less than reasonably equivalent value, because they were paid for the benefit of the Sackler Parties without any corresponding benefit to Purdue Pharma. The Sackler Parties would argue in response that the tax distributions were made so Purdue Pharma itself could receive the benefit of being structured as a limited partnership, and thus, not have any entity-level tax obligations. If it had not been designated as a pass-through entity for tax purposes, Purdue Pharma would have been subject to the federal statutory corporate tax rate of 35% during most of the relevant period. Many comparable pharma companies had lower overall effective tax rates, and, accordingly, the amount of taxes that Purdue Pharma would have owed, had it been a taxpayer, is uncertain. It is difficult to predict how courts would resolve these tax issues. Courts have reached different conclusions, and the case law is sparse on whether tax distributions should be regarded as transfers "for reasonably equivalent value" in circumstances where the transferor is (like Purdue Pharma) organized as a pass-through entity for purposes of income tax liability and the income associated with its operations is instead assigned to its partners. In addition, a March 26, 2025 decision by the Supreme Court, *United States v. Miller*, 604 U.S. ___ (2025) placed certain limitations on the ability of estate representatives to avoid certain tax payments pursuant to Bankruptcy Code section 544(b). Although the circumstances in that case were distinguishable, it presents another litigable issue in the event claims to recover certain tax distributions for the Sacklers were litigated.

Given the lack of uniformity in case law and the lack of controlling authority in the Second Circuit, it is uncertain whether a court would determine that the $4.7 billion in tax distributions made by Purdue Pharma from 2008 through 2017—a significant portion of the total distributions during this period—were transfers for less than "reasonably equivalent value" that could be voided as fraudulent transfers if Purdue Pharma had been insolvent at the time that each tax distribution was made.

(E) Statute of Limitations

A statute of limitations defines the period in which a debtor may recover transfers. Here, the first fraudulent transfer claims were brought by the New York Attorney General on March 28, 2019, which had the effect of stopping or "tolling" the limitations period.

Under Section 548 of the Bankruptcy Code, the Debtors can recover any fraudulent transfers made up to two years before the Petition Date. As such, a claim pursuant to section 548 would only allow the Debtors to recover transfers made beginning in September 2017, after which there have been limited transfers from Purdue Pharma to or for the benefit of the Sackler Parties.

The Debtors could also proceed under Section 544, which allows the Debtors to bring fraudulent transfer claims under applicable state or federal laws. The Debtors could proceed pursuant to Connecticut's Uniform Fraudulent Transfer Act, which provides for a four-year statute of limitations, under the Federal Debt Collection Procedures Act, which provides a six-year statute

of limitations, or under other statutes. Because of the involvement of state creditors here, there are also colorable legal arguments that a ten-year statute of limitations could also be appropriate, or that statutes of limitations are inapplicable given the claims asserted by certain state creditors may not be subject to a limitation period under applicable state law. In addition, both Connecticut and Federal law apply a so-called "discovery rule," which tolls the statute of limitations in respect of intentional fraudulent transfer claims to the point when the plaintiff became aware of or should have been aware of the fraud. Such arguments are based on state statutes and case law specific to cases, as here, involving state claimants but have not been significantly developed in the context of bankruptcy proceedings. If the Debtors are not able to prevail on their ability to extend the statute of limitations to go back further in time, or to use an equitable argument to potentially stop the limitations clock from running for some period, the Debtors would be able to seek to recover transfers made from and after either 2015 or 2013, depending on whether the limitations period is determined to be four or six years, respectively. As discussed above, distributions from Purdue Pharma had largely ceased by 2017, thereby limiting the amount Debtors would likely be able to recover.

(F) Prejudgment Interest

The amount of a debtor's potential recovery in connection with transfers made at a time of insolvency or with an intent to defraud creditors can depend significantly on whether or not the recovery is augmented by an award of "prejudgment" interest. Awards of prejudgment interest are not mandated under the Bankruptcy Code. Whether and in what amount to award prejudgment interest are questions for the court's discretion.

A number of factors would affect a prejudgment interest award. *First*, while the decision whether to award any prejudgment interest is entirely up to the court's discretion, courts typically do award prejudgment interest in fraudulent transfer cases. *Second*, the rate at which prejudgment interest is awarded is also discretionary. Assuming Connecticut law applies, the maximum rate is 10% per annum, but courts can award prejudgment interest at a lower rate more in line with prevailing market rates. *Third*, courts have the discretion to award prejudgment interest from the date the transfer was made *or* from the date the fraudulent transfer lawsuit was filed. How a court might ultimately rule on these discretionary matters would materially affect the potential recovery here, where certain transfers were made in 2008, but the first fraudulent transfer complaint was not filed until eleven years later in 2019.

(G) Collectability of Potential Judgments

Fraudulent transfer claimants can recover from both the transferees, including trusts, and the parties for whose benefit a transfer is made. Importantly, this means that through a fraudulent transfer claim, a claimant may recover from a spendthrift trust, which could otherwise be considered "judgment proof" in connection with other types of claims. Here, depending on the resolution of the legal and factual issues discussed above, the Debtors and other claimants could potentially recover up to the total net worth of the Sackler Parties.

However, there are various obstacles to litigating, enforcing, and collecting against the Sackler Parties that create uncertainty with respect to the sums that may ultimately be recoverable. For one, while the Sackler Parties are frequently described as a monolithic entity,

there are, in fact, dozens of members of the Sackler Parties spread out around the globe over a number of independent family units and ranging in ages from very small children to senior citizens. The vast majority of them never served on the Board or otherwise held employment by the Debtors, and because many members of the Sackler Parties are not U.S. citizens, they are potentially beyond the reach of U.S. jurisdiction. Therefore, in order to obtain any significant recovery, the Debtors and other claimants would not be able to simply file a lawsuit against "the Sackler Parties," but would instead have to separately sue, prevail, and collect against each of these individuals (and entities), and expend considerable resources in multiple jurisdictions without any guarantee of success.

Additionally, as has been documented, most of the Sackler Parties' wealth is concentrated in dozens of trusts—several of which were established before the invention of OxyContin—located both within and outside the United States. As disclosed in the 1A Report, while distributions from Purdue Pharma were initially made to two primary trusts, funds have subsequently been dispersed not only to individual members of the Sackler Parties around the world, but also to dozens of trusts created for their benefit, including many that are located in the Bailiwick of Jersey in the Channel Isles or other locations, which may not subject to the Bankruptcy Court's jurisdiction. Notably, in order to recover assets held in Jersey, the Debtors would likely have to commence a *de novo* fraudulent transfer action in Jersey and relitigate all of the claims against each of these individual trusts.

Thus, the Debtors and other claimants may not be able to recover the full amount of a fraudulent transfer judgment, and would likely spend years and significant legal fees attempting to do so. By contrast, the Sackler Parties have consented to the jurisdiction of the Bankruptcy Court for settlement enforcement purposes, and, in considering the proposed Shareholder Settlements, the Debtors have taken into account these factors in contemplating the collectability of any judgments obtained in U.S. courts.

(H) Other Potential Claims of the Debtors' Estates

In addition to the fraudulent transfer claims, the Debtors' Estates could also pursue unjust enrichment and breach of fiduciary duty claims. Factors that affect the likelihood of a successful litigation of each of those claims are discussed in turn below.

(A) **Unjust Enrichment**

The Debtors could bring an unjust enrichment claim against the recipients of any of the assets wrongfully extracted from Purdue Pharma. The Debtors could argue that the various cash and undervalued non-cash transfers unjustly enriched the recipients thereof at the expense of the Debtors' Estates and, in turn, the creditors. Any unjust enrichment claim would likely be based on the same set of facts as the fraudulent claims; however, the Debtors would not have to prove actual or constructive fraud. They would instead have to prove that any funds transferred out of Purdue Pharma could have been used to satisfy its creditors and that equity and good conscience require the return of the funds to the Debtors for the benefit of all creditors. Even if the Debtors were to prevail in establishing a right to recover under a theory of unjust enrichment, they would likely not be able to seek double recovery under both unjust enrichment and fraudulent transfer theories.

Any unjust enrichment claim is limited to a six-year lookback period, which would only allow the Debtors to seek recovery of transfers dating back to 2013. If they were to succeed on an unjust enrichment claim, the Debtors' ability to collect any such claim would be subject to the same considerations that apply in the fraudulent transfer context.

(B) **Breach of Fiduciary Duty**

The Debtors could potentially assert claims for breach of fiduciary duty against the members of the Board. As a general matter, the general partner of a limited partnership (and, by extension, its board of directors) owes the fiduciary duty of loyalty to the limited partnership.[87] Directors may be liable for a breach of fiduciary duty where they engaged in self-dealing transactions, where they directly caused the partnership to violate the law, or where they failed to implement or adequately monitor internal compliance programs.

In the case of Purdue Pharma, claims of breach of fiduciary duty based on a theory of self-dealing transactions would largely overlap in terms of evidence and substance with the potential claims of fraudulent transfer discussed above. Such claims accordingly would be unlikely to add any significant recovery beyond what would already be available to the Debtors under a fraudulent transfer theory. Indeed, the prospects for recovery may be more limited on claims for breach of fiduciary duty, because recovery would have to be pursued against individual entities for breach of duty, rather than against a transferee of funds based on receipt of a transfer that was either constructively or intentionally fraudulent.

Generally, claims for breach of fiduciary duty by board members based on a failure of oversight face significant challenges of proof. The limitation period for asserting a claim of breach of fiduciary duty is likely to be three years, counted from the date of the Debtors' bankruptcy filing in September 2019. Thus, any actions from September 2016 forward that would give rise to liability could potentially support a claim. There may be grounds for asserting that Purdue Pharma itself engaged in misconduct after September 2016—particularly in light of facts accepted in connection with the recent guilty plea on federal criminal charges—yet there would also have to be evidence tying such conduct to individual members of the Board.

Members of the Sackler Parties will argue, as they have publicly stated, that the record shows that Purdue Pharma had a compliance program in place and that the Board received regular briefings with respect to it. In order for the Debtors to prevail, a court or a jury would need to conclude that members of the Board had reason to doubt such reassurances and failed in their capacities as members of the Board to adequately monitor the compliance program. It is therefore uncertain whether the Debtors will be able to recover on a breach of fiduciary duty claim premised on the theory that any particular director, or all directors, caused Purdue Pharma to engage in illegal conduct in the period after September 2016.[88]

[87] Partners may choose to disclaim the fiduciary duty of loyalty; however, Purdue Pharma's limited partnership agreement made no mention of the duty until March 7, 2018, when it was amended to disclaim the duty. Accordingly, Purdue Pharma would argue that PPI's directors owed Purdue Pharma a duty of loyalty up until March 7, 2018.

[88] Absent extensions, the statute of limitations on a breach of fiduciary duty claim is three years.

(C) **Third-Party Claims**

The Shareholder Settlements allow claimants to choose—but do not require them—to provide the Shareholder Direct Claims Releases pursuant to the Shareholder Release Consent Mechanism applicable to the applicable Class of such Claims. Any such Settling Creditor that elects to grant the Third-Party Releases will share in substantial additional distributions available under to the Direct Claims Settlements. Critically, each individual claimant will have the opportunity to make an independent election to grant the Third-Party Releases applicable to that claimants' own direct claims in exchange for additional incremental consideration, or to preserve any such claims should they wish to do so.

Third-party creditors of the Sackler Parties have brought a variety of claims arising from Purdue Pharma's and the Sackler Parties' roles in manufacturing and marketing the various Opioid Products, including OxyContin. These claims include, but are not limited to, product liability, wrongful death, negligence, including negligent misrepresentation, negligence per se and gross negligence, fraud, fraudulent concealment, deceit and other willful misconduct, unjust enrichment, public nuisance, and claims under state consumer protection and controlled substances laws.

While the Debtors recognize the tragic circumstances underlying these suits, third-party creditors nonetheless face various legal hurdles in proving the elements of their claims and collecting on any judgments. Notably, third-party creditors would need to specifically prove that individual members of the Sackler Parties engaged in conduct that would give rise to personal liability and that such conduct caused the harms allegedly sustained by such third parties. The Sackler Parties would expend significant resources in defending against any direct claims. Among other things, they would likely argue that while Purdue Pharma manufactured, distributed and marketed its Opioid Products, other parties contributed to the chain of events relating to prescriptions for, consumption of, and harm resulting from, the Opioid Products. Generally, these medications were prescribed for patients by licensed medical doctors, and the prescribing judgments by these "learned intermediaries" have been recognized in court decisions to provide a legal defense to manufacturers of drugs for harms they cause, including harms for opioid addiction allegedly caused by the Opioid Products.

Other potential defenses by members of the Sackler Parties would include possible misuse of prescription opioids or wrongful conduct by victims, which could potentially preclude or limit liability on the part of the Sackler Parties or other released parties. State and local nuisance claims face similar hurdles. As noted above, those claims are novel, and the law remains unsettled. In some cases, lawsuits against Purdue Pharma and members of the Sackler Parties have been dismissed on various legal grounds, including causation and standing. Many others have survived motions to dismiss, including those alleging claims against certain members of the Sackler Parties brought by Massachusetts and Rhode Island.[89] However, none had been tried to final judgment at the time of the bankruptcy filing and stay of litigation.

[89] *See Commonwealth v. Purdue Pharma L.P., C.A*. No. 1884CV01808, 2019 WL 6497887 (Mass. Super. Ct. Nov. 4, 2019); State v. Purdue Pharma L.P., C.A. No. PC-2018-4555, 2019 WL 3991963 (R.I. Super. Ct. Aug. 16, 2019).

As a result, those third-party claims are uncertain and highly speculative. Even if a particular creditor were able to prevail in holding some individual members of the Sackler Parties liable and recover from those individuals, for the reasons discussed above, the vast majority of creditors who do not win the race to the courthouse would likely receive nothing.

The Sackler Parties have also submitted filings laying out their own views of the claims against them and their defenses: the *Reply by the Side A Initial Covered Sackler Persons in Support of Disclosure Statement for Second Amended Plan* [D.I. 2833] and the *Submission by The Raymond Sackler Family of a Proposed Position Statement for Inclusion or Reference in the Debtors' Disclosure Statement* [D.I. 2853].[90]

(3) Complexity, Expense and Delay of Litigation & Difficulties of Collecting Judgments

The second *Iridium* factor—the complexity of the litigation and the likelihood of attendant cost, inconvenience and delay, and likely difficulties in collecting judgments—weighs in favor of the Shareholder Settlements. As explained in detail above, the claims of the Debtors and other parties would require adjudications of many complex matters, including detailed evidence of conduct and events that occurred over many years. These complex matters would include, among others, litigation over evidence regarding the intent behind numerous distinct distributions of assets from Purdue Pharma at different times over a period of years, Purdue Pharma's own accrued liabilities to third parties, if any, at different times—and its solvency or insolvency at particular times in view of any such liabilities. There would also be complex questions of causation and statutes of limitations, as noted above. Many of these issues would likely be litigated, at least in part, through complex expert opinions. The expense of litigating these claims to conclusion would be material and would diminish the Debtors' Estates and the potential assets of the defendants that would be available to satisfy any judgments that the claimants might be capable of obtaining after years of litigation.

There is also a significant risk of difficulties in collecting judgments against the Sackler Parties. The damages that could potentially be recovered in litigation are necessarily limited by the assets that could be reached to satisfy a judgment. According to information reviewed by the Debtors' representatives, the assets of the Sackler Parties exceed the settlement payments by a meaningful amount, but there are potential legal impediments to enforcing possible future court judgments against all of those assets. Some assets, for example, are held in trusts or held personally by individuals in foreign jurisdictions. The ability of the Debtors or third parties to enforce possible future judgments, if obtained, against such assets is uncertain. Accordingly, there is significant risk that the litigation of claims against the Sackler Parties and affiliated entities could result in

[90] Copies thereof may be obtained at no charge from the Solicitation Agent by (a) calling the Debtors' restructuring hotline at (844) 217-0912 (toll-free) or (347) 859-8093 (international); (b) visiting the Debtors' restructuring website at https://restructuring.primeclerk.com/purduepharma; (c) writing to Purdue Pharma Ballot Processing, c/o Kroll LLC, One Grand Central Place, 60 East 42nd Street, Suite 1440, New York, NY 10165; and or (d) emailing purduepharmainfo@kroll.com. You may also obtain copies of any pleadings filed in these Chapter 11 Cases for a fee via PACER at http://www.nysb.uscourts.gov.

recoveries of amounts less than the payments to be made by the Sackler Parties under the Shareholder Settlements.

With respect to third-party claims against the Sackler Parties, even were a claimant to succeed in establishing its claim, the claimant would still face the challenge of collecting on a judgment against the liable party. As noted above, a significant portion of the wealth of the Sackler Parties is held in trusts, both inside and outside the United States. These family trusts are irrevocable, non-donor, spendthrift trusts, and as a result, a plaintiff would face significant challenges in collecting the trusts' assets to satisfy a judgment against an individual member of the Sackler Parties. Under Connecticut and Wyoming law, which govern most of the relevant trusts, a plaintiff seeking to enforce a judgment cannot recover a defendant's assets held in spendthrift trusts. A creditor can only garnish or attach trust assets after the assets are distributed to the beneficiaries.

(4) Interest and Support of Creditors & Expertise of Representatives

The third, fourth, and fifth factors from the *Iridium* case—the interest and support of the creditors, and the expertise of their representatives—similarly weigh heavily in favor of the settlements. [The vast majority of creditors, including the Creditors' Committee, AHC, MSGE Group, the Native American Tribes Group, the Ad Hoc Group of Individual Victims, the Ad Hoc Group of Hospitals, the ER Physicians, the Third-Party Payor Group, the Ratepayer Mediation Participants, the NAS Committee, and the Public School District Claimants support or have no objection to the Shareholder Settlements, subject to satisfactory resolution of certain terms that continue to be negotiated.][91] The Debtors and these committees and other creditors have been represented by experienced and reputable counsel and financial and economic advisors.

(5) Releases of Sackler Families and Other Specified Persons

The sixth *Iridium* factor—the nature and breadth of releases of officers and directors or other third parties—is relevant here because the Plan contains Debtor releases of claims against the Sackler Families and certain other persons. Under the Shareholder Settlements, the Sackler Parties will pay up to $7 billion to creditors—a very material sum that will enable the Debtors to satisfy the Plan, including the Private-Side Resolutions, and help to secure the DOJ Resolution. The agreement by the Sackler Parties to pay these very significant amounts is part of an integrated settlement agreement that includes claimants receiving material consideration on account of their claims against the Debtor estates plus claimants having the additional opportunity to receive additional value on account of Direct Claims if they elect to grant third-party releases for the benefit of the Sackler Families and related persons.

(6) Arm's Length Negotiation of Settlement Terms

The final *Iridium* factor—whether the Shareholder Settlements was achieved through arm's-length bargaining—is plainly present here. The Shareholder Settlements was reached in multiple stages after many years of vigorous arm's- length bargaining by the Special Committee,

[91] [**NTD:** subject to ongoing review.]

the Creditors' Committee, AHC and MSGE Group, and other key stakeholders and was facilitated by highly regarded professional (and indefatigable) mediators.

3. The Special Committee's Investigation and Approval of the Subsequent Shareholders Settlement of Claims Against the Sackler Parties

With the Special Committee's authorization, the Debtors continued to play an active role in the Post-SCOTUS Decision Mediation. Throughout these negotiations, the Debtors' counsel and financial advisors provided regular updates to the Special Committee through emails, calls, and virtual and in-person meetings on the status of negotiations and the various proposals and counterproposals made by the mediation parties. The Special Committee met no fewer than 13 times during this period to discuss the Debtors' approach and position on various matters. The Special Committee approved or delegated authority with respect to the offers and counter-offers made by the Debtors during the course of these negotiations.

In early March 2025, the Special Committee received drafts of the Plan, this Disclosure Statement, the Shareholder Settlement Term Sheet and other key documents and information. On March 13, 2025, in advance of the full board meeting, the Special Committee approved the Shareholder Settlements as a component of the global settlement proposed through the Plan. Following this approval, the full Board considered and approved the remaining components and authorized the filing of the Plan and the Disclosure Statement.

Z. Prosecution of Claims and Causes of Action Related to the Debtors' Insurance Coverage

On January 20, 2021, the Bankruptcy Court approved the *Stipulation and Agreed Order Granting Joint Standing to Prosecute Claims and Causes of Action Related to the Debtors' Insurance Coverage to (1) the Official Committee of Unsecured Creditors and (2) the Ad Hoc Committee of Governmental and Other Contingent Litigation Claimants* [D.I. 2305] (the "**Insurance Stipulation**"). On January 29, 2021, the Debtors, the Creditors' Committee and the Ad Hoc Committee commenced an adversary proceeding under the authority of the Insurance Stipulation by filing the *Complaint for Declaratory Relief*, Adv. Pro. No. 21-07005 (RDD) [D.I. 1] (the "**Insurance Complaint**"). The Insurance Complaint sought an order declaring the present and future rights, duties, and liabilities of the Debtors and the Defendant Insurers under the Debtors' Insurance Policies (each as defined in the Insurance Complaint) and directing the Defendant Insurers to indemnify the Debtors for, or pay on their behalf, damages suffered by the Debtors arising out of the Pending Actions. *E.g.*, Insurance Complaint ¶ 9.

On September 15, 2023, the Bankruptcy Court issued an order approving the stipulation amongst the parties to stay the adversary proceeding until approximately thirty (30) days after the Harrington Decision [D.I. 283]. The Supreme Court issued a decision on June 27, 2024, a mediation among the Debtors and key stakeholders commenced on July 10, 2024, and on August 9, 2024 the Bankruptcy Court issued an order approving a stipulation amongst the parties to stay the adversary proceeding until approximately thirty (30) days after the mediation concludes [D.I. 289].

AA. Omnibus Claims Objection Procedures

On March 16, 2021, the Debtors filed the *Motion of Debtors for Entry of Order Approving (I) Omnibus Claims Objection Procedures, (II) Omnibus Claims Settlement Procedures and (III) Omnibus Claims Hearing Procedures* [D.I. 2490] (the "**Omnibus Claims Procedures Motion**"). Pursuant to the Omnibus Claims Procedures Motion, the Debtors sought entry of an order approving certain procedures to (a) object to claims (the "**Omnibus Claims Objection Procedures**"), (b) settle disputed claims without further Bankruptcy Court approval (the "**Omnibus Claims Settlement Procedures**"), and (c) streamline hearings on contested claims (the "**Omnibus Claims Hearing Procedures**"). The Bankruptcy Court granted the relief requested in the Omnibus Claims Procedures Motion on April 22, 2021 [D.I. 2696].

BB. Disclosure Statement Hearing and Confirmation Hearing

The hearing to consider approval of the Disclosure Statement will take place on June 18, 2025 at 10:00 a.m. (Prevailing Eastern Time). The deadline to object to the approval of this Disclosure Statement is June 11, 2025 at 4:00 p.m. (Prevailing Eastern Time). The Confirmation Hearing will be held on [October 27, 2025 at 10:00 a.m.] (Prevailing Eastern Time) to consider confirmation of the Plan.

CC. Post-Confirmation Developments

1. Post-Confirmation Mediation, Settlement and Appeals Process

On September 20, 2021, the Bankruptcy Court confirmed the Debtors' twelfth amended joint chapter 11 plan of reorganization (the "**Twelfth Amended Plan**"), which received the support of each of nine classes of creditors eligible to vote (the "**Voting Classes**") and over 95% of voting creditors, including 38 of 48 U.S. states. The Twelfth Amended Plan contemplated the release of the members of the Raymond Sackler family and Mortimer Sackler family (the "**Sackler Families**") from civil liability to Purdue and its creditors for any Purdue-related claims (the "**Release**") in exchange for their $4.275 billion contribution to the Debtors' estates. Despite nearly unanimous creditor support for the Twelfth Amended Plan, eight states and the District of Columbia (the "**Nine**"), the U.S. Trustee, the Canadian Municipality Creditors, the Canadian First Nation Creditors and a small number of *pro se* litigants appealed the Bankruptcy Court's order confirming the Twelfth Amended Plan (the "**Plan Confirmation Order**") to the United States District Court for the Southern District of New York (the "**SDNY District Court**"). The primary issue raised on appeal was whether creditors could be bound by the Release without their consent. In December 2021, the SDNY District Court overruled the Bankruptcy Court and vacated the Twelfth Amended Plan in the *Decision and Order on Appeal* [D.I. 279], as noted in *In Purdue Pharma, L.P.*, 635 B.R. 26, 118 (S.D.N.Y. 2021), holding that the Bankruptcy Code did not permit binding third-parties to releases of their claims against the Sacklers without such creditors' consent (the "**SDNY Ruling**"). In January 2022, the SDNY District Court granted the Debtors' motion to certify the SDNY District Court's ruling for appeal to the Second Circuit. *See Order Granting the Petition for Leave to Appeal and Motion to Expedite* [D.I. 103].

Following the SDNY District Court's decision, in January 2022, the Bankruptcy Court re-appointed the Honorable Shelley C. Chapman to facilitate an additional round of mediation

between the Sacklers and the Nine. *See Order Appointing the Honorable Shelley C. Chapman as Mediator* [D.I. 4260] (the "**Post-Confirmation Mediation Order**"). This fourth round of mediation culminated on March 2, 2022 with the filing of an agreed settlement term sheet. *See Mediators' Fourth Interim Report* [D.I. 4409] (the "**Post-Confirmation Settlement Framework**").

The Post-Confirmation Settlement Framework had three basic components: (i) the Sacklers' increased their total contribution to the Debtors' estates to $5.5 billion - $6 billion (depending upon the profits obtained from the sale of the Sackler Families' interest in certain non-U.S. pharmaceutical companies), of which approximately $277 million would be distributed through a supplemental fund for the benefit of the Nine (plus the State of New Hampshire), (ii) additional privileged materials of the Debtors' were included in the public document depository, and (iii) the Sackler Families and related foundations agreed to allow any U.S. institution to remove the Sackler name from its physical facilities and academic, medical, and cultural programs, scholarships, endowments, and the like. Judge Chapman also recommended that certain Sackler Family members, including former directors and officers of Purdue, participate in a special hearing before the Bankruptcy Court to provide a forum for opioid victims and their families to directly address those Sackler Family members. In exchange for these concessions (to be implemented through modification to the Twelfth Amended Plan), the Nine agreed to drop their opposition to the Twelfth Amended Plan, which left only the U.S. Trustee, the Canadian Municipality Creditors, the Canadian First Nation Creditors and a small number of *pro se* litigants in opposition to confirmation of the Twelfth Amended Plan. *See Motion of Debtors Pursuant to 11 U.S.C. § 105(a) and 363(b) For Entry of an Order Authorizing and Approving Settlement Term Sheet* [D.I. 4410].

In March 2022, the Bankruptcy Court approved the Post-Confirmation Settlement Framework. *See Order Pursuant to 11 U.S.C. §§ 105 and 363(b) Authorizing and Approving Settlement Term Sheet* [D.I. 4503].

In May 2023, the Second Circuit affirmed the Bankruptcy Court's approval of the Release and the Twelfth Amended Plan and reversed the SDNY Ruling. *Second Circuit Opinion* [D.I. 978] *In re Purdue Pharma L.P.*, 69 F.4th 45, 85 (2d. Cir. 2023).

The U.S. Trustee subsequently sought to stay the Second Circuit's decision while it petitioned the U.S. Supreme Court for review of the Second Circuit's ruling. While the Second Circuit denied this request, the U.S. Supreme Court granted certiorari to hear the appeal and recalled the case from the SDNY District Court. The U.S. Supreme Court issued the Harrington Decision on June 27, 2024. It held that, other than in asbestos cases, the Bankruptcy Code does not authorize a release and injunction that is granted under a plan of reorganization that effectively seeks to discharge claims against a non-debtor without the consent of affected claimants. *Id* at 207.

The court expressly limited its opinion to non-consensual third-party releases and made clear that its opinion "should not be construed to call into question consensual third-party releases offered in connection with a bankruptcy reorganization plan." *Id.* at 208. The court declined to express any view as to what constitutes a "consensual" third-party release.

2. Post-Harrington Decision Mediation

Following the Harrington Decision, the Debtors submitted a letter to the Bankruptcy Court requesting further mediation to facilitate negotiations among key stakeholders to reach modified settlement agreements and a modified Plan. *See Request for Status Conference* [D.I. 6498]. On July 10, 2024, the Bankruptcy Court entered an order directing the appointment Judge Chapman (Ret.) and Eric D. Green as co-mediators. *See Order Appointing the Honorable Shelley C. Chapman and Eric D. Green as Co-Mediators and Establishing Terms and Conditions of Mediation* [D.I. 6537]. Further orders were subsequently entered extending the appointment of the co-mediators.

Per the Bankruptcy Court's July 10 order, the key stakeholders in the bankruptcty proceeding re-initiated mediation negotiations (the "**Post-SCOTUS Decision Mediation**"). They included the Debtors, the Creditors' Committee, the Ad Hoc Committee, the MSGE, the "Covered Parties" consisting of the Initial Covered Sackler Persons and the Additional Covered Sackler Persons (each as defined in the *Amended and Restated Case Stipulation Among the Debtors, the Official Committee of Unsecured Creditors and Certain Related Parties* [D.I. 518]), the Ad Hoc Group of Hospitals, the NAS Committee, the Ad Hoc Group of Individual Victims, the Third-Party Payor Group, the Public School District Claimants, the Ratepayer Mediation Participants, (each as defined in the Thirteenth Amended Plan) and one or more negotiating committee(s) of State Attorneys General.

After nearly eight months of intense further mediation negotiations, including numerous in-person meetings, the Mediation Parties (as defined in the Mediation Orders) reached an improved global settlement (the "**Shareholder Settlement Agreements**") as set forth in the Master Shareholder Settlement Agreement, which is part of the Plan Supplement. The Shareholder Settlement Agreements will deliver up to $7 billion of value over fifteen years to claimants and communities across the country affected by the opioid crisis.

3. The Shareholder Settlements

The Shareholder Settlement Agreements are comprised of two separate but related components: the Estate Claims Settlement and the Direct Claims Settlements. Pursuant to the Estate Claims Settlement, for which approval is being sought from the Bankruptcy Court through the Plan, the Debtors will settle their claims against the Sackler Covered Parties, which claims are collectively called the Estate Causes of Action. The Plan includes both an Estate release of such claims and an allocation of the proceeds of such settlement among the creditors of the Debtors.

Pursuant to the Direct Claims Settlements, the Sackler Covered Parties will provide cash distributions to creditors who elect to participate in the settlement in exchange for releasing such creditors' direct claims against the Sackler Parties, other Related Parties, and certain non-debtor parties. Pursuant to an agreed allocation, all payments from the Shareholder Payment Parties will be split between the Estate Claims Settlement and the Direct Claims Shareholder Settlements and further allocated among the creditors of the Debtors.

Under the terms of the Shareholder Settlement Agreement, billions of dollars will flow into trusts established for the benefit of States and Subdivisions (as defined in the Master Shareholder

Settlement Agreement), as well as other creditor groups such as Hospitals, Public School Districts, ER Physicians, and qualified personal injury claimants. Funding for the various trusts comes primarily from two sources: (i) the Shareholder Payment Parties who have agreed make up to $7.0 billion of cash payments over fifteen years[92] and, on a contingent basis, up to $500 million of incremental cash realized from the sale of their IACs,[93] and (ii) the Estates, which the Debtors expect will have approximately $927 million of cash available for distribution on the Effective Date,[94] bringing the total anticipated cash consideration available to the creditors to approximately up to $7.4 billion.

Of the total available cash consideration, other than (i) the amounts being used to pay private claimants and (ii) any other costs necessary for consummation of the Plan and related to the Shareholder Settlement Agreement, all residual amounts will be available for distribution to the public claimants, subject to certain contingencies and reductions. Private claimant groups and the public schools in the Debtors' bankruptcy cases will receive, in the aggregate across all categories, up to $1.53 billion and $40.5 million, respectively, of the total available cash consideration (subject to reduction as noted above).

(i) Reserves for Non-Released Direct Claims

The Sackler Covered Parties' maximum contribution is designed to replicate a global settlement with consensual releases provided in exchange for payments, as litigation settlements typically do. In the event that creditors determine not to participate in the direct claims settlement, the Master Shareholder Settlement Agreement establishes three levels of "reserves." These "reserves" are available to fund "Litigation Costs" (as defined in the Master Shareholder Settlement Agreement) incident to opioid-related civil litigation against the Sackler Covered Parties, subject to certain limitations and conditions set forth in the Shareholder Settlement Term Sheet. To be clear, if every claimant provides the Sackler Release, there will be no reserves and the Sackler Covered Parties will fund the full $7.0 billion.

The "reserves" are: first, out of the Shareholder Direct Settlement Portion, any amounts not paid by Sackler Parties for the Direct Claims Shareholder Settlements based on the failure of public or private claimants to participate in the global proposed settlement that will be deemed as "Retained Payments" that the Sackler Covered Parties must look to first to fund Litigation Costs. Second, "Released Claims Reserves" that will be funded with certain amounts from Estate Distributions that otherwise would have been paid to claimants who both do not provide the Sackler Release and whose claims have been disallowed. These amounts may be used for

[92] Specifically, with respect to the Sackler Covered Parties contribution and subject to certain contingencies, (a) $1.5 billion will be due on the Effective Date; (b) $500 million will be due on the first anniversary of the Effective Date; (c) $500 million will be due on the second anniversary of the Effective Date; (d) $400 million will be due on the third anniversary of the Effective Date; and (e) the remaining $3.6 billion will be due over the remaining payment years in annual installments.

[93] Under the Shareholder Settlement Term, the Sackler Covered Parties must use commercially reasonable efforts to sell IACs within seven years. If they fail to do so, the Master Disbursement Trust will have the option to seek a forced sale for a price in excess of a certain appraised amount.

[94] The $927 million figure is based on current projections and subject to variability based on the Debtors' Effective Date, the cost of the Debtors' bankruptcy cases, and any legal, contractual or other restrictions on such cash.

Litigation Costs relating to claims in such claimant's category, but only after the applicable Retained Payments have been fully utilized. Third, there will be a "Special Operating Reserve" (the "**SOR**"), which may only be used to fund Litigation Costs after the Retained Payments and Released Claims Reserves have all been exhausted (or unable to be used). On the Effective Date, the SOR will be funded with $200 million. To the extent necessary to fund Litigation Costs (and only to such extent and subject to the requirement to first use Retained Payments and the Released Claims Reserves), the SOR may be incrementally funded up to an aggregate of $800 million. Any unused amounts in the SOR and Released Claims Reserves will begin reverting to the States and Subdivisions in year five, so long as no "Material Litigation" (as such term is defined in the Master Shareholder Settlement Agreement) is then pending.

(ii) Mechanisms for Consensual Releases and Impact on Reserves

Consistent with the Harrington Decision, the Plan does not contain non-consensual Third-Party Releases. Instead, the Plan will provide public and private claimants the choice of whether to elect to provide Third-Party Releases. A claimant that grants the Third-Party Releases will receive its *pro rata* share of both (a) the Estate Distributions and other estate cash allocated to its class and (b) the Shareholder Direct Settlement Portion for its class, subject to the applicable Creditor Trust TDPs. A claimant that does not grant the Third-Party Releases will not receive a payment from the Shareholder Direct Settlement Portion allocable to its class. Such claimant may be eligible to receive its *pro rata* share of the Estate Distributions and other estate consideration if and when its claim is allowed. A claimant that does not grant the Third-Party Releases will not be enjoined from bringing litigation against any of the Sackler Covered Parties on account of its direct claims, if any, subject to certain terms and conditions described more fully in the Master Shareholder Settlement Agreement. The consent of States, other public entities and Tribes in Classes 4 and 5 will be sought through Direct Claims Shareholder Settlements. The consent of Public School Districts in Class 6, Hospitals in Class 7 and ER Physicians in Class 9 will be sought through Opt-Out Class Action Settlements, described in greater detail below. The consent of creditors in all other voting Classes will be sought through opt-in check boxes on the applicable form of Ballot.

The decision by a creditor in respect of the Third-Party Releases also impacts the processing of their Claim against the Debtors. A Channeled Claim held by a creditor that grants the Third-Party Releases (and thereby becomes a Settling Creditor) will be Allowed subject to any applicable Creditor Trust Documents and the holder of such Claim will be entitled to the *pro rata* share of the Shareholder Direct Claims Settlement and the Shareholder Estate Claims Settlement allocable to such Claim subject to the applicable Creditor Trust TDP. On the other hand, a Channeled Claim held by a Non-Settling Creditor will be treated as a Non-Participating Channeled Claim and may be subject to objection. If an objection is interposed, such Non-Settling Creditors may be required to prove the Debtors' liability for such Claim. If successful, such a Non-Settling Creditor will be entitled to their *pro rata* share of the Estate Distributions, but not the Shareholder Direct Settlement Portion, allocable to the value assigned to such Claim subject to the applicable Creditor Trust TDP. For the avoidance of doubt, in both scenarios, Distributions, if any, to such Channeled Claim shall be subject to and determined in accordance with, among other things, the applicable Creditor Trust TDP. [If no objection is interposed within a designated span of time—

[one-year] for PI Claims, [two years] for all other claims)—such Non-Participating Channeled Claims will also be Allowed.][95]

(1) PI and Third-Party Payor Claims: Claims Administrator and Ballot Opt-In Mechanism

The Direct Claim Settlement Retained Payment Amounts and the amounts held in the Released Claims Reserves depend not only on the relative numbers of claimants that opt-in to the Third Party Releases in each class, but also on the relative value of those claimants' Claims. The Plan provides that the value of each claim for purposes of performing these calculations will be determined by the TDP applicable to each such class. On April 15, 2025, the Bankruptcy Court approved the *Joint Motion of the Debtors and the Official Committee of Unsecured Creditors for an Order (I) Appointing PI and TPP Claims Administrators; (II) Authorizing the Establishment of Claims Deadlines and Claims Objection Procedures and (III) Granting Related Relief* [D.I. 7310] (the "**Claims Administrators Motion**"), to appoint Claims Administrators to perform information-gathering and pre-processing in connection with PI Claims in Classes 10(a) and 10(b) and Third-Party Payor Claims in Class 8, concurrent with Plan voting and solicitation. Following this information-gathering process, the Debtors and Creditors' Committee anticipate filing omnibus objections to Claims for which sufficient substantiating information is not received by the Claims Administrators or otherwise had been provided as part of an applicable timely filed proof of claim. Any Claims that are disallowed by Final Order prior to the Effective Date pursuant to such process will not be included in the total amount of potential claims on the basis of which the various reserves are calculated, thus limiting the funds that must be held in reserve on account of Non-Participating Channeled Claims to value associated with potentially compensable claims. In the event that an objection filed pursuant to this process is not resolved as of the Effective Date, and the Holder of such Claim is a Settling Creditor, such Claim will be Allowed pursuant to the Plan, but any Distributions will be subject to the applicable TDP, and the TDP's calculation may not result in any Distributions on account of such Claim. These processes are described in greater detail in connection with the descriptions of such Classes' treatments below.

(2) Public Schools, Hospitals and ER Physicians – Opt-Out Class Action Process

The Shareholder Settlement provides Holders of Claims in Classes 6 (Public School Claims), 7 (Hospital Claims) and 9 (ER Physician Claims) the option to elect to grant consensual Third-Party Releases. The Direct Claims Shareholder Settlement Agreements applicable to such classes will be effectuated by means of Opt-Out Class Actions that will be filed in United States District Courts by plaintiffs for purposes of obtaining approval from such Direct Claims Shareholder Settlement Agreements pursuant to Federal Rules of Civil Procedure 23(b)(3). Notice of such Opt-Out Class Actions, including the opportunity to opt-out, will be governed by the applicable District Court overseeing such litigation.

The Plan provides that any Holder of a Claim in Class 7 or 9 bound by the Opt-Out Class Action settling its direct claims against the Shareholder Released Parties will be treated for purposes of allowance and distribution as a Settling Creditor. The consideration to be provided in

[95] [**NTD:** subject to ongoing review.]

each Opt-Out Class Action Settlement will consist solely of the Shareholder Direct Settlement Portion allocable to the relevant classes.

Direct claims asserted by the Holders of Public School Claims in Class 6 are anticipated to be the subject of an Opt-Out Class Action filed in the United States District Court for the Northern District of West Virginia.

Direct claims asserted by the Holders of Hospital Claims in Class 7 are anticipated to be the subject of an Opt-Out Class Action filed in the United States District Court for the District of New Mexico.

Direct claims asserted by the Holders of ER Physician Claims in Class 9 are anticipated to be the subject of an Opt-Out Class Action filed in a venue to be determined.

(iii) Future Operations

As part of the Plan, Purdue Pharma will cease to exist. On the Effective Date, the Debtors' businesses will be transferred to NewCo, which will in turn be wholly owned by an independent and newly-created Foundation. NewCo will be a private company, will be required to operate in a responsible and sustainable manner, and will be subject to the same laws and regulations as any other pharmaceutical company. NewCo will, however, be historic and unique because its charter will require it to continue to develop opioid overdose reversal and addiction treatment medications and to distribute these life-saving medicines at or below cost. The terms of the post-Effective Date structure are set for in Article III.T.

Finally, consistent with the Debtors obligations under the DOJ Resolution, the Plan contemplates the creation of the Public Document Repository, which is described in Article III.W. herein.

(iv) Class Treatment

The relevant Classes and the treatment that such Classes will receive based on the agreements reached in the Post-SCOTUS Decision Mediation are described in more detail below.

(1) Non-Federal Domestic Governmental Claims

Forty-nine states, the District of Columbia, and five U.S. territories filed Proofs of Claim against the Debtors seeking damages for, without limitation, alleged violations of consumer protection laws, public nuisance, fraud, negligence, negligence *per se*, elder abuse, violations of racketeering and other statutes, lost revenue, past and future costs and expenses, unliquidated claims based on non-Medicaid population, abatement, fraudulent conveyances or transfers, taxes, fines, penalties, forfeitures, and other penal claims, statutory civil penalties, disgorgement, restitution, mandatory and prohibitory injunctive relief under their respective consumer protection laws, and violations or enforcement of police powers. Various cities, counties, municipalities, and other local governmental entities also filed Proofs of Claim against the Debtors seeking damages under similar theories. Pursuant to the Plan, Non-Federal Domestic Governmental Claims consist of any Claims against any Debtor held by a Domestic Governmental Entity other than the United States or a Tribe (including any Claim based on the subrogation rights of the Holder thereof that

is not an Other Subordinated Claim), and not a Priority Tax Claim. All Non-Federal Domestic Governmental Claims and all Claims against Released Parties or Shareholder Released Parties that is held by a Domestic Governmental Entity (in the case of Shareholder Released Direct Claims, solely to the extent that such Domestic Governmental Entity is a Settling Creditor) other than the United States or a Tribe will be channeled to the Governmental Remediation Trust. The Governmental Remediation Trust will be funded in an initial amount of all Effective Date Cash remaining after the satisfaction of all amounts described in Section 5.14(a) of the Plan and the SOR Holdback. In addition, the Governmental Remediation Trust may be entitled to (i)(A) its share of distributions of MDT Distributable Value in accordance with Section 5.2(f)(i)(A) of the Plan and the MDT Priority Waterfall and (B) the reversion rights from the Special Operating Reserve as set forth in the Plan, the Master Shareholder Settlement Agreement, and the Governmental Entity Shareholder Direct Settlement Agreement, as applicable, and (ii) 96.7% of the Governmental NewCo Distributable Cash pursuant to Section 5.4(e) of the Plan.

(A) Interstate Allocation of Governmental Remediation Trust Funds

The funds distributed to the Governmental Remediation Trust under the Plan will be allocated to each State for use within that State largely based on a formula and methodology developed through extensive negotiations among the Attorneys General of various States. This methodology is based on, among other things, prescription opioid sales, the prevalence of pain reliever use disorder, overdose deaths, and population. Non-Federal Domestic Governmental Allocation is shown in a chart attached hereto as **Appendix F.**

(2) Tribe Claims (Class 5)

Various federally recognized American Indian or Alaska Native Tribes, bands, nations, pueblos, villages or communities (each a "Tribe") filed Proofs of Claim against the Debtors seeking damages for a range of alleged harms arising from opioids, including, without limitation, costs related to addiction treatment, therapy, hospitalization, as well as other costs relating to members of the Tribes impacted by opioid use and dependency. Pursuant to the Plan, Tribe Claims consist of any Claim against any Debtor held by a Tribe (including any Claim based on the subrogation rights of a Tribe that is not an Other Subordinated Claim), in its capacity as such. For the avoidance of doubt, claims of Tribes against Holders of PI Claims or Distributions payable to Holders of PI Claims, to the extent such claims exist, are not claims against any Debtor and therefore are not included in this definition of "Tribe Claims." All Tribe Claims and all Claims against Released Parties or Shareholder Released Parties that is held by a Tribe (in the case of Shareholder Released Direct Claims, solely to the extent that such Tribe is a Settling Creditor) will be channeled to the Tribe Trust. The Tribe Trust shall receive, on the Effective Date, (i) the Initial Tribe Trust Distribution, (ii) the MDT Tribe Interest and (iii) the right to receive 3.3% of the Governmental NewCo Distributable Cash pursuant to Section 5.4(e) of the Plan.

Tribal Allocation Distribution Percentages are shown in a chart attached hereto as **Appendix E**. David R. Cohen and Layn Phillips, in their capacity as court-appointed Tribal Allocation Appointees, conducted a process with regard to the Janssen Tribal Master Settlement Agreement by which Tribal Allocation Distribution Percentages were determined, and which shall also form the basis for the distributions to the Participating Tribes. For the avoidance of doubt, the

procedures implemented by the Tribal Allocation Appointee included: (1) each Participating Tribe had the right to meaningfully participate in the Tribal Allocation Appointees' decision as to whether to approve or modify the Interim Tribal Allocation Matrix and a right to be heard prior to the Tribal Allocation Appointees' final decision; (2) the Directors provided notice of the proposed settlement allocation to the unrepresented Tribes, and the Directors coordinated with the Tribal Allocation Appointees to set forth the procedures by which notice was provided; and (3) Unrepresented Participating Tribes had the same rights as the represented Participating Tribes within the settlement allocation process.

(3) Public School Claims (Class 6)

Certain elementary, middle, or secondary public school districts in the United States assert Claims against the Debtors for past and future costs, including special education costs, associated with educating students harmed as a result of the opioid crisis. Pursuant to the Plan, a Public School Claim consists of any Claim against any Debtor held by a public school district in the United States, in its capacity as such, that (i) has filed one or more Proofs of Claim; (ii) has a student population greater than 5,000 students; or (iii) has filed one or more opioid-related cases against the opioid industry in MDL 2804 McKinsey or other courts (each such public school district, a "Public School District"). All Public School Claims and all Claims against Released Parties or Shareholder Released Parties held by a Public School District in its capacity as such (in the case of Shareholder Released Parties, solely to the extent that such Public School District is a Settling Creditor)[96] will be channeled to benefit the Public School Districts' Opioid Recovery Trust (the "Public School Trust").

The Public School Trust will be (i) funded with an initial amount of $25,500,000, less the applicable Direct Claim Settlement Retained Payment Amount, on the later of (a) the Effective Date and (b) consummation of the Public School District Shareholder Direct Settlement. In addition, the Public School Trust shall be entitled to funding from the Master Disbursement Trust in the amount of (i) $7,500,000 on the first anniversary of the Effective Date *less* the applicable Direct Claim Settlement Retained Payment Amount and (ii) $7,500,000 on the second anniversary of the Effective Date *less* the applicable Direct Claim Settlement Retained Payment Amount. If, as of the Effective Date, the Public School District Shareholder Direct Settlement has not been consummated, the Shareholder Direct Settlement Portion of the Initial Public Schools Distribution will be deposited into a third-party interest bearing escrow in accordance with the Master Shareholder Settlement Agreement on the Effective Date and distributed in accordance with Section 5.2(e)(i) of the Plan.

The Public School Trust is a grant making trust with Dr. Andrés Alonso serving as Special Trustee and Truist Bank serving as Trustee. The Public School Trust aims to help public school districts recover from the opioid crisis and develop responses to help educate students harmed by the opioid crisis. To date, the Public School Trust has been funded with distributions from the bankruptcy proceedings of Mallinckrodt plc and Endo International plc, as well as other litigation recoveries related to the opioid crisis. The Public School Trust is advised by the Committee of

[96] "Settling Creditor" with respect to Public School Claims means those Public School Districts that have consented to the Third-Party Releases pursuant to the Public School District Shareholder Direct Settlement.

Public School Districts' Representatives (the "PSDR"), which is comprised of three to five individuals with experience in education or services for at-risk youth and is tasked with, among other things, facilitating communication between public school districts and the Special Trustee.

Public School Districts may apply for grants by submitting applications through the Public School Trust portal (https://www.schooldistrictopioidrecoverygrants.com). Applications are accepted on a cyclical basis, with the next round of awarded grants expected to be announced in May 2025. The grants will be awarded to independent public school districts who demonstrate, among other things, a clear need for opioid recovery and support services and a plan to integrate these services into their existing support frameworks. The grant program is designed to encourage eligible school districts to apply for funding where it can have the greatest impact, including for classroom services, school-based behavioral and mental health supports, instructional innovations, and other district and school-based supports that assist students harmed by the opioid crisis.

(4) Hospital Claims (Class 7)

Some providers of healthcare treatment services (excluding Domestic Governmental Entities) filed Proofs of Claim against the Debtors for, among other things, alleged increased or otherwise un- or under-reimbursed costs relating to the provision of services to or on account of persons who have, at some point, ingested opioids. Some of these Holders of Hospital Claims filed prepetition lawsuits, including some putative class actions, against the Debtors.[97] The Holders of Hospital Claims have asserted the following causes of action, without limitation, against the Debtors: (i) violations of the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961, *et seq*. ("RICO") and state law equivalents, (ii) nuisance, (iii) negligence, (iv) common law fraud, and (v) violations of state consumer protection statutes. Pursuant to the Plan, Hospital Claims consist of all Claims against any Debtor held by an acute care hospital subject to EMTALA which hospital is not a Domestic Governmental Entity or a Physician. All Hospital Claims and all Claims against Released Parties or Shareholder Released Parties held by providers of healthcare treatment services, in their capacity as such, (in the case of Shareholder Released Direct Claims, solely to the extent that such provider is a Settling Creditor) will be channeled to the Hospital Trust. The Hospital Trust will be funded in an initial amount of $[263,507,000] from the Debtors on the later of (i) the Effective Date and (ii) consummation of the Hospital Shareholder Direct Settlement, less the SOR Holdback in the amount of $[2,697,000]. In addition, the Hospital Trust may be entitled to the MDT Hospital Claim. If, as of the Effective Date, the Hospital Shareholder Direct Settlement has not been consummated, the Shareholder Direct Settlement Portion of the Shareholder Direct Settlement Portion of the Initial Hospital Trust Distribution will be deposited by the Master Disbursement Trust into a third-party interest bearing escrow in accordance with the Master Shareholder Settlement Agreement on the Effective Date and distributed in accordance with Section 5.2(e)(i) of the Plan.

The Hospital Trust will make distributions (net of attorneys' fees and costs, including funding of the Common Benefit Fund) to those Holders of Hospital Claims that either (i) filed timely Proofs of Claim prior to the General Bar Date of July 30, 2020, or (ii) are listed on the

[97] Capitalized terms used in Article III.S.1 of the Plan shall have the meaning attributed to such terms in the Hospital Trust Documents and the Plan, as applicable.

national registry of hospitals maintained by the American Hospital Directory®, as in effect on the Effective Date, in each case to the extent that such Holders are either (x) Acute Care Hospitals in the United States that (i) are not owned or operated by a Domestic Governmental Entity; and (ii) treated patients diagnosed with opioid use disorder and/or other opioid-related conditions at any time from January 1, 2009, through (a) the Petition Date, for purposes of distributions from the Debtors themselves or (b) October 30, 2024 for purposes of distributions in respect of the Shareholder Released Direct Claims in the Opt-Out Class Action; or (y) Other Providers, subject to certain other eligibility criteria set forth in the Hospital Trust Distribution Procedures (those Holders of Hospital Claims that satisfy such criteria, the "Hospital Authorized Recipients"). In order to receive an abatement distribution from the Hospital Trust, Holders of Hospital Claims will be required to submit a Hospital Abatement Distribution Form (as defined with the Hospital Trust Documents) to the Hospital Trust accompanied by certain additional data. In particular, the Hospital Abatement Distribution Form includes, among other things, a requirement to (i) certify that such Holder adheres to the standard of care for the emergency department, hospital wards and outpatient clinics at the time of any prospective evaluation, diagnosis, and treatment of Opioid Use Disorder ("OUD"), including with respect to the applicable standard of care for the treatment of addiction, acute withdrawal and treatment for OUD with medication assisted treatment, and provides discharge planning and post-discharge care coordination for patients with OUD, including information for appropriate OUD treatment services and (ii) submit, to the extent not already submitted in connection with its Proof of Claim, Requisite Claims Data including, among other things, copies of all claims, complaints, proofs of claim, notices, settlement documents, releases, recoveries, compensation received, or similar documents that a Holder of a Hospital Claim submits or entered into in respect of claims asserted against or to be asserted against any other entity or person arising from or related to such Holder of a Hospital Claim's OUD program or related to any of the injuries that underlie such claim. The amount of the abatement distribution(s) made to each Hospital Authorized Recipient shall be subject to a calculation methodology set forth in the Hospital Trust Documents that is based on (i) the diagnostic codes associated with operational charges incurred by the Hospital Authorized Recipient in connection with the treatment of OUD, (ii) the portion of such charges that were not reimbursed, and (iii) certain other weighted determination factors, as set forth in further detail therein.

Any Acute Care Hospital whose Released Claims or Shareholder Released Direct Claims have been released by any other settlement is not eligible to participate in the Hospital Trust.

Hospital Authorized Recipients will be required to spend all distributions from the Hospital Trust for Hospital Authorized Abatement Purposes, as defined in the Plan, including (i) the Authorized Abatement Purposes set forth in the Hospital Trust Documents or (ii) the payment of attorneys' fees and costs of the Holders of Hospital Channeled Claims (including counsel to the Ad Hoc Group of Hospitals) and funding of the Common Benefit Fund. Spending for a Hospital Authorized Abatement Purpose is designed to, among other things: provide transportation to treatment facilities for patients with OUD; provide continuing professional education in addiction medicine, including programs addressing stigma; allow participation in community efforts to provide OUD treatment to others in the community, such as those in jails, prisons, or other detention facilities; provide community education events on opioids and OUD; provide Naloxone kits and instruction to patients upon discharge; implement needle exchanges in hospitals or adjacent clinics and provide on-site Medication-Assisted Treatment ("MAT") services if possible; prospectively provide otherwise unreimbursed or under-reimbursed future medical services for

patients with OUD or other opioid-related diagnoses; build or lease space to add half-way house beds; participate in research regarding development of innovating OUD treatment practices; direct moneys to any other public or private Authorized Recipient of funds concerning the treatment of persons with OUD or other opioid-related diagnoses; *provided* that such recipient's use of such funds would otherwise constitute an Authorized Abatement Purpose, and support MAT Programs. Each Hospital Authorized Recipient will have to submit to the Trustee on its Hospital Abatement Distribution Form a written statement that all funds will be spent only in the Hospital Authorized Recipient's Service Area.

The Hospital Trust's administrative expenses will be governed by the Hospital Trust Agreement. The Hospital Trust Agreement will provide that the Trustee shall use commercially reasonable efforts to ensure that the costs of administering the Hospital Trust are reasonable in all respects, but that the Trustee shall not be bound by any annual or cumulative "caps" on such expenditures.

Subject to the consent of the Debtors (which consent shall not be unreasonably withheld, delayed or denied), the Ad Hoc Group of Hospitals will choose a Trustee. The Hospital Trust Agreement will provide that the Honorable Thomas L. Hogan (ret.) will serve as Trustee. In the event of a vacancy in the Trustee position, whether by term expiration, death, retirement, resignation, or removal, the vacancy shall be filled by the unanimous vote of the Trust Advisory Committee ("TAC"). In the event that the TAC cannot appoint a successor Trustee, for any reason, the Bankruptcy Court shall select the successor Trustee. Immediately upon the appointment of any successor Trustee, all rights, titles, duties, powers, and authority of the predecessor Trustee shall be vested in, and undertaken by, the successor Trustee without any further act. Each successor Trustee shall serve until the earliest of (i) the expiration of his or her term, (ii) his or her death, (iii) his or her resignation, (iv) his or her removal, or (v) the termination of the Hospital Trust.

The Hospital Trust Agreement will provide that the initial TAC shall consist of one member. The sole member of the TAC shall be Jeffrey James, CPA. The TAC shall consist of not less than one member, and shall never consist of more than three individuals.

The Hospital Trust Agreement shall provide that the Trustee shall have the power to appoint such officers, hire such employees, engage such legal, financial, accounting, investment, auditing, forecasting, and other consultants, advisors, and agents as the business of the Hospital Trust requires, and delegate to such persons such powers and authorities as the fiduciary duties of the Trustee permit and as the Trustee, in its discretion, deem advisable or necessary in order to carry out the terms of the Hospital Trust, including without limitation the Delaware Trustee, and any third-party claims or noticing agent deemed necessary or convenient by the Trustee, and pay reasonable compensation to those employees, legal, financial, accounting, investment, auditing, forecasting, and other consultants, advisors, and agents employed by the Trustee after the Effective Date (including those engaged by the Hospital Trust in connection with its alternative dispute resolution activities).

The Hospital Trust Agreement will further provide that the Trustee shall receive a retainer from the Hospital Trust for his or her service as a Trustee in the amount of $25,000 per annum, paid annually. Hourly time shall first be billed and applied to the annual retainer. Hourly time in

excess of the annual retainer shall be paid by the Hospital Trust. For all time expended as a Trustee, including attending meetings, preparing for such meetings, and working on authorized special projects, the Trustee shall receive the sum of $600 per hour. For all non-working travel time in connection with Hospital Trust business, the Trustee shall receive the sum of $275 per hour. All time shall be computed on a decimal (1/10th) hour basis. The Hospital Trust Agreement shall also provide that the member(s) of the Trust Advisory Committee shall receive compensation from the Hospital Trust for services on the TAC at the same hourly rate as the Trustee (but with no annual retainer). Additionally, the Hospital Trust will promptly reimburse the member(s) of the TAC for all reasonable out-of-pocket costs and expenses incurred in connection with the performance of their duties as set forth in the Hospital Trust Documents.

The Hospital Trust Agreement will provide that neither the Trustee nor the Delaware Trustee shall be required to post any bond or other form of surety or security unless otherwise ordered by the Bankruptcy Court.

(5) Third-Party Payor Claims (Class 8)

Numerous private health insurers, employer-sponsored health plans, union health and welfare funds and any other providers of healthcare benefits, including any third-party administrators or agent on behalf thereof, that is not a Domestic Governmental Entity; *provided*, however, that California health districts acting as third-party payors that filed Third-Party Payor Proofs of Claim in such capacity by the Bar Date established in the Bar Date Order are included in the defined term "Third-Party Payor," filed or were included in Proofs of Claim filed against the Debtors seeking damages for allegedly improper and fraudulent prescriptions of opioids and for the alleged increased healthcare costs caused by their members' opioid use and dependency. Some of the Third-Party Payors filed prepetition lawsuits against the Debtors asserting, without limitation, (i) violations of RICO and state law equivalents, (ii) nuisance, (iii) negligence, (iv) common law fraud, and (v) violations of state consumer protection statutes. The Third-Party Payors were represented in the Mediation by counsel for the Blue Cross Blue Shield Association and various Third-Party Payors and health insurance carrier plaintiffs.

Pursuant to the Plan, Third-Party Payor Claims consist of any Claim against any Debtor that is held by a Third-Party Payor (including any Claim based on the subrogation rights of the Holder thereof that is not an Other Subordinated Claim) that is not a Domestic Governmental Entity; *provided* that Claims in respect of self-funded government plans that were and are asserted through Third-Party Payors shall be included in this definition of "Third-Party Payor Claims." For the avoidance of doubt, (i) Federal Government Unsecured Claims are not Third-Party Payor Claims, and (ii) claims of Third-Party Payors against Holders of PI Claims or Distributions payable to Holders of PI Claims are not claims against any Debtor and therefore are not included in this definition of "Third-Party Payor Claims." All Third-Party Payor Claims and all Claims against Released Parties or Shareholder Released Parties that are held by a Third-Party Payor (in the case of Shareholder Released Direct Claims, solely to the extent that such Third-Party Payor is a Settling Creditor) that is not a Domestic Governmental Entity will be channeled to the TPP Trust.

The TPP Trust will be funded in an initial amount of $[394,929,850], less any amounts paid by the Debtors to the TPP Claims Administrator or his professionals as of the Effective Date and subject to (i) the SOR Holdback in the amount of $[5,989,850], and (ii) any applicable Direct

Claim Settlement Retained Payment Amount.[98] In addition, the TPP Trust may be entitled to further funding from the Master Disbursement Trust in connection with the SOR Holdback.

Background and Definitions

Pursuant to the Plan:

> "Third-Party Payor" means a private health insurer, an employer-sponsored health plan, a union health and welfare fund or any other provider of healthcare benefits, including any third-party administrator or agent on behalf thereof, that is not a Domestic Governmental Entity; provided, however, that California health districts acting as third-party payors that filed Third-Party Payor Proofs of Claim in such capacity by the Bar Date established by the Bar Date Order shall be included in this definition of "Third-Party Payor."
>
> "Third-Party Payor Claim" means any Claim against any Debtor that is held by a Third-Party Payor (including any Claim based on the subrogation rights of the Holder thereof that is not an Other Subordinated Claim) that is not a Domestic Governmental Entity; *provided* that Claims in respect of self-funded government plans that were and are asserted through private Third-Party Payors shall be included in this definition of "Third-Party Payor Claims." For the avoidance of doubt, (i) Federal Government Unsecured Claims are not Third-Party Payor Claims, and (ii) claims of Third-Party Payors against Holders of PI Claims or Distributions payable to Holders of PI Claims are not claims against any Debtor and therefore are not included in this definition of "Third-Party Payor Claims."

Any (i) Third-Party Payor Claim or (ii) Released Claim or Shareholder Released Claim that is held by a Third-Party Payor (in the case of Shareholder Released Direct Claims, solely to the extent that such Third-Party Payor is a Settling Creditor) that is not a Domestic Governmental Entity is a ***Third-Party Payor Channeled Claim***, and all Third-Party Payor Channeled Claims are channeled to the TPP Trust in accordance with the Plan and Master TDP. **However, any Third-Party Payor Channeled Claim as to which no Proof of Claim was timely filed by the Bar Date, or which was not included in a consolidated Proof of Claim that was filed by the Bar Date (it being understood that a self-funded health plan that is solely pursuing its Third-Party Payor Claim through its third-party administrator shall be deemed to have timely filed a Proof of Claim if its third-party administrator timely filed a consolidated Proof of Claim on behalf of self-funded health plans administered by that third-party administrator) will not be entitled to any Distribution from the TPP Trust, regardless of whether the claimant timely files a TPP Trust Claim Form.**

Funding and Distributions

The TPP Trust will be funded in an initial amount of $[394,929,850], representing the combined Shareholder Direct Settlement Portion of $[261,104,374.91, as the same may be reduced

[98] In addition, the TPP Trust received $87,000, which shall be applied to the cost of the TPP Claims Administrator as authorized by the *Order (I) Appointing PI and TPP Claims Administrators; (II) Authorizing the Establishment of Claims Deadlines and Claims Objection Procedures; and (III) Granting Related Relief* [D.I. 7382].

by the TPP Direct Claim Settlement Retained Payment Amount,[99] and the Estate Distribution of $[133,825,475.09][100] on the Effective Date, less the SOR Holdback. In addition, the TPP Trust may be entitled to further funding from the Master Disbursement Trust in connection with the SOR Holdback.

The TPP Trust will make distributions to eligible Third-Party Payors based on their Claim amount as calculated pursuant to the TPP TDP and Part 3 of the TPP Trust Claim Form. Both of those documents will be included in the Plan Supplement, and the TPP Trust Claim Form has previously been disseminated to entities that filed Third-Party Payor Claims by the Bar Date, pursuant to the Order granting the Claims Administrators Motion. The amount is calculated taking into consideration, (i) the number of plan members, subscribers or dependents covered under the Third-Party Payor's plan during some or all of the period from January 1, 2008 through December 31, 2019 (each, a "Unique Member") who were prescribed one or more of the drugs identified on the NDC List;[101] (ii) the number of unique prescriptions paid, all or in part, by that plan for the drugs identified on the NDC List; (iii) the total final dollars paid by that plan for the prescriptions for the drugs identified in (ii) above; (iv) the number of Unique Members identified in (i) above who were diagnosed with an Opioid Use Disorder, using one or more of the codes on the OUD ICD 10 List; and (v) for the Unique Members identified in (iv) above, the total dollar amount of medical claims with the ICD, CPT, or HCPS codes on the OUD Medical Claims Codes List, paid for those Unique Members.

In the event that a Holder of a Third-Party Payor Channeled Claim is a Non-Settling Creditor, funds will be reserved for such Non-Participating Claims from the Estate Distributions (the Non-Participating Claims Reserve) until the Non-Participating Claims Objection Deadline has passed without objection, or if an objection has been timely filed by the Shareholder Released Parties or any other party authorized to object, such objection has been determined by final order.[102] If the Non-Settling Creditor prevails on the issue of liability, the determination of the

[99] [**NTD:** allocations under review.]

[100] [**NTD:** allocations under review.]

[101] The NDC List, OUD ICD 10 List, and OUD Medical Claims Codes List, as referenced herein, are appendices to the TPP Trust Claim Form, a draft of which was filed with the Bankruptcy Court as Exhibit C to the *Joint Motion of the Debtors and the Official Committee of Unsecured Creditors for an Order (I) Appointing PI and TPP Claims Administrators; (II) Authorizing the Establishment of Claims Deadlines and Claims Objection Procedures; and (III) Granting Related Relief* [D.I. 7310] and which was subsequently distributed with a notice from the TPP Claims Administrator.

[102] The Shareholder Direct Settlement Portion paid to the TPP Trust will be reduced by (or the appropriate amount will be reimbursed to the Shareholder Released Parties) (a) the amount that such Non-Settling Creditor would have been entitled to pursuant to the Plan and the TPP Trust Distribution Procedures if that claimant had granted the shareholder releases, or (b) if the Non-Settling Creditor did not submit a TPP Trust Claim Form, an amount based upon a negotiated formula relating to that creditor's market share, and retained by the Shareholder Released Parties, as calculated by the TPP Trustee pursuant to applicable provisions of the TPP TDP.

If the Claim of a Non-Settling Creditor is not timely objected to by the Master Disbursement Trust and any other party in interest, including, for the avoidance of doubt, the applicable Creditor Trustee or any Shareholder Released Party or a timely objection is resolved in favor of the Non-Settling Creditor, the Non-Settling Creditor shall be entitled to a Distribution from the Non-Participating Claims Reserve. If a timely objection is decided in favor of the Shareholder

Allowed Claim amount shall be made by the TPP Claims Administrator or the TPP Trustee, as applicable, pursuant to the TPP TDP.[103]

The amount of the TPP Trust Assets available to make payments to Holders of Third-Party Payor Claims will be subject to certain deductions, including for the fees and expenses of administering the TPP Trust and the assessments to the Common Benefit Fund of 5% of each Distribution made by the TPP Trust, paid pursuant to Section 5.8 of the Plan. In addition, given that the Court has granted the Debtors' Claims Administrators Motion, which includes the appointment of a TPP Claims Administrator, the amount of TPP Trust Assets shall also be reduced as and to the extent authorized by the Court to reimburse the Debtors for their payment of certain TPP Claims Administrator expenses. The Claims Administrators Motion is discussed in Article III.CC.4.ii.1, *supra*.

TPP Trust Criteria for Evaluating Third-Party Payor Channeled Claims

In order to have their Third-Party Payor Claims considered for Distributions by the TPP Trust, the Holders of such Claims (the Third-Party Payors who satisfy such criteria being "TPP Authorized Recipients") must, among other things:

(i) Be Third-Party Payors, as that term is defined in the Plan;

(ii) Be Holders of Third-Party-Payor Claims and have (a) timely filed a Proof of Claim in the Debtors' Chapter 11 cases or (b) have been included in a timely filed Proof of Claim in the Debtors' Chapter 11 cases, it being understood that a self-funded health plan that is solely pursuing its Third-Party Payor Claims through its third-party administrator shall be deemed to have timely filed a Proof of Claim by the Bar Date if its third-party administrator timely filed a consolidated Proof of Claim on behalf of self-funded health plans administered by that third-party administrator;

(iii) Submit a completed TPP Trust Claim Form to (or be included in a consolidated TPP Trust Claim Form submitted to) the TPP Claims Administrator or the TPP Trust, as applicable, by the TPP Trust Claim Deadline, which shall be no later than the first Business Day that is four months after the date of the notice (the "**TPP Trust Notice**") to filers identified in the above subparagraph (i) by the TPP Claims Administrator appointed prior to the Effective Date of the Plan (the "**TPP Trust Claim Deadline**"), in accordance with the instructions provided with the TPP Trust Claim Form and subject to the terms of the TPP Trust Notice and the TPP TDP, as applicable; and

Released Parties, the dollar amount attributable to that Claim in the Non-Participating Claims Reserve shall be transferred to the Released Claim Reserve and available to pay the Litigation Costs of the Shareholder Released Parties.

[103] [**NTD:** subject to ongoing review.]

(iv) Have provided in connection with such TPP Trust Claim Form, by or before the TPP Trust Claim Deadline, a calculation of its Purdue-related opioid spend (as described in the instructions that are a part of the TPP Trust Claim).[104]

The TPP Claims Administrator, or the TPP Trustee, as applicable[105], shall have the discretion but not the obligation to extend the TPP Trust Claims Deadline for some or all Holders of Third-Party Payor Claims or for some or all of those claimants that request an extension in writing that is received prior to the TPP Trust Claims Deadline. The TPP Claims Administrator's authority in this respect is set forth in the TPP Trust Notice, and the TPP Trustee's authority in this respect will be more fully set forth in the TPP TDP. After the TPP Trust Claim Deadline has passed, the TPP Trustee and the TPP Trustee's professionals, or if the Effective Date of the Plan has not yet occurred, the TPP Claims Administrator and the TPP Claims Administrator's professionals, shall determine whether, among other things, (i) all of the parties that submitted or were included in the TPP Trust Claim Forms are Third-Party Payors; (ii) such parties timely submitted Proofs of Claim or were included in timely submitted consolidated Proofs of Claim, as set forth above, (iii) the TPP Trust Claim Forms were timely submitted and properly completed, and the claims amounts were calculated pursuant to the instructions in the TPP Trust Claim Form; and (iv) the claimants and the Claims otherwise satisfy the requirements of the TPP Trust Documents.

Pursuant to the TPP TDP, the TPP Claims Administrator or the TPP Trustee, as applicable, shall make initial determinations of the Claim amount, if any, of each of the Third-Party Payor Claims and the allocations of Distributions to such TPP Authorized Recipients. The initial determinations shall be made by the later of eight months after the TPP Trust Claim Deadline or sixty days after the Effective Date, or such other deadline as may be authorized by the TPP TDP. Provided that the relevant Claim has not been Disallowed by Court order, Claimants will then have an opportunity to challenge the TPP Trustee's initial determinations, as set forth in the TPP TDP.[106]

Any Third-Party Payor that failed to timely file a Third-Party Payor Claim on or before the Bar Date set by the Bar Date Order or was not included in a timely filed Third-Party Payor Claim in the Debtors' Chapter 11 cases (it being understood that a self-funded health plan that is solely pursuing its Third-Party Payor Claims through its third-party administrator shall be deemed to have timely filed a Claim by the Bar Date if its third-party administrator timely filed a consolidated Proof of Claim on behalf of self-funded health plans administered by that third-party administrator), is barred from asserting or seeking to enforce its Third-Party Payor Claim, pursuant

[104] The Maximum Eligible Amount Calculation Methodology is provided in the TPP Trust Claim Form and in the TPP Trust Distribution Procedures.

[105] The TPP Claims Administrator will be Alan D. Halperin, and he will become the TPP Trustee upon the Effective Date of the Plan.

[106] For avoidance of doubt, a Settling Creditor's Released Claims and Shareholder Released Claims will not be evaluated separately from such Holder's Third-Party Payor Channeled Claims against the Debtors; rather, all incremental value on account of such Claims being subject to the Third-Party Releases will be in the form of such Holder's access to the Shareholder Direct Settlement Portion.

to the Bar Date Order, and shall not be a TPP Authorized Recipient or eligible to receive a Distribution from the TPP Trust. Likewise, any Third-Party Payor that does not timely submit a TPP Trust Claim Form or is not included in timely submitted consolidated TPP Trust Claim Form shall not qualify as a TPP Authorized Recipient, and any Third-Party Payor that submits a TPP Trust Claim Form after the TPP Trust Claim Deadline (including as extended by the TPP Claims Administrator or TPP Trustee, as applicable) shall not qualify as a TPP Authorized Recipient, and shall have no right to any distribution from the TPP Trust. (For avoidance of doubt, no claim of a Domestic Governmental Entity shall be a Third-Party Payor Claim or be entitled to any distribution from the TPP Trust, unless such Claim is in respect of a self-funded government plan and was and is asserted through a Third-Party Payor.)

Holders of Third-Party Payor Channeled Claims should be aware that, as previously stated, *if they do not* grant the Third-Party Releases in connection with Plan voting, the approval of their Claims by the TPP Claims Administrator or the TPP Trustee, as applicable, will not be treated as final, and no Distribution shall be made on account of such Claims, unless and until the objection period during which the Master Disbursement Trust and any other party in interest, including, for the avoidance of doubt, the applicable Creditor Trustee or any Shareholder Released Party, are permitted to object to such Claims has expired, without objection or, in the event that there is a timely objection, until there is a final order ruling in favor of the claimant on the issue of liability. Any Distribution on account of a Non-Participating Third-Party Payor Channeled Claim that is eventually Allowed pursuant to the previous sentence and pursuant to terms of the TPP TDP will be limited to the claimant's *pro rata* share of the Estate Distribution as determined by the TPP Trustee.

Third-Party Payors may also elect to participate in the LRP Agreement, described in Articles I through XII of the Plan. The LRP Agreement is the result of negotiations between representatives of the Third-Party Payors and representatives of the Holders of PI Claims, and provides a lien resolution program that addresses the reimbursement and lien claims that Third-Party Payors may hold against Holders of PI Claims and Distributions to Holders of PI Claims. The LRP Agreement is an exhibit to the PI Trust Agreement and is a Plan Document.

ALL HOLDERS OF THIRD-PARTY PAYOR CLAIMS ARE ENCOURAGED TO CAREFULLY READ THE PLAN, AS WELL AS THE TPP TDP, AND TO CAREFULLY REVIEW THE TPP TRUST CLAIM FORM (INCLUDING THE INSTRUCTIONS FOR THE CALCULATION AND FILING OF SUCH TPP TRUST CLAIM FORM), THE TPP TRUST AGREEMENT AND THE LRP AGREEMENT. A COPY OF THE PLAN IS ATTACHED HERETO. ALL OF THE OTHER DOCUMENTS IDENTIFIED IN THIS SECTION HAVE EITHER BEEN FILED OR WILL BE FILED WITH THE BANKRUPTCY COURT WITH THE PLAN, THIS DISCLOSURE STATEMENT, OR THE PLAN SUPPLEMENT.

Other TPP Trust Information

As soon as practicable after the Effective Date, the TPP Trustee will send notice to persons or entities that have asserted Third-Party Payor Claims, advising such parties of (i) the establishment of the TPP Trust and relevant deadlines, (ii) the address of the TPP Trust website

(which has links to TPP Trust Documents) and (iii) any additional information the TPP Trustee deems appropriate.

The administration of the TPP Trust will be governed by the TPP Trust Documents. With the consent of the Debtors, the Third-Party Payor Group has selected Alan D. Halperin as the TPP Trustee. The TPP Trustee shall have the power and authority to perform all functions on behalf of the TPP Trust, and shall undertake all administrative responsibilities of the TPP Trust (whether directly or through professionals and agents engaged by the TPP Trust, including a claims administrator) as are provided in the Plan and the TPP Trust Documents. The TPP Trustee shall be responsible for all decisions and duties with respect to the TPP Trust, as more fully set forth in the TPP Trust Agreement.

The TPP Trust Agreement will provide that the TPP Trustee shall have the authority to, in his/her discretion, consult with and retain attorneys, financial advisors, accountants, or other professionals and employees, including any third-party claims administrators or claims and noticing agent, as the TPP Trustee deems appropriate in the reasonable exercise of his/her discretion, and who the TPP Trustee reasonably determines to have qualifications necessary to assist the TPP Trustee in the proper administration of the TPP Trust. The TPP Trustee may pay the reasonable fees, costs and expenses of such persons (including to him/herself and his/her firm) out of the assets of the TPP Trust in the ordinary course of business, pursuant to the terms of the TPP Trust Agreement.

The TPP Trust Agreement will provide for the compensation of the TPP Trustee and shall provide that the TPP Trustee shall not be required to post any bond or other form of surety or security unless otherwise ordered by the Bankruptcy Court.

(6) ER Physician Claims (Class 9)

The ERP Trust will administer ERP Claims, defined as any Claim against any Debtor that is held by an ER Physician, provided that such Claim arose when such ER Physician's billing and revenue collection were entirely separate from the billing and revenue collection practices of the medical facility at which such ER Physician practiced, and such ER Physician was not employed by such medical facility. All ERP Channeled Claims, including (i) the Claims of each ERP that filed a Proof of Claim and (ii) the Claims of any ERP that participates in the Direct Claims Settlement through an Opt-Out Class Action, will be channeled to the ERP Trust. To administer and provide Distributions on account of ERP Claims, the ERP Trust will be funded in an initial amount of $[5,811,440] million, representing the combined Estate Claims Settlement Value and Direct Claims Settlement Value, from the Debtors on the later of (i) the Effective Date and (ii) consummation of the ER Physician Shareholder Direct Settlement, less the SOR Holdback in the amount of $[141,440]. In addition, the ERP Trust may be entitled to further funding from the Master Disbursement Trust in connection with the SOR Holdback. If, as of the Effective Date, the ER Physician Shareholder Direct Settlement has not been consummated, the Initial ERP Trust Distribution will be deposited by the Master Disbursement Trust into a third-party interest bearing escrow in accordance with the Master Shareholder Settlement Agreement on the Effective Date and distributed in accordance with Section 5.2(e)(i) of the Plan.

The ERP Trust will prepare the necessary forms to be completed as part of the claims process by Holders of ERP Claims that have been channeled to the ERP Trust pursuant to the Plan (the "**ERP Trust Forms**"). As part of the claims process, the ERP Trust will verify that the ERP: (i) holds an ERP Claim and that he or she was an ERP for at least five years at any point between 1990 and 2022; (ii) has suffered financial losses from treating uninsured or under-insured[107] patients suffering from Opioid Use Disorder ("**OUD**"), opioid misuse, opioid dependency or opioid related co-morbidities, and (iii) has submitted all requested tax documents. Holders of ERP Claims will have 30 days from receipt of the ERP Trust Forms to submit such forms to the ERP Trust. If such Holder does not submit the ERP Trust Forms within 30 days, such Holder will not receive Distributions from the ERP Trust on account of their ERP Claim, and such Holder shall have no further recourse to any of the Debtors or the Post-Emergence Entities.

The ERP Trust will make distributions (net of attorneys' fees and costs, including funding of the Common Benefit Fund) to ERP Claim Holders who are deemed to be authorized pursuant to the ERP Trust Agreement. The amount of the ERP Trust Abatement Distribution that each verified and eligible ERP Trust Authorized Recipient will receive shall be based on (i) such ERP Trust Authorized Recipient's damages calculated for the years between 1990 and 2022, (ii) the number of ERP Claims channeled to the ERP Trust and the availability of ERP Trust Assets, (iii) the sufficiency, viability, and appropriateness of the applicable ERP Trust Authorized Recipient's proposed Abatement Strategies and budget, and (iv) whether such ERP Trust Authorized Recipient elected to grant Third-Party Releases in connection with Plan voting. In order to be considered to be eligible to receive an ERP Trust Abatement Distribution, the ERP Trust Authorized Recipient must timely submit all required forms and evidentiary documentation.

In the event that a Holder of a ERP Channeled Claim is a Non-Settling Creditor, funds will be reserved for such Non-Participating Claims from the Estate Distributions (the Non-Participating Claims Reserve) until the Non-Participating Claims Objection Deadline has passed without objection, or if an objection has been timely filed by the Shareholder Released Parties, such objection has been determined by final order.[108] If the Non-Settling Creditor prevails on the issue of liability, the determination of the Allowed Claim amount shall be made by the ERP Trustee.

The amount of the ERP Trust Assets available to make payments to Holders of ERP Claims will be subject to certain deductions, including for the fees and expenses of administering the ERP

[107] "Under-insured patients" refers to patients who have insurance but are still unable to pay for the medical treatment received in the emergency room as it relates to treating patients with opioid use disorder or any opioid-related diagnosis.

[108] The Shareholder Direct Settlement Portion paid to the ERP Trust will be reduced by the percentage of dollars attributable to the Claims of the Non-Settling Creditors (or the appropriate amount will be reimbursed to the Shareholder Released Parties) and retained by the Shareholder Payment Parties. The reduction shall be based on the ERP Trustee's determination of the amount of such Claim.

If the Claim of a Non-Settling Creditor is not timely objected to by the Shareholder Released Parties or a timely objection is resolved in favor of the Non-Settling Creditor, the Non-Settling Creditor shall be entitled to a Distribution from the Non-Participating Claims Reserve. If a timely objection is decided in favor of the Shareholder Released Parties, the dollar amount attributable to that Claim in the Non-Participating Claims Reserve shall be transferred to the Released Claim Reserve and available to pay the Litigation Costs of the Shareholder Released Parties.

Trust and the assessments to the Common Benefit Fund of 5% of each Distribution made by the ERP Trust, paid pursuant to Section 5.8 of the Plan.

The ERP Trust will consider the estimated total revenue loss, the number of verified ERP Trust Authorized Recipients and availability of funds, and the accuracy, viability and appropriateness of the ERP Trust Authorized Recipient's submitted Abatement Strategies to be implemented when determining the ERP Trust Abatement Distribution amount for each ERP Trust Authorized Recipient.

ERP Trust Authorized Recipients eligible to receive ERP Trust Abatement Distributions will be sent a form of agreement (the "ERP Trust Abatement Distribution Form") containing the following conditions that such ERP Trust Authorized Recipient must agree to in order to receive an ERP Trust Abatement Distribution: (i) to only use the monies as provided in the ERP Trust Abatement Distribution Form; (ii) to be the sole person responsible for all applicable local, state, and federal taxes and any obligations to the IRS related to the receipt of any ERP Trust Abatement Distribution; (iii) to prepare and submit to the ERP Trustee (who will submit to the ERP TAC) an Annual Report regarding progress of implementing such ERP Trust Authorized Recipient's Abatement Strategies, funds expended, for what purpose such funds were expended, and a description of the next phase of the Abatement Strategies; (iv) to make all payments made in furtherance of the implementation of such ERP Trust Authorized Recipient's Abatement Strategies available for review by the Trustee and ERP TAC when requested; and (v) to provide to the ERP Trustee or ERP TAC, when requested, any information, forms, and documentation that may be required for tax purposes. Upon receipt of the signed ERP Trust Abatement Distribution Form, the ERP Trustee will distribute the applicable ERP Trust Abatement Distribution to the ERP Trust Authorized Recipient.

If the ERP Trust identifies a material misstatement made by the ERP Trust Authorized Recipient and contained in the ERP Trust Distribution Form or supporting documentation, the ERP Trust may, for good cause shown, allow the ERP Trust Authorized Recipient up to 30 days to resubmit a corrected ERP Trust Distribution Form with supporting documentation. Failure to timely correct misstatements in a manner acceptable to the ERP Trustee or ERP TAC may result in forfeiture of all or part of the ERP Claim Holder's qualification as an ERP Trust Authorized Recipient and of such Holder's right to receive ERP Trust Abatement Distributions. If the misstatement is discovered after an ERP Trust Abatement Distribution has been made, the Holder that received such ERP Trust Abatement Distribution may be required to return all funds received from the ERP Trust. Notwithstanding anything to the contrary herein, the Third-Party Releases granted by such ERP Trust Authorized Recipient in accordance with the Plan and the efficacy, enforceability, scope and terms thereof shall be unaffected and remain in full force and effect regardless of (i) whether or not such ERP Trust Authorized Recipient has already received, becomes eligible to receive, or is required to return all or a portion of any ERP Trust Abatement Distribution and (ii) when the misstatement was discovered.

All available funds distributed to ERP Trust Authorized Recipients shall be used solely and exclusively for ERP Trust Authorized Opioid Abatement Purposes. ERP Trust Authorized Opioid Abatement Purposes are those that are intended to: (i) reduce the use of opioids and increase the use of alternatives to opioids by emergency room physicians when treating pain to reduce the

chance of opioid misuse; (ii) increase the use of risk assessments prior to prescribing opioids to determine the likelihood of misuse on the part of the patient; (iii) increase the use of OUD screening practices for all patients presenting at the emergency room to identify patients who could benefit from MAT and/or referral to treatment programs; (iv) increase the number of emergency room physicians initiating MAT in the emergency room to reduce overdose deaths and increase enrollment and retention in treatment programs; (v) increase the distribution of NARCAN (or comparable medication) by emergency rooms via emergency room physicians, recovery support specialists or nurses; (vi) increase accessibility and availability of NARCAN (or comparable medication) through participation in health fairs, community events, and other public gatherings as well as placement of NARCAN vending machines in key locations; and/or (vii) increase utilization of recovery support specialists by emergency room physicians to link the patient to MAT outpatient or residential treatment to increase the number of persons with OUD who begin and remain in treatment. Any unused ERP Trust Assets (i.e., any funds remaining in the ERP Trust after all ERP Trust Abatement Distributions have been completed) shall be used by the ERP Trust to implement and evaluate Approved Abatement Programs. Any such Approved Abatement Programs shall be created from evidence-based data and must address ERP Trust Authorized Opioid Abatement Purposes, and expenditures for such Approved Abatement Programs must be approved by the ERP TAC prior to implementation. The proposed strategies for a Holder of an ERP Claim to accomplish the ERP Trust Authorized Abatement Purposes are referred to as "Abatement Strategies."

The administration of the ERP Trust will be governed by the ERP Trust Documents. The ERP Trust will be administered by the ERP Trustee, overseen by the ERP Trust Trust Advisory Committee (the "ERP TAC"). The ERP Trustee shall have the authority to perform all functions on behalf of the ERP Trust and shall undertake all administrative responsibilities as are provided in the ERP Trust Documents; provided that the ERP Trustee may not take any actions prohibited by the Plan or the Confirmation Order, or not authorized or without the consent of the ERP TAC. With the consent of the Debtors, the initial ERP Trustee will be Dr. Michael Masiowski. The initial ERP TAC shall consist of two members. The ERP TAC shall consist of no less than two members. The two initial members of the ERP TAC shall be Suzanne Colvin, PhD and Michelle Puggiari, Esq. Successive ERP TAC members shall be appointed by the ERP Trustee pursuant to the ERP Trust Agreement. The ERP Trust Agreement will provide that neither the ERP Trustee nor the Delaware Trustee shall be required to post any bond or other form of surety or security unless otherwise ordered by the Bankruptcy Court.

In accordance with the ERP Trust Documents, the ERP Trustee, with approval by the ERP TAC, shall have the power to hire employees, engage legal, financial, accounting, investment, auditing, forecasting, and other consultants, advisors, and agents as the business of the ERP Trust requires, and delegate to such persons such powers and authorities as the ERP Trustee, in his discretion, deems advisable or necessary in order to carry out the terms of the ERP Trust in accordance with the Governing Order and Filings and the ERP Trust Documents.

The ERP Trustee, with approval from the ERP TAC, shall have the authority to determine whether Holders of ERP Claims are ERP Trust Authorized Recipients and the amount of ERP Trust Abatement Distributions to be made by the ERP Trust. To qualify as an ERP Trust Authorized Recipient and be eligible to receive an ERP Trust Abatement Distribution, Holders of ERP Claims

must comply with the terms, provisions and procedures set forth in the ERP Trust Documents and the Governing Order and Filings. The ERP Trustee and ERP TAC may investigate any ERP Claim and may request information from any Holder of an ERP Claim to ensure compliance with the terms set forth in the ERP Trust Documents.

Pursuant to the ERP Trust Agreement, the ERP Trustee shall administer the ERP Trust and ERP TDP in consultation with the ERP TAC, which represents the interests of Holders of ERP Claims and ensures fairness, efficiency and effectiveness of the ERP Trust. The duties of the ERP TAC with respect to the ERP Trust are set forth in the ERP Trust Agreement.

Any Claim channeled to the ERP Trust under the Plan that does not satisfy the requirements to qualify as an ERP Claim shall not be eligible to receive Distributions from the ERP Trust and the Holder thereof shall have no recourse to, or right of recovery from, or any other rights against, the ERP Trust, any other PPOC Sub-Trust, any of the Debtors, or any of the Post-Emergence Entities.

The ERP Trustee will, in consultation with the ERP TAC, determine whether the Holder of an ERP Claim qualifies as an ERP Trust Authorized Recipient and, if so, the amount of the ERP Trust Abatement Distribution to be made to each ERP Trust Authorized Recipient. The ERP Trustee can modify all deadlines indicated in the ERP Trust Abatement Distribution Procedures with ERP TAC approval.

The ERP Trustee will cause to be prepared reporting documents to be completed by ERP Trust Authorized Recipients quarterly in the first year of implementation and semi-annually thereafter. A report is to be submitted to the ERP Trustee, who will subsequently submit it to the ERP TAC, within 14 days of receipt. The report shall contain, at a minimum, the following: (i) dated expenditures for administration and implementation of each Abatement Strategy and evidence that such expenditures commenced within the required time period (i.e., 90 days from receipt of the applicable ERP Trust Abatement Distribution); (ii) expenditures made to date and descriptions of their purposes; (iii) a timeline of Abatement Strategy implementation; (iv) data or descriptive information indicating the effectiveness of each Abatement Strategy implemented to date; and (v) responses to any inquiries received from the ERP Trustee or ERP TAC. The ERP Trustee and ERP TAC shall have the right to audit or cause to be audited an ERP Trust Authorized Recipient's expenditures for ERP Trust Authorized Abatement Purposes to determine if such ERP Trust Authorized Recipient has met the requirements set forth in the ERP Trust Documents governing the use of ERP Trust Abatement Distributions. Each ERP Trust Authorized Recipient, when requested by the ERP Trustee (or its agents or representatives) or the ERP TAC shall provide supporting documentation demonstrating that such ERP Trust Authorized Recipient's expenditures for ERP Trust Authorized Abatement Purposes have met the requirements of the ERP Trust Documents. All Proofs of Claim, ERP Trust Abatement Distribution Forms and certifications filed or submitted by Holders of ERP Trust Claims are subject to audit by the ERP Trustee or the ERP TAC.

(7) PI Claims (Classes 10(a) and 10(b))[109]

Many individuals or their estates or guardians assert Claims against the Debtors for alleged opioid-related personal injury or similar opioid-related Claims. Approximately 140,000 opioid-related personal injury victims filed Claims in the Chapter 11 Cases, in addition to approximately 6,300 Claims filed against the Debtors for alleged opioid-related personal injury to or on behalf of an NAS Child. The PI TDPs[110] provide a process for evaluating those Claims and compensating Holders of Allowed PI Claims.

Except as provided below, pursuant to the Plan, PI Claims consist of Claims brought by individuals, or their loved ones, who suffer from addiction, overdose, death, or other related and similar injuries, as a result of the use of opioid products. Specifically, PI Claims consist of all Claims against any Debtor for alleged opioid-related personal injury or other similar opioid-related Causes of Action against any Debtor, in each case arising before the Petition Date, and that are not Third-Party Payor Claims, Hospital Claims or Claims held by a Domestic Governmental Entity.

PI Claims are comprised of "Non-NAS PI Claims" and "NAS PI Claims." Non-NAS PI Claims are Claims against any Debtor for alleged opioid-related personal injury or similar opioid-related Causes of Action against a Debtor that are not NAS PI Claims. That is, Non-NAS PI Claims do not include Claims brought on behalf of children who suffered from neonatal abstinence syndrome ("**NAS**") or similar injuries resulting from their perinatal exposure to opioid products, which are referred to as NAS PI Claims. More specifically, NAS PI Claims are Claims against any Debtor for alleged opioid-related personal injury to an NAS Child or similar opioid-related Causes of Action against a Debtor asserted by or on behalf of an NAS Child.

For purposes of the PI TDPs, PI Claims, including both Non-NAS PI Claims and NAS PI Claims, fall into two categories:

(i) Those PI Claims whose respective Holders ***consent to release the Shareholder Released Parties*** through electing to grant the Third-Party Release on their respective Ballot on or before the Voting Deadline. These are known as "**PI Fully Channeled Claims**."

- PI Fully Channeled Claims are subdivided into Non-NAS PI Fully Channeled Claims and NAS PI Fully Channeled Claims, and in each case include two types of sub-claims:
  - (i) such PI Claims against any *Debtor* for alleged opioid-related personal injury or other similar opioid-related Causes of Action against any Debtor; and

[109] [**NTD**: subject to ongoing review.]

[110] The term "**PI TDPs**" refers to the Non-NAS PI TDP and the NAS PI TDP, each as described in greater detail below and in the PI Trust Documents, which will be included in the Plan Supplement. This section provides a summary of certain provisions of the PI Trust Documents, including the PI TDPs. This section is qualified in its entirety and is subject to the PI Trust Documents, including the exhibits thereto. The statements contained in this section do not purport to be precise or complete statements of all terms and provisions of the PI Trust Documents referred to therein. Reference is made to the PI Trust Documents for the full and complete statements of such terms and provisions thereof. In the event of any conflict between this summary, on the one hand, and the PI Trust Documents, on the other hand, the terms and provisions of the PI Trust Documents will control.

- (ii) Released Claims and Shareholder Released Claim, ***including but not limited to direct Claims against Shareholder Released Parties (including but not limited to the Sackler Family Members)*** for alleged opioid-related personal injury or other similar opioid-related Causes of Action, in each case arising before the Petition Date;

and

(ii) Those PI Claims whose respective Holders ***do not consent to release the Shareholder Released Parties*** through electing to grant the Third-Party Releases on their respective Ballot on or before the Voting Deadline. These are known as "**PI Partially Channeled Claims.**"

- PI Partially Channeled Claims are subdivided into Non-NAS PI Partially Channeled Claims and NAS PI Partially Channeled Claims. These Claims are referred to as "**Partially Channeled**" to account for:

  - (i) the portion of such Claims that are direct Claims against Shareholder Released Parties (including but not limited to the Sackler Family Members) for alleged opioid-related personal injury or other similar opioid-related Causes of Action that arose prior to the Petition Date that such Holders did not consent to release through electing to grant the Third-Party Releases on their respective Ballot, which are referred to as "**Non-NAS PI Non-Channeled Direct Sub-Claims**" or "**NAS PI Non-Channeled Direct Sub-Claims**," as applicable, and

  - (ii) the portion of such Claims that constitute Claims against any Debtor for alleged opioid-related personal injury or other similar opioid-related Causes of Action against any Debtor that arose prior to the Petition Date and are not Third-Party Payor Channeled Claims or Hospital Channeled Claims, or held by a Domestic Governmental Entity, which are referred to as "**Non-NAS PI Channeled Estate Sub-Claims**" or "**NAS PI Channeled Estate Sub-Claims**," as applicable.

The manner in which PI Claims become eligible for payment is set forth in the PI TDPs, which are trust distribution procedures included in the PI Trust Documents filed with the Plan Supplement. There are separate trust distribution procedures for Non-NAS PI Claims that are channeled to the PI Trust, known as the "**Non-NAS PI TDP**," and for NAS PI Claims that are channeled to the PI Trust, known as the "**NAS PI TDP**." The PI Trust will make distributions (net of attorneys' fees, costs, and other deductions as set forth in the applicable PI TDP, including funding of the Common Benefit Fund) to Holders of Allowed PI Channeled Claims, whose Distribution, if any, shall be subject to and determined in accordance with the Plan and the applicable PI TDP.

Except as otherwise provided in the PI TDPs, pursuant to the Plan and the Master TDP, the following PI Claims ***will*** be channeled to the PI Trust and, unless otherwise Disallowed pursuant to the claims objection process, liability therefor will be assumed by the PI Trust, as of the Effective Date: all Non-NAS PI Fully Channeled Claims, Non-NAS PI Channeled Estate Sub-Claims, NAS PI Fully Channeled Claims, and NAS PI Channeled Estate Sub-Claims. Such Claims

will be administered and resolved pursuant to the Non-NAS PI TDP and the NAS PI TDP, respectively.

Except as otherwise provided in the PI TDPs, pursuant to the Plan and the Master TDP, the following PI Claims ***will not*** be channeled to the PI Trust and liability therefor will not be assumed by the PI Trust, as of the Effective Date: Non-NAS PI Non-Channeled Direct Sub-Claims and NAS PI Non-Channeled Direct Sub-Claims.

Under the applicable PI TDP, Holders of Non-NAS PI Fully Channeled Claims and NAS PI Fully Channeled Claims will either be Qualified or Deficient, and in either case will be liquidated to determine the respective gross distribution on account of such Claim (an "**Award**"). A Qualified Claim refers to a Non-NAS PI Fully Channeled Claim that is Substantiated (i.e., it satisfies all of the requirements of the Non-NAS PI TDP) and entitled to receive an Award. Holders of Qualified Non-NAS PI Fully Channeled Claims and Qualified NAS PI Fully Channeled Claims will be entitled to one hundred percent (100%) of their respective Awards, subject to the PI Trust Deductions and Holdbacks in accordance with the applicable PI TDP. In other words, if Holders of PI Channeled Claims that elect to grant the Third-Party Releases satisfy the requirements set forth in the applicable PI TDP, such Holders will receive their respective Awards as described above and in the applicable PI TDP. A Deficient Claim refers to a PI Fully Channeled Claim (i) that does not satisfy the requirements of §§ 3-6 of the applicable PI TDP, or (ii) for which a Deficiency was not timely cured under the applicable PI TDP. Deficient PI Fully Channeled Claims will not become Allowed or Disallowed until entry of a Final Order of the Bankruptcy Court allowing or disallowing such Claims, subject to the limitations in the PI TDPs and the PI Trust Deductions and Holdbacks; *provided*, that, to the extent a Deficient Non-NAS PI Fully Channeled Claim has not been Allowed or Disallowed by a Final Order, the Holder of such Claim has a right to appeal the Claims Administrator's determination that such Claim is Deficient, and thus Allowed in the amount of $0, within twenty (20) days of receiving notice of the Claims Administrator's determination, which appeal would be handled by a special master. In the event the Bankruptcy Court overrules any objection to a Deficient PI Fully Channeled Claim, such Claim will be Allowed and the Holder of such Claim can receive its Award, subject to the Claim otherwise being Substantiated under the applicable PI TDP. Deficient PI Fully Channeled Claims that are not Substantiated under the applicable PI TDP or are Disallowed by the Bankruptcy Court will receive no Award.

Under the PI TDP, all Non-NAS PI Partially Channeled Claims and NAS PI Partially Channeled Claims which are held by Holders that did not elect to grant the Third-Party Releases, will be Deficient and may be objected to by any party in interest, including the Debtors, the Creditors' Committee, the Master Disbursement Trust, other applicable creditor representatives, or the Shareholder Released Parties in accordance with the Bankruptcy Code and the Plan. Non-NAS PI Partially Channeled Claims and NAS PI Partially Channeled Claims will be liquidated to determine what their respective Award would have been had such Claim been a Non-NAS PI Fully Channeled Claim or a NAS PI Fully Channeled Claim, respectively. If such PI Partially Channeled Claims are Disallowed by a Final Order, such Claims will receive no Award on account of such Claims either against the Debtors or any Shareholder Released Parties. With respect to Deficient Non-NAS PI Partially Channeled Claims and Deficient NAS PI Partially Channeled Claims that are otherwise Substantiated (i.e., that satisfy all the requirements under the applicable PI TDP), [(i) 22.1% and 22.4%, respectively, of the respective Award as of the Effective Date (excluding

the $50 million distribution due to the PI Trust pursuant to Section 5.2(e) of the Plan and the PI Trust's reversionary interest in the Special Operating Reserve) (i.e., the Individual Direct Claim Holdback Amount portion) will be withheld from funding the PI Trust by the Shareholder Released Parties pursuant to the Plan and (ii) 77.9% and 77.6%, respectively, of the respective Award as of the Effective Date (excluding the $50 million distribution due to the PI Trust pursuant to Section 5.2(e) of the Plan and the PI Trust's reversionary interest in the Special Operating Reserve) (i.e., the Individual Deficient Claim Holdback Amount portion) will be deposited into the Class 10(b) Non-Participating Claims Reserve or the Class 10(a) Non-Participating Claims Reserve, as applicable, subject to the PI Trust Deductions and Holdbacks described below. For the avoidance of doubt, (i) (a) the overall Individual Direct Claim Holdback Amount for Non-NAS PI Partially Channeled Claims and for NAS PI Partially Channeled Claims will ultimately equal 20.4% and 22.0%, respectively, and (b) the overall Individual Deficient Claim Holdback Amount for Non-NAS PI Partially Channeled Claims and NAS PI Partially Channeled Claims will ultimately equal 79.6% and 78.0%, respectively, of what such Holder's Award will be upon the PI Trust's receiving (a) the $50 million distribution due to the PI Trust pursuant to Section 5.2(e) of the Plan and (b) the PI Trust's reversionary interest in the Special Operating Reserve.

ANY HOLDER OF A NON-NAS PI CHANNELED CLAIM OR NAS PI CHANNELED CLAIM WHO DOES NOT CONSENT TO VOLUNTARILY RELEASE THE SHAREHOLDER RELEASED PARTIES SHALL NOT RECEIVE ITS INDIVIDUAL DIRECT CLAIM HOLDBACK AMOUNT (I.E., 22.1% AND 22.4%, RESPECTIVELY, OF WHAT SUCH HOLDER'S AWARD WOULD HAVE BEEN ON THE EFFECTIVE DATE IF ITS NON-NAS PI CHANNELED CLAIM OR NAS PI CHANNELED CLAIM, RESPECTIVELY, WERE SUBSTANTIATED AND ALLOWED)

On the Effective Date, the PI Trust will be funded with $815,851,710 (less any amounts paid by the Debtors to the PI Claims Administrator), subject to (i) the SOR Holdback on account of the Initial NAS PI Distribution and the Initial Non-NAS Distribution in the total amount of $[11,171,710], [(ii) amounts distributed directly to the United States for federal lien reimbursement rights under the United States-PI Claimant Medical Expense Claim Settlement, discussed on page __ above] and (iii) the Aggregate Direct Claims Holdback Amount. The Aggregate Direct Claims Holdback means the aggregate amount of Individual Direct Claims Holdback Amounts that are projected as of the Effective Date.

In addition, the PI Trust will be entitled to further funding from the Master Disbursement Trust from the first $50 million of proceeds, payments, and benefits received by the Master Disbursement Trust from third-party claims and causes of action assigned to the Master Disbursement Trust (including all amounts related to all types of insurance). For example, the Debtors have certain insurance rights that may cover some of the Claims in these Chapter 11 Cases. Should the Master Disbursement Trust recover any proceeds from those insurance policies, the PI Trust will receive the first such proceeds up to an amount of $50 million. However, to the extent the PI Trust does not receive the entire $50 million from such sources prior to the second anniversary of the Effective Date, the Master Disbursement Trust will pay to the PI Trust on the first Scheduled MDT Distribution Date following such second anniversary of the Effective Date on a priority basis in accordance with Section 5.2(g) of the Plan any shortfall (up to an aggregate amount of $50 million) as of that date.

Moreover, the PI Trust will be entitled to any reversionary interest in the $[11,171,710] deposited into the Special Operating Reserve by the Debtors as follows: the reversion of (i) $11.06 million on the earlier of (x) the first Special Operating Reserve reversion date in accordance with Section 5.7(b) of the Plan and (y) the eighth anniversary of the Effective Date (minus any amounts that have been used for Litigation Costs solely relating to PI Claims) and (ii) $111,710 on the date the Special Operating Reserve ceases to exist.

The PI Trust will establish a fund to pay Non-NAS PI Channeled Claims, known as the "**PI Trust Non-NAS Fund**," and a fund to pay NAS PI Channeled Claims, known as the "**PI Trust NAS Fund**." These amounts may be held in the same account in order to maximize interest returns, but will be accounted for separately. Non-NAS PI Fully Channeled Claims and Non-NAS PI Channeled Estate Sub-Claims will be satisfied solely from the PI Trust Non-NAS Fund or the Class 10(b) Non-Participating Claims Reserve, respectively, as described more fully below. NAS PI Fully Channeled Claims and NAS PI Channeled Estate Sub-Claims will be satisfied solely from the PI Trust NAS Fund or the PI Trust Class 10(a) Non-Participating Reserve Fund, respectively, as applicable and described more fully below.

Under the Plan, on the Effective Date the PI Trust will receive $815,851,710 of Effective Date Cash less any amounts paid by the Debtors to the PI Claims Administrator, subject to (i) the SOR Holdbacks on account of the Initial NAS PI Distribution and the Initial Non-NAS PI Distribution in the total amount of $11,171,710; [(ii) amounts distributed directly to the United States under the United States-PI Claimant Medical Expense Claim Settlement, and (iii) the Aggregate Direct Claims Holdback Amount. The PI Trust will allocate the distributions it receives under the Plan as follows:

(i) $48,215,000[111] received by the PI Trust on the Effective Date to the PI Trust NAS Fund,

(ii) $65,851,710 to the PI Trust NAS Fund,

(iii) [16.2438%] of the PI Trust's reversionary interest in the Special Operating Reserve to the PI Trust NAS Fund, and

(iv) the remainder to the PI Trust Non-NAS Fund,

in each case subject to applicable PI Trust Deductions and Holdbacks. The Initial NAS PI Distribution will be subject to deductions for (i) the SOR Holdback in the amount of $1,814,710 as well as (ii) any Aggregate Direct Claims Holdback Amount, (iii) any amounts advanced to the NAS Monitoring Trust by the Debtors prior to the Effective Date, and (iv) [13.98%] of any amounts paid by the Debtors to the PI Claims Administrator and advanced to the PI Trust prior to the Effective Date. The Initial Non-NAS PI Distribution shall be subject to deductions for (i) the SOR Holdback in the amount of $9,357,000 as well as (ii) any Aggregate Direct Claims Holdback Amount, and (iii) [86.02%] of any amounts paid by the Debtors to the Claims Administrator and

[111] $48,215,000 is the sum of (i) 6.43% of $700,000,000 of the Initial PI Trust Distribution Amount, up to an aggregate $45 million in accordance with the definition of "NAS PI Portion" in the Twelfth Amended Plan, and (ii) 6.43% of the $50,000,000 remaining Initial PI Trust Distribution Amount.

advanced to the PI Trust prior to the Effective Date. Notwithstanding the above, (i) one hundred percent (100%) of any Aggregate Direct Claims Holdback Amount with respect to Non-NAS PI Claims will be allocated to the PI Trust Non-NAS Fund and (ii) one hundred percent (100%) of any Aggregate Direct Claims Holdback Amount with respect to NAS PI Claims will be allocated to the PI Trust NAS Fund.

The Ad Hoc Group of Individual Victims believes that the Non-NAS PI TDP is fair and expeditious and resolves Non-NAS PI Channeled Claims in a way that is equitable, consistent, transparent and reasonable given the finite amount of funds available to satisfy such Claims. The NAS Committee believes that the NAS PI TDP is fair and expeditious and resolves NAS PI Channeled Claims in a way that is equitable, consistent, transparent and reasonable given the finite amount of funds available to satisfy such Claims.

Procedures Under the Non-NAS TDP:

The Non-NAS TDP sets forth what forms and qualifying evidence each Holder of a Non-NAS PI Channeled Claim must submit in order to be eligible to receive an Award. Non-NAS PI Claim Forms may be completed online, and evidence in support of a Non-NAS PI Channeled Claim can be uploaded online via the PI Trust Website, www.purduepitrust.com. Completed Non-NAS PI Claim Forms as well as evidence in support of a Non-NAS PI Channeled Claim also can be submitted to the PI Trust by sending such forms and evidence by (i) e-mail to purduepitrust@purduepitrust.com, (ii) mail to Purdue PI Trust, P.O. Box 361930, Hoover, Alabama 35236-1930, or (iii) facsimile to 205-716-2364. Law firm claim batches should be submitted via the Bulk Data and Document Submittal process outlined on the law firm tab of the PI Trust Website.

Classification of Non-NAS PI Channeled Claims as Qualified, Substantiated, or Deficient. For a Non-NAS PI Channeled Claim that is being liquidated pursuant to the streamlined procedures set forth in the Non-NAS PI TDP to be Qualified and Substantiated, the Holder of such Non-NAS PI Channeled Claim must:

(a) Hold such Non-NAS PI Channeled Claim against one or more Debtors;

(b) Provide proof demonstrating usage prior to the Petition Date of a qualifying prescribed opioid listed in Exhibit C of the Non-NAS PI TDP (a "**Qualifying Opioid**");[112]

(c) Have timely[113] filed an individual personal injury Proof of Claim against one or more Debtors in the Chapter 11 Cases asserting his/her Non-NAS PI Channeled Claim against one or more Debtors;

[112] If the Holder of such Non-NAS PI Claim or the decedent of such Holder, as applicable, used only a **non-prescribed** (diverted) version of a Qualifying Opioid listed on Exhibit C of the Non-NAS PI TDP (OxyContin, MS Contin, Dilaudid, Hysingla ER, Butrans, DHC Plus, MSIR, OxyFast, OxyIR, Palladone, or Ryzolt), then such Non-NAS PI Claim will be Disputed.

[113] Subject to exceptions set forth in the Non-NAS PI TDP.

(d) Complete, sign[114] and submit the Non-NAS PI Claim Form (the form of which is attached to the Non-NAS PI TDP as Exhibit A), so that it is received on or before the PI Claims Deadline, which is sixty (60) days after notice of the PI Claims Deadline is distributed to Holders of PI Channeled Claims as set out in the *Order (I) Appointing PI and TPP Claims Administrators; (II) Authorizing the Establishment of Claims Deadlines and Claims Objection Procedures; and (III) Granting Related Relief* [Docket No. 7382] a Final Order by the Bankruptcy Court establishing the PI TDP Claims Deadline and approving the form of notice informing Holders of PI Channeled Claims of same;

(e) Complete, sign, and submit the applicable HIPAA consent form (the form of which is attached to the Non-NAS PI TDP as Exhibit B); and

(f) If the Non-NAS PI Channeled Claim concerns the injuries of a decedent of the Holder of such Claim, then complete, sign, and submit the Heirship Declaration attached to the Non-NAS PI TDP as Exhibit D, or provide valid estate documents (as described in Exhibit D to the Non-NAS PI TDP) authorizing the Holder of the Claim to act on behalf of the decedent's estate.

If the Holder of a Non-NAS PI Fully Channeled Claim satisfies all these requirements, then such Non-NAS PI Fully Channeled Claim will be Qualified and Substantiated. If the Holder of a Non-NAS PI Fully Channeled Claim or a Non-NAS PI Partially Channeled Claim does not satisfy all these requirements, then such Claim will be Deficient. If the Holder of a Non-NAS Partially Channeled Claim satisfies all these requirements, then such Claim will be a Deficient Claim that is also Substantiated (a "Substantiated Disputed Claim"). Each Holder of a Non-NAS PI Channeled Claim must complete, sign, and submit a Non-NAS PI Claim Form so that it is received by the Claims Administrator on or before the PI Claims Deadline. Failure to do so will result in such Non-NAS PI Channeled Claim being Deficient.[115]

[114] If the Holder of a Non-NAS PI Channeled Claim is represented by counsel, then such Holder's Non-NAS PI Claim Form may be signed by such Holder's attorney instead of by such Holder; *provided* that such Non-NAS PI Claim Form contains substantially the following attestation "I, [Name of Attorney], hereby swear under penalty of perjury that the information contained herein is true and accurate to the best of my knowledge made after conducting due diligence, and that this Non-NAS PI Claim Form is being filed with the consent of my client, or the authority to file on my client's behalf under applicable law and/or with appropriate power of attorney." The Claims Administrator will be entitled to rely on this attestation. However, in the event the Claims Administrator reasonably suspects that the Holder's counsel does not have such consent under applicable law or power of attorney, or is otherwise misrepresenting such consent or authority, the Claims Administrator may request backup documentation. If such backup documentation does not resolve the Claims Administrator's concerns regarding the attestation, the Claims Administrator may require the Holder of the Non-NAS PI Channeled Claim to sign the Non-NAS PI Claim Form in order to avoid such Claim being Deficient, or take other appropriate measures to prevent fraud. In the event of a large inventory doing bulk uploads, the PI Trustee will establish procedures for bulk attestations.

[115] If a Non-NAS PI Claim Form is received after the PI TDP Claims Deadline, such Non-NAS PI Channeled Claim will be a Deficient Claim absent a showing of extraordinary cause, to the satisfaction of and in the sole discretion of the Claims Administrator; *provided, however*, that in no event will such Non-NAS PI Channeled Claim be Qualified or Substantiated if such Non-NAS PI Claim Form is received more than fifteen (15) days after the PI Claims Deadline. Groups of Non-NAS PI Claim Forms represented by the same attorney received after the PI Claims Deadline will not

Qualifying Opioid. In order to demonstrate usage of a Qualifying Opioid as listed in Exhibit C of the Non-NAS PI TDP, the following should be taken into account to the extent applicable:

(i) A Holder of a Non-NAS PI Channeled Claim who provides evidence of a prescription for brand name OxyContin, MS Contin, Dilaudid, Hysingla ER, Butrans, DHC Plus, MSIR, OxyFast, OxyIR, Palladone, or Ryzolt may rely on the name alone without the necessity of a corresponding NDC number.

(ii) In order for a Non-NAS PI Channeled Claim to be Substantiated based on the use of one of the generic products listed in Exhibit C of the Non-NAS PI TDP (e.g., oxycodone, morphine sulfate, hydromorphone), the Holder of such Claim must present evidence that includes either:

(a) The product's corresponding NDC number, which is set forth on Exhibit C of the Non-NAS PI TDP, demonstrating that the product was manufactured or sold by any of the Debtors;[116] or

(b) A notation in the record submitted by the Holder that the product was manufactured or sold by any of the Debtors.

(iii) The Holder of a Non-NAS PI Channeled Claim, or the decedent of such Holder, if applicable, who used a generic oxycodone prescription that does not contain evidence of (ii)(a) or (b) above may only have a Substantiated Non-NAS PI Channeled Claim if the prescription utilized one of the following:

(a) Oxycodone CR (Controlled Release); or

(b) Oxycodone ER (Extended Release).

Holders of Non-NAS PI Channeled Claims whose Claims are based on the use of opioids that are only manufactured by companies other than the Debtors will not be eligible or Qualified to receive a settlement payment from the PI Trust on account of such Claims.

The Non-NAS PI TDP outlines several ways that Holders of Non-NAS PI Channeled Claims can demonstrate their eligibility, including through prescription or pharmacy records or references in contemporaneous medical records. For a complete description of qualifying Purdue products and evidentiary requirements, Holders of Non-NAS PI Channeled Claims should carefully review the Non-NAS PI TDP, which is included in the Plan Supplement filed with the Bankruptcy Court.

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be considered timely, and thus such Non-NAS PI Channeled Claims will not be Qualified or Substantiated, because the Claims Administrator only has the discretion to consider one Non-NAS PI Channeled Claim at a time.

[116] Subject to addition of further NDC numbers.

The Claims Administrator has the discretion to request additional documentation believed to be in the possession of the Holder of a Non-NAS PI Channeled Claim or its authorized agent or counsel. It also has the sole discretion to classify a Non-NAS PI Channeled Claim as Deficient, or to reduce or eliminate the amount of Awards for Allowed Non-NAS PI Channeled Claims or Substantiated Non-NAS PI Channeled Claims, as applicable, if the Claims Administrator concludes there has been a pattern to circumvent full or truthful disclosure under the Non-NAS PI TDP.

Within thirty (30) days of the PI Claims Deadline, the Claims Administrator will send a notice of Deficiency to any Holder of a Non-NAS PI Channeled Claim that submitted a Non-NAS PI Claim Form that is incomplete or deficient because the Holder failed to meet the requirements or provide proof of meeting the requirements, of § 3(b)-(e) of the Non-NAS PI TDP. If the Holder of a Non-NAS PI Channeled Claim receives a notice of Deficiency, the Holder must cure the Deficiency by no later than thirty (30) days after the date on which such notice has been sent to the Holder in order for such Non-NAS PI Channeled Claim to avoid being Deficient. If a Deficiency is timely cured to the satisfaction of the Claims Administrator, the Non-NAS PI Channeled Claim will not be Deficient, but such cure does not guarantee that such Claim will otherwise be Qualified.

Award Determination. Substantiated Non-NAS PI Fully Channeled Claims or Substantiated Deficient Non-NAS PI Partially Channeled Claims will be categorized in one of two Tiers:

(i) **Tier 1**: Use of a Qualifying Opioid equal to or greater than six (6) months[117] for a period prior to September 15, 2019 (16,000 points)

(ii) **Tier 2**: Use of a Qualifying Opioid less than six (6) months for a period prior to September 15, 2019 (8,000 points)

The point values above resulted from the work of counsel and other professionals advising the Ad Hoc Group of Individual Victims, statistical sampling and modeling performed by financial analysts and subject matter experts for the Ad Hoc Group of Individual Victims and other Holders of PI Channeled Claims, and collaborative discussions with stakeholders.

At this time, it is not possible to state with certainty how the assigned points will translate into dollars or, as a result, how much money any particular Holder of an Allowed Non-NAS PI Channeled Claim will receive from the PI Trust. Prior to determining the cash value of assigned points, the Claims Administrator must review the evidence submitted by Holders of PI Channeled Claims to determine how many Qualified or Substantiated PI Channeled Claims fall in each "**Tier**." Based on an initial sample, the amount of the dollar award per point is estimated to be between $0.70 and $1.20. The dollar amount ultimately awarded per point will be determined with reference to the funds available in the PI Trust and the number and nature of Allowed PI

[117] The six months is calculated based on the sum of all days noted in the supply portion of the prescription or otherwise described in the records. If a prescription or reference to a Qualifying Opioid does not reference a time period of supply, it will not be counted towards the six months to qualify for Tier 1. However, a single reference to a Qualifying Opioid that does not contain a time period of supply would qualify for Tier 2.

Channeled Claims. The estimated amount per point will be updated periodically on the PI Trust Website.

If a Non-NAS PI Channeled Claim has not been resolved through the claims resolution process as described in the Plan, after the Effective Date the Holder of such Claim has a right to appeal the Claims Administrator's determination that either (i) such Claim is not Substantiated or is otherwise Deficient, and thus Allowed in the amount of $0, or (ii) such Claim is Substantiated but designated as Tier 2 because of a deficiency in providing proof demonstrating use of a Qualified Opioid equal to or greater than six (6) months for a period prior to September 15, 2019. Any such appeal will be referred to a special master appointed by the PI Trustee (the "**Appeals Special Master**"). Specifically, within twenty (20) days of receiving notice of the Claims Administrator's determination, a Holder of a Non-NAS PI Channeled Claim choosing to appeal that determination must submit an appeal to the Claims Administrator setting forth the Holder's position and explaining the reason the Holder believes the determination is incorrect. An appeal fee of $500 will be assessed regardless of the outcome of the appeal, and failure to provide the appeal fee within ten (10) days of submission of the appeal will result in the appeal's dismissal. Decisions of the Appeals Special Master will be final and binding, and Holders of Non-NAS PI Channeled Claims will have no further appeal rights as to any determinations made by the Claims Administrator beyond those set forth in the Non-NAS PI TDP. Decisions of the Appeals Special Master must be made within sixty (60) days of receipt of the notice of appeal.

Additional Claim Factors and Valuation

(i) To the extent practicable, only objective factors will be taken into account, based upon the maxim that, in the context of mass torts, consistency is fairness.

(ii) The point values for the two Tiers described above is based in part on scoring grids developed in comparable cases with unique customization according to the claims and injuries encountered and reviewed in sampling individual PI Claims.

(iii) With respect to Non-NAS PI Channeled Claims, because of limited funds, economic damages are not compensable. Awards issued pursuant to the Non-NAS PI TDP provide compensation only for general pain and suffering.

(iv) In no circumstance will the Claims Administrator assign any claim value for any punitive damages, exemplary damages, statutory enhanced damages, or attorneys' fees or costs (including statutory attorneys' fees and costs).

An Award for a Non-NAS PI Fully Channeled Claim will be a gross number subject to the following deductions and holdbacks: (A) a pro rata share of the operating expenses of the PI Trust, (B) amounts held back under the Lien Resolution Program (the "**LRP Agreement**") to settle liens held by private insurance companies against that Award, if any, (C) [amounts prepaid to the United States under the United States-PI Claimant Medical Expense Claim Settlement to settle liens of federal healthcare programs like Medicare, Tricare, or VA against that Award, if any,] (D) a pro rata share of the compensation, costs and fees of professionals that represented or advised the Ad Hoc Group of Individual Victims and the NAS Committee in connection with the Chapter 11 Cases, subject to Section 5.9(g) of the Plan, (E) the common benefit assessment required under

Section 5.9(c) of the Plan, and (F) the fees and costs of counsel to the Holder of the Non-NAS PI Channeled Claim in the Chapter 11 Cases, if any.[118] In addition to these deductions and holdbacks, an Award may be subject to claims by certain state or tribal healthcare programs that are not part of the LRP Agreement, including Medicaid.

An Award for a Non-NAS PI Partially Channeled Claim will be a gross number subject to the following deductions and holdbacks: (A) a pro rata share of the operating expenses of the PI Trust; (B) amounts held back under the LRP Agreement to settle liens held or private insurance companies against that Award, if any; (C) [amounts prepaid to the United States under the United States-PI Claimant Medical Expense Claim Settlement to settle liens of federal healthcare programs like Medicare, Tricare, or VA against that Award, if any;] and (D) a pro rata share of the compensation, costs, and fees of professionals that represented or advised the Ad Hoc Group of Individual Victims and the NAS Committee in connection with the Chapter 11 Cases, subject to Section 5.9(g) of the Plan.[119] For clarity, while the Award for a Non-NAS PI Partially Channeled Claim is a gross number, the actual calculation of the Individual Deficient Claim Holdback Amount and the Individual Direct Claim Holdback Amount will be net of the above deductions and holdbacks. For example, if the Award for a Substantiated Non-NAS PI Partially Channeled Claim would be $100 and the deduction and holdback amounts pursuant to clauses (A)-(D) of this paragraph is $30, the Individual Deficient Claim Holdback Amount would be $54.53 (77.9% of $70 net Award) and the Individual Direct Claim Holdback Amount would be $15.47 (22.1% of $70 net Award).

Finally, distributions to minors are to be held in trust until the minor becomes a legal adult (unless a competent court orders otherwise). For all these reasons, it may take years before the Holder of such Allowed Claim receives its entire Award.

The PI Trust will hold any amounts owed to a Holder of an Allowed Non-NAS PI Channeled Claim that is a minor in trust until such minor becomes a legal adult under applicable state law, unless otherwise directed by a court of competent jurisdiction.

* * *

Caps for Claims Adjudicated in Bankruptcy Court or the Tort System:

(a) Any Deficient Non-NAS PI Channeled Claims that are adjudicated and Allowed by the Bankruptcy Court as part of the claims resolution process will be channeled to the Class 10(b) Non-Participating Claims Reserve for payment pursuant to the Non-NAS PI TDP and the Plan. Each such Allowed Non-NAS PI Channeled Claims will be entitled to receive

[118] If a Holder of a Non-NAS PI Channeled Claim is represented by counsel, then such counsel, rather than the PI Trust, will be responsible for deducting its fees and expenses from the Holder's Award.

[119] While the common benefit assessment required under Section 5.9(c) of the Plan and the fees and costs of counsel to the Holder of a Non-NAS PI Channeled Claim in the Chapter 11 Cases, if any, are used to calculate the deduction and holdback amounts for Non-NAS PI Fully Channeled Claims, they are not used to calculate deduction and holdback amounts for Non-NAS PI Partially Channeled Claims in the first instance. However, if a Non-NAS PI Partially Channeled Claim becomes Allowed, that Claim would be subject, at that time and from its recovery, to the common benefit assessment required under Section 5.9(c) of the Plan and the fees and costs of counsel to the Holder of the Non-NAS PI Channeled Claim in the Chapter 11 Cases, if any.

from the Class 10(b) Non-Participating Claims Reserve its respective Award consistent with § 6 of the Non-NAS PI TDP; *provided, however*, that if such Allowed Non-NAS PI Channeled Claim does not meet all the requirements of the Non-NAS PI TDP, then such Non-NAS PI Channeled Claim will only be entitled to receive the lesser of (i) the Allowed liquidated amount fixed by the Bankruptcy Court and (ii) the lower recovery amount for Allowed Awards therein. Such amounts (if any) will be paid from the Class 10(b) Released Claims Reserve, and in no event will the PI Trust be responsible for paying Holders of such Allowed Non-NAS PI Channeled Claims out of the PI Trust Non-NAS Fund.

(b) If a Holder of a Deficient Non-NAS PI Channeled Claim satisfies § 3(a)-(c) of the Non-NAS PI TDP elects to have such Claim against the Debtors liquidated in a court other than the Bankruptcy Court in response to an objection to such Claim, and successfully obtains a final judgment against any of the Debtors in such other court, such Claim will be channeled to the Class 10(b) Non-Participating Claims Reserve for payment pursuant to the Non-NAS PI TDP and the Plan. A Holder of such Non-NAS PI Channeled Claim will only be entitled to receive from the Class 10(b) Non-Participating Claims Reserve the lesser of (i) the liquidated amount of the final judgment so ordered by such court and (ii) three (3) times (x) what such Holder would have received under § 6 of the Non-NAS PI TDP, or (y) if such Non-NAS PI Channeled Claim does not meet all of the requirements of the Non-NAS PI TDP, the lower recovery amount for Allowed Awards therein. Such amounts (if any) will be paid from the Class 10(b) Claims Reserve, and in no event will the PI Trust be responsible for paying Holders of such Non-NAS PI Channeled Claims out of the PI Trust Non-NAS Fund. In no event will a Person who did not satisfy § 3(a) and (c) of the Non-NAS PI TDP receive any distribution under the Non-NAS PI TDP, regardless of whether such Person obtained a judgment in a court other than the Bankruptcy Court.

* * *

Procedures Under the NAS PI TDP:

The NAS PI TDP sets forth what forms and qualifying evidence each Holder of an NAS PI Channeled Claim must submit in order to be eligible to receive an Award. NAS PI Claim Forms may be completed online, and evidence in support of an NAS PI Channeled Claim can be uploaded online via the PI Trust Website, www.purduepitrust.com. Completed NAS PI Claim Forms as well as evidence in support of an NAS PI Channeled Claim may also be submitted to the PI Trust by sending such forms and evidence by (i) e-mail to purduepitrust@purduepitrust.com, (ii) mail to Purdue PI Trust, P.O. Box 361930, Hoover, Alabama 35236-1930, or (iii) facsimile to 205-716-2364. Law firm claim batches should be submitted via the Bulk Data and Document Submittal process outlined on the law firm tab of the PI Trust Website.

Classification of NAS PI Channeled Claims as Qualified, Substantiated, or Deficient. For an NAS PI Channeled Claim that is being liquidated pursuant to the streamlined procedures set forth in the NAS PI TDP to be Qualified or Substantiated, as applicable, the Holder of such NAS PI Channeled Claim must:

(i) Hold such NAS PI Channeled Claim against one or more Debtors;

(ii) Demonstrate by Competent Evidence a diagnosis by a licensed medical provider of a medical, physical, cognitive or emotional condition resulting from the NAS Child's intrauterine exposure to opioids or opioid replacement or treatment medication, including but not limited to the condition known as neonatal abstinence syndrome or NAS. The diagnosis can be made by any licensed medical professional, specifically including physicians, nurses, physician assistants, mental health counselors or therapists, or professionals at a rehabilitation center. Only NAS PI Claims based on injuries or facts occurring prior to the filing of a NAS PI Claim Form are eligible for recovery. However, if the Holder of an NAS PI Channeled Claim provided the required documentation in connection with the chapter 11 bankruptcy case of Mallinckrodt plc, Case No. 20-12522 (Bankr. D. Del.) or the chapter 11 bankruptcy case of Endo International plc, Case No. 22-22549 (Bankr. S.D.N.Y.), or with their Proof of Claim that was filed in the Chapter 11 Cases, such Holder does not need to resubmit the required documentation referenced in this paragraph, but must provide the PI Trustee with a statement (or a list if filing in bulk by a law firm) confirming the previously filed Claim(s) for the PI Trustee to vet and verify;

(iii) Have already timely[120] filed an individual personal injury Proof of Claim against one or more Debtors in the Chapter 11 Cases asserting his/her NAS PI Channeled Claim against one or more Debtors;

(iv) Complete, sign and submit the NAS PI Claim Form attached to the NAS PI TDP as Exhibit A so that it is received on or before the PI Claims Deadline (which is sixty (60) days after notice of the PI Claims Deadline is distributed to Holders of PI Channeled Claims as set out in the *Order (I) Appointing PI and TPP Claims Administrators; (II) Authorizing the Establishment of Claims Deadlines and Claims Objection Procedures; and (III) Granting Related Relief* [Docket No. 7382], a Final Order of the Bankruptcy Court establishing the PI TDP Claims Deadline and approving the form of notice informing Holders of PI Channeled Claims of same);

(v) Complete, sign and submit the applicable HIPAA consent form attached as Exhibit B to the NAS PI TDP unless provided to the Claims Administrator in connection with the *Mallinckrodt plc* (Case No. 20-12522) (Bankr. Del.) bankruptcy, or the *Endo International plc* (Case No. 22-22549) (Bankr. S.D.N.Y.) bankruptcy; and

(vi) If the NAS PI Channeled Claim concerns the injuries of a decedent of the Holder of such Claim, then complete, sign, and submit the Heirship Declaration attached as Exhibit C to the NAS PI TDP or provide valid Estate Documents authorizing the Holder of the Claim to act on behalf of the decedent's estate unless provided to the Claims Administrator in connection

[120] Subject to exceptions set forth in the NAS PI TDP.

with the *Mallinckrodt plc* (Case No. 20-12522) (Bankr. Del.) bankruptcy, or the *Endo International plc* (Case No. 22-22549) (Bankr. S.D.N.Y.) bankruptcy.

If a Holder of an NAS PI Fully Channeled Claim satisfies these requirements, then such NAS PI Fully Channeled Claim will be Qualified and Substantiated. If a Holder of an NAS PI Fully Channeled Claim or NAS Partially Channeled Claim does not satisfy these requirements, then such Claim will be Deficient. If the Holder of an NAS Partially Channeled Claim satisfies these requirements, then such Claim will be a Deficient Claim that is also Substantiated (a "Substantiated Deficient Claim").

Each Holder of an NAS PI Channeled Claim must complete, sign, and submit an NAS PI Claim Form so that it is received on or before the PI Claims Deadline, . Failure to do so will result in such NAS PI Channeled Claim being Deficient.[121]

Competent Evidence. To receive recovery on his/her NAS PI Channeled Claim, the Holder of such Claim must submit one of the following forms of "**Competent Evidence**":

(i) A document from a licensed medical provider diagnosing the NAS Child with a medical, physical, cognitive or emotional condition resulting from the NAS Child's intrauterine exposure to opioids or opioid replacement or treatment medication, including but not limited to the condition known as NAS;

(ii) A document from a licensed medical provider affirming that the NAS Child had Neonatal Opioid Withdrawal Syndrome ("**NOWS**"); or

(iii) Other medical records evidencing that the NAS Child had an NAS diagnosis, including post-natal treatment for symptoms caused by opioid exposure, symptoms of post-natal withdrawal from opioids, medical scoring for NAS or NOWS that is positive or indicates fetal opioid exposure, a positive toxicology screen of the birth mother or infant for opioids or opioid-weaning drugs, or a maternal diagnosis of opioid use disorder by the birth mother.

The Claims Administrator has the sole discretion to determine whether these evidentiary requirements have been met, including whether the forms of evidence submitted constitute

[121] If an NAS PI Claim Form is received after the PI Claims Deadline, such NAS PI Channeled Claim will be a Deficient Claim absent a showing, to the satisfaction of and in the sole discretion of the Claims Administrator, of extraordinary cause, *provided, however*, that in no event will such NAS PI Channeled Claim be Qualified or Substantiated if such NAS PI Claim Form is received more than fifteen (15) days after the PI TDP Claims Deadline. Groups of NAS PI Claim Forms represented by the same lawyer received after the PI Claims Deadline will not be considered timely, and thus such NAS PI Channeled Claims will not be Qualified or Substantiated, because the Claims Administrator only has the discretion to consider one NAS PI Channeled Claim at a time.

Competent Evidence.[122] In addition, the Claims Administrator has the sole discretion to classify an NAS PI Channeled Claim as Deficient, or to reduce or eliminate the amount of Awards for Qualified NAS PI Channeled Claims or Substantiated NAS PI Channeled Claims, as applicable, if the Claims Administrator concludes there has been a pattern to circumvent full or truthful disclosure under the NAS PI TDP.

Within thirty (30) days of the NAS PI Claims Deadline, the Claims Administrator will send a notice of Deficiency to any Holders of NAS PI Channeled Claims who submitted a NAS PI Claim Form that is incomplete or deficient because the NAS PI Claim, failed to meet the requirements, or provide proof of the requirements, for § 3(b) through (f) of the NAS PI TDP, as applicable (an "**NAS Deficiency**"). If a Holder of an NAS PI Channeled Claim receives notice of an NAS Deficiency, such Holder must cure the NAS Deficiency no later than thirty (30) days after such notice has been sent to such Holder in order to avoid such Claim being Deficient. Failure to do so will result in such NAS PI Channeled Claim being deemed Deficient. If an NAS Deficiency is timely cured to the satisfaction of the Claims Administrator, such Claim will not be deemed Deficient on the basis of such NAS Deficiency, but does not guarantee such Claim will otherwise be Qualified.

Payment. The money available in the PI Trust NAS Fund for distribution to Substantiated NAS PI Fully Channeled Claims or Substantiated Disputed NAS PI Partially Channeled Claims will be allocated equally among the Substantiated NAS PI Fully Channeled Claims and Substantiated Disputed NAS PI Partially Channeled Claims and allocated as equal gross Awards to the Holders of such Claims.

Awards issued pursuant to the NAS PI TDP provide compensation only for general pain and suffering on account of a NAS Child's injuries. Because of limited funds, economic damages and punitive damages are not compensable. Only injuries occurring before the filing of a NAS PI Claim Form are compensable.

An Award for an NAS PI Fully Channeled Claim liquidated under the NAS PI TDP will be a gross number subject to the Fully Channeled PI Trust Deductions and Holdbacks, which are as follows: (A) a pro rata share of the operating expenses of the PI Trust; (B) amounts held back under the LRP Agreement to settle liens held by private insurance companies against that Award, if any; (C) [amounts prepaid to the United States under the United States-PI Claimant Medical Expense Claim Settlement to settle liens of certain federal healthcare programs like Medicare, Tricare, and VA against such Award, if any]; (D) a pro rata share of the compensation, costs and fees of professionals that represented or advised the Ad Hoc Group of Individual Victims and the NAS Committee in connection with the Chapter 11 Cases, subject to Section 5.9(f) of the Plan; (E) the fees and costs of the attorney(s) of the Holder of the NAS PI Channeled Claim in the Chapter 11 Cases, if any, reduced by the common benefit assessment in accordance with Section

[122] Competent Evidence necessary for Allowance of an NAS PI Claim is evidence, in the opinion of the Trustee, that establishes that the occurrence of a diagnosis of NAS with respect to an NAS PI Claimant is more likely true than not true, i.e., a probability standard. Competent Evidence requires more than a mere possibility or scintilla of truth, but such standard does not require proof that rises to the level of clear and convincing evidence. However, notwithstanding anything to the contrary in the NAS PI TDP, proof of a prescription of an opioid product will not be required.

5.9(c) of the Plan.[123] In addition to the deductions and holdbacks described above, an Award may be subject to claims by certain state or tribal healthcare programs that are not part of the LRP Agreement, including Medicaid.

An Award for an NAS PI Partially Channeled Claim will be a gross number subject to the Partially Channeled PI Trust Deductions and Holdbacks, which are as follows: (A) a pro rata share of the operating expenses of the PI Trust; (B) amounts held back under the LRP Agreement to settle liens held by private insurance companies against that Award, if any; [(C) amounts prepaid to the United States under the United States-PI Claimant Medical Expense Claim Settlement to settle liens of the federal healthcare programs like Medicare, Tricare, or VA against that Award, if any;] and (D) a pro rata share of the compensation, costs, and fees of professionals that represented or advised the Ad Hoc Group of Individual Victims and the NAS Committee in connection with the Chapter 11 Cases, subject to Section 5.9(g) of the Plan. For clarity, while the Award for an NAS PI Partially Channeled Claim is a gross number, the actual calculation of the Individual Disputed Claim Holdback Amount and the Individual Direct Claim Holdback Amount will be net of the above deductions. For example, if the Award for a Substantiated NAS PI Partially Channeled Claim would be $100 and the deductions and holdback amounts pursuant to clauses (A)-(D) of this paragraph is $30, the Individual Deficient Claim Holdback Amount would be $54.32 (77.6% of $70 net Award) and the Individual Direct Claim Holdback Amount would be $15.68 (22.4% of $70 net Award).

Finally, distributions to minors are to be held in trust until the minor becomes a legal adult (unless a competent court orders otherwise). For these reasons, it may take years before the Holder of an Allowed NAS PI Channeled Claim receives its entire Award.

The PI Trust will hold any amounts owed to a Holder of an Allowed NAS PI Channeled Claim who is a minor in trust until such minor becomes a legal adult under applicable state law, unless otherwise directed by a court of competent jurisdiction.

Caps for Claims Adjudicated in Bankruptcy Court or the Tort System

(a) Any Deficient NAS PI Channeled Claims that are adjudicated and Allowed by the Bankruptcy Court as part of the claims resolution process will be channeled to the Class 10(a) Non-Participating Claims Reserve for payment pursuant to the NAS PI TDP and the Plan. Each such NAS PI Channeled Claim will be entitled to receive from the Class 10(a) Non-Participating Claims Reserve its respective Award consistent with § 5 of the Non-NAS PI TDP; *provided, however*, that if such Allowed NAS PI Channeled Claim does not meet all of the requirements of the NAS PI TDP, then such NAS PI Channeled Claim will only be entitled to receive the lesser of (i) the Allowed liquidated amount fixed by the Bankruptcy Court and (ii) the lowest recovery of Allowed Awards therein. Such amounts (if any) will be paid from the Class 10(a) Release Claims Reserve, and in no event will the PI Trust be responsible for paying Holders of such Allowed NAS PI Channeled Claims out of the PI Trust Non-NAS Fund.

[123] If the Holder of an NAS PI Channeled Claim is represented by an attorney, then such attorney, rather than the PI Trust, will be responsible for deducting its fees and expenses from such Holder's Award.

(b) If a Holder of a Deficient NAS PI Channeled Claim satisfies §3(a)-(c) of the NAS PI TDP, elects to have such Claim against the Debtors liquidated in a court other than the Bankruptcy Court in response to an objection to such Claim, and successfully obtains a final judgment against any of the Debtors in such other court, such Claim will be channeled to the Class 10(a) Non-Participating Claims Reserve for payment pursuant to the NAS PI TDP and the Plan. A Holder of such NAS PI Channeled Claim will only be entitled to receive from the Class 10(a) Non-Participating Claims Reserve the lesser of (i) the liquidated amount of the final judgment so ordered by such court and (ii) three (3) times (x) what such Holder would have received under § 5 of the NAS PI TDP, or (y) if such NAS PI Channeled Claim does not meet all of the requirements of the NAS PI TDP, the lowest recovery amount for Allowed Awards therein. Such amounts (if any) will be paid from the Class 10(a) Claims Reserve, and in no event will the PI Trust be responsible for paying Holders of such NAS PI Channeled Claims out of the PI Trust Non-NAS Fund. In no event shall a Person who did not satisfy §3(a) and (b) of the NAS PI TDP receive any distribution under the NAS PI TDP, regardless of whether such Person obtained a judgment in a court other than the Bankruptcy Court.

* * *

The PI Trust and the PI Trust Agreement

The expenses of the PI Trust will be governed by the PI Trust Agreement. The PI Trust Agreement provides that the PI Trustee will have the power to pay liabilities and expenses of the PI Trust (including indemnification obligations) and establish the Creditor Trust Operating Reserve for the PI Trust and such other funds, reserves, and accounts within the PI Trust estate as deemed by the PI Trustee necessary to facilitate carrying out the purposes of the PI Trust. The PI Trust Agreement provides that the amount of the PI Trust Assets available to make settlement payments to Holders of Allowed PI Channeled Claims will be subject to the PI Trust Deductions and Holdbacks, which include the fees and expenses of PI Trust professionals and employees, including those professionals needed to administer the PI TDP and the LRP Agreement, and outside legal, financial, accounting, investment, auditing, forecasting, expert, and other consultants, advisors, and agents. These deductions will also include amounts for the compensation, costs and fees of professionals that have represented and/or are representing (A) the Ad Hoc Group of Individual Victims in connection with the Chapter 11 Cases, and (B) the NAS Committee in connection with the Chapter 11 cases, subject to certain limitations. To the extent such compensation, costs, fees and expenses were incurred prior to the Effective Date and were not paid by the PI Trust, the PI Trustee is authorized to pay or reimburse such fees and expenses from the PI Trust Assets as Trust Expenses. Fees and expenses of the Appeals Special Master will be borne respectively by any Holder of a PI Channeled Claim who appeals the Tier Award ruling of the Claims Administrator regarding such Holder's respective PI Channeled Claim, and such fees and expenses will be deducted from any Holder's respective payment from the PI Trust. Additionally, Holders of PI Channeled Claims who incurred individual legal fees and expenses (including fees and expenses pursuant to retainer agreements) will have such individual legal fees and expenses deducted from their respective payments from the PI Trust.

Edgar C. Gentle III will serve as the PI Trustee.[124] In the event of a vacancy in the PI Trustee position, whether by term expiration, death, retirement, resignation, or removal, or because the PI Trustee is otherwise unable to perform his functions as trustee, the PI Trust Oversight Committee will choose a successor PI Trustee. In the event that the PI Trust Oversight Committee cannot agree on a successor trustee, the PI Trust Oversight Committee will ask the Bankruptcy Court to select the successor trustee.

The PI Trust Agreement provides that the PI Trust Oversight Committee will consist of three (3) members. Two members of the PI Trust Oversight Committee will be named by the Ad Hoc Group of Individual Victims. These two members will select the third member of the PI Trust Oversight Committee. The members of the PI Trust Oversight Committee will be compensated as provided in the Budget (as defined in the PI Trust Agreement). A description of the amounts paid to the PI Trust Oversight Committee members will be included in the annual report to be filed with the Bankruptcy Court.

For all time expended as the PI Trustee, including attending meetings, preparing for such meetings, and working on authorized special projects, the PI Trustee will receive the sum of $350 per hour.

The PI Trust Agreement will provide that the PI Trustee will have the power to appoint such officers and hire such employees and engage such legal, financial, accounting, investment, auditing, forecasting, and other consultants, advisors, and agents as the business of the PI Trust requires, and delegate to such persons such powers and authorities as the fiduciary duties of the PI Trustee permit and as the PI Trustee, in his discretion, deems advisable or necessary in order to carry out the terms of the PI Trust Agreement, the PI TDP, and the LRP Agreement, and pay reasonable compensation to those employees, legal, financial, accounting, investment, auditing, forecasting, and other consultants, advisors, and agents.

The PI Trust Agreement will provide that the PI Trustee will retain a Claims Administrator, which may be the same individual as the PI Trustee. The PI Trust has chosen Edgar C. Gentle III to be the Claims Administrator.

The PI Trust Agreement will provide that neither the PI Trustee nor the Delaware Trustee (as defined in the PI Trust Agreement) will be required to post any bond or other form of surety or security unless otherwise ordered by the Bankruptcy Court.

(8) Ratepayers' Fees and Costs

Several Ratepayers filed Proofs of Claim against the Debtors under the theory that the opioid crisis caused increased healthcare costs that were, in turn, passed along to them by their insurance providers in the form of increased health insurance premiums, deductibles, and co-payments. Putative Ratepayer class action lawsuits were filed against the Debtors before the petition date, alleging, without limitation, (i) violations of RICO and state law equivalents, (ii) nuisance, (iii) negligence, (iv) common law fraud, and (v) violations of state consumer

[124] In the event Mr. Gentle becomes unavailable to serve as the PI Trustee, the Ad Hoc Group of Individual Victims will, subject to the Debtors' consent (which consent will not be unreasonably withheld) select a different person to serve as the PI Trustee in accordance with the Plan.

protection statutes. Pursuant to the Plan, in the event that the Ratepayer Mediation Participants Stipulation has been entered into on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter, the attorneys' fees of the Ratepayer Mediation Participants shall be paid from Effective Date Cash in an amount not to exceed $1.4 million.

4. Sale of Avrio Health L.P.

In the summer of 2022, the Debtors made the decision to explore strategic alternatives with respect to the Debtors' consumer health business, which was conducted by Avrio Health L.P. The Debtors determined that a sale of substantially all of Avrio's assets would maximize the value of these significant non-core, non-opioid assets and make additional cash available in the Debtors' estates for distribution under a plan of reorganization. Following an extensive marketing and negotiation process, on April 4, 2023, Debtor Avrio, Atlantis Consumer Healthcare Inc. ("**Atlantis**"), and Arcadia Consumer Healthcare, Inc., as guarantor of Atlantis's obligations, executed an asset purchase agreement (the "**Avrio APA**") in contemplation of a sale of substantially all of Avrio's assets to Atlantis. On May 30, 2023, the Bankruptcy Court entered the *Order (I) Approving Sale of Debtors' Avrio Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (II) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases and (III) Granting Related Relief* [D.I. 5644]. The sale of Avrio's assets closed on June 1, 2023.

ARTICLE IV

SUMMARY OF THE PLAN

The Debtors believe that the Plan provides the best and most prompt possible recovery to holders of Claims. The Debtors believe that (a) through the Plan, holders of Allowed Claims will obtain a recovery from the Debtors' estates equal to or greater than the recovery that they would receive if the Debtors' assets were liquidated under chapter 7 of the Bankruptcy Code and (b) consummation of the Plan will maximize the recovery of the holders of Allowed Claims.

The consummation of a plan is the principal objective of a chapter 11 case. A plan sets forth the means for satisfying Claims against, and interests in, a debtor. Confirmation of a plan makes the plan binding upon the debtor and any creditor of, or equity holder in, the debtor, whether or not such creditor or equity holder (a) is impaired under or has accepted the plan or (b) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, a confirmation order discharges the debtor from any debt that arose prior to the effective date of the plan and substitutes therefor the obligations specified under the confirmed plan.

A chapter 11 plan may specify that the legal, contractual, and equitable rights of the holders of Claims or Interests in certain classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as "unimpaired" and, because of such favorable treatment, are deemed to accept the plan. Accordingly, a debtor need not solicit votes from the holders of Claims or Interests in such classes. A chapter 11 plan may also specify that certain classes will not receive any distribution of property or retain any Claim against a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the

plan. Any classes that are receiving a distribution of property under the plan but are not unimpaired will be solicited to vote to accept or reject the plan.

Prior to soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding the plan. To satisfy the requirements of section 1125 of the Bankruptcy Code, the Debtors are submitting this Disclosure Statement to holders of Claims against the Debtors who are entitled to vote to accept or reject the Plan.

THE REMAINDER OF THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN. THIS SECTION IS QUALIFIED IN ITS ENTIRETY BY AND IS SUBJECT TO THE PLAN AS WELL AS THE EXHIBITS THERETO AND DEFINITIONS THEREIN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN. REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS UNDER THE PLAN. UPON OCCURRENCE OF THE EFFECTIVE DATE, THE PLAN AND ALL SUCH DOCUMENTS WILL BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS AND THEIR ESTATES AND ALL OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN AND SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

STATEMENTS AS TO THE RATIONALE UNDERLYING THE TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN ARE NOT INTENDED TO, AND SHALL NOT, WAIVE, COMPROMISE, OR LIMIT ANY RIGHTS, CLAIMS, OR CAUSES OF ACTION IN THE EVENT THE PLAN IS NOT CONFIRMED.

The Debtors will file with the Court before the Voting Deadline (as defined in the Solicitation Procedures Order) the supplement or supplements to the Plan (the "**Plan Supplement**") containing certain documents relevant to the implementation of the Plan, which shall include the MDT Documents, the NewCo Transfer Agreement, the NewCo Operating Agreement, the Foundation Bylaws, the Governmental Remediation Trust Documents, the PAT Agreement, the PI Trust Documents (including the LRP Agreement), the Hospital Trust Documents, the ERP Trust Documents, the TPP Trust Documents, Public School Trust Documents, the Tribe Trust

Documents, the identity of the MDT Trustees, the identity of the MDT Advisory Council Representatives, the identity of the NewCo Managers, the identity of the Foundation Trustees, the identity of the Plan Administration Trustee and PPLP Liquidator, the identity of the Creditor Trustees, identity of the Governmental Remediation Trust Trustees, the Schedule of Rejected Contracts, the Schedule of Retained Causes of Action, the Schedule of Excluded Parties, each Shareholder Settlement Agreement [(and any amendments or modifications thereto)], and the Restructuring Steps Memorandum. Notice of filing of the Plan Supplement will be served in accordance with the Solicitation Procedures Order. Once filed, the Plan Supplement (and, at any time, the Disclosure Statement, including the Plan and the other exhibits thereto, Disclosure Statement Order, and all other materials in the Solicitation Package, except Ballots) may be obtained at no charge from the Solicitation Agent by (a) calling the Debtors' restructuring hotline at (844) 217-0912 (toll-free) or (347) 859-8093 (international); (b) visiting the Debtors' restructuring website at https://restructuring.ra.kroll.com/purduepharma; (c) writing to Purdue Pharma Ballot Processing, c/o Kroll Restructuring Administration LLC, 50 Third Avenue, Suite 412, Brooklyn, NY 11232; and or (d) emailing purduepharmaballots@kroll.com. You may also obtain copies of any pleadings filed in these Chapter 11 Cases for a fee via PACER at http://www.nysb.uscourts.gov.

A. Administrative Expense Claims, Professional Fee Claims, Priority Tax Claims and DOJ Forfeiture Judgment Claim

1. Administrative Claims

(i) **Generally**. Except as provided for in the Plan or in any order of the Bankruptcy Court, and subject to section 503(b)(1)(D) of the Bankruptcy Code, Holders of Administrative Claims (other than Professional Fee Claims and the DOJ Forfeiture Judgment Claim) must file and serve on the Debtors requests for the payment of such Administrative Claims not already Allowed by a Final Order. Any Holder of an Administrative Claim that is required to, but does not, file and serve a request for payment of such Administrative Claim pursuant to the procedures specified in the Confirmation Order shall be forever barred, estopped and enjoined from asserting such Claims against the Debtors, the Liquidating Debtors, the Transferred Debtors, the Plan Administration Trust or their respective Assets or properties, and such Claims shall be deemed discharged as of the Effective Date. An Administrative Claim, with respect to which a request for payment has been properly and timely filed pursuant to Section 2.1(a) of the Plan, shall become an Allowed Administrative Claim if no objection to such request is filed by the Debtors or the Plan Administration Trustee with the Bankruptcy Court on or before the date that is one hundred twenty (120) days after the Effective Date, or such later date as may be fixed by the Bankruptcy Court. If an objection is timely filed, such Administrative Claim shall become an Allowed Administrative Claim only to the extent Allowed by Final Order or such Claim is settled, compromised or otherwise resolved pursuant to Section 7.6 of the Plan. Except to the extent a Holder of an Allowed Administrative Claim and the Debtor against which such Claim is asserted agree to different treatment, each Holder of an Allowed

Administrative Claim (other than a Professional Fee Claim or the DOJ Forfeiture Judgment Claim) shall receive, on account of such Allowed Claim, Cash in an amount equal to the Allowed amount of such Claim from the Priority Claims Reserve within thirty (30) days following the later to occur of (i) the Effective Date and (ii) the date on which such Administrative Claim shall become an Allowed Claim; provided that any Administrative Claim that is an Assumed Liability shall be paid by NewCo in the ordinary course of business.

(ii) **Professional Fee Claims**. All Professional Persons seeking awards by the Bankruptcy Court for compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under (x) section 327, 328, 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5) or 1103 of the Bankruptcy Code, (y) with respect to the Ad Hoc Committee, the AHC Reimbursement Agreement Assumption Order, or (z) with respect to the MSGE Group, the MSGE Group Reimbursement Order, shall (i) file, on or before the date that is forty-five (45) days after the Effective Date, or as soon as reasonably practicable thereafter, their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred and (ii) be paid in full in Cash, (A) first, from any existing amounts held by a Professional Person as a fee advance, retainer, or security that such Professional Person is authorized to use to satisfy Allowed Professional Fee Claims pursuant to the Interim Compensation Order or the order of the Bankruptcy Court authorizing the retention of such Professional Person (other than a reasonable retainer to cover post-Effective Date work), and (B) second, from the Professional Fee Escrow Account, in such aggregate amounts as are Allowed by the Bankruptcy Court or authorized to be paid in accordance with the order(s) relating to or allowing any such Professional Fee Claim. On or prior to the Effective Date, the Debtors shall establish the Professional Fee Escrow Account and, on the Effective Date, fund the Professional Fee Escrow Account with Cash such that the total amount held in the Professional Fee Escrow Account is equal to the sum of each Professional Person's good-faith estimates of its Professional Fee Claims. The procedures for filing objections to Professional Persons' applications for final allowance of compensation for services rendered and expenses incurred shall be set forth in the Confirmation Order.

2. Priority Tax Claims

Except to the extent a Holder of an Allowed Priority Tax Claim and the Debtor against which such Claim is asserted agree to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each Holder of an Allowed Priority Tax Claim shall receive, on account of such Allowed Priority Tax Claim, either Cash in an amount equal to the Allowed amount of such Claim from the Priority Claims Reserve or such other treatment as may satisfy section 1129(a)(9) of the Bankruptcy Code.

3. DOJ Forfeiture Judgment Claim

(i) **Allowance**. Pursuant to the Plea Agreement and the DOJ 9019 Order, the DOJ Forfeiture Judgment Claim shall be Allowed in the amount of $2.0 billion on the later of (i) the DOJ Conviction Judgment Date and (ii) the entry by the Bankruptcy Court of the Confirmation Order.

(ii) **Treatment**. In full and final satisfaction, settlement, release and discharge of the DOJ Forfeiture Judgment Claim, the Debtors shall make the DOJ Forfeiture Payment within three (3) Business Days following the DOJ Conviction Judgment Date, which DOJ Forfeiture Payment, in combination with the DOJ Forfeiture Judgment Credit, shall satisfy and discharge the DOJ Forfeiture Judgment Claim in full.

B. Classification of Claims and Interests

1. Classification in General

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation and Distributions under the Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent any portion of the Claim or Interest qualifies within the description of such other Classes; provided that, to the extent any Claim satisfies the definition of a Shareholder Claim, a Co-Defendant Claim or an Other Subordinated Claim, such Claim shall be classified as such, notwithstanding that such Claim may satisfy the definition of another type of Claim. A Claim or Interest is also classified in a particular Class for the purpose of receiving Distributions hereunder only to the extent such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been satisfied, released or otherwise settled prior to the Effective Date. In no event shall any Holder of an Allowed Claim be entitled to receive payments under the Plan that, in the aggregate, exceed the Allowed amount of such Holder's Claim.

2. Summary of Classification of Claims and Interests

The following table designates the Classes of Claims against and Interests in the Debtors and specifies which Classes are (a) Impaired or Unimpaired under the Plan, (b) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code or presumed to accept or deemed to reject the Plan:

Class	Type of Claim or Interest	Impairment	Entitled to Vote
Class 1	Secured Claims	Unimpaired	No (Presumed to Accept)
Class 2	Other Priority Claims	Unimpaired	No (Presumed to Accept)

Class 3	Federal Government Unsecured Claims	Impaired	Yes
Class 4	Non-Federal Domestic Governmental Claims	Impaired	Yes
Class 5	Tribe Claims	Impaired	Yes
Class 6	Public School Claims	Impaired	Yes
Class 7	Hospital Claims	Impaired	Yes
Class 8	Third-Party Payor Claims	Impaired	Yes
Class 9	ER Physician Claims	Impaired	Yes
Class 10(a)	NAS PI Claims	Impaired	Yes
Class 10(b)	Non-NAS PI Claims	Impaired	Yes
Class 11(a)	Avrio General Unsecured Claims	Unimpaired	No (Presumed to Accept)
Class 11(b)	Adlon General Unsecured Claims	Unimpaired	No (Presumed to Accept)
Class 11(c)	Other General Unsecured Claims	Impaired	Yes
Class 12	Intercompany Claims	Unimpaired or Impaired	No (Presumed to Accept or Deemed to Reject)
Class 13	Shareholder Claims	Impaired	No (Deemed to Reject)
Class 14	Co-Defendant Claims	Impaired	No (Deemed to Reject)
Class 15	Other Subordinated Claims	Impaired	No (Deemed to Reject)
Class 16	PPLP Interests	Impaired	No (Deemed to Reject)
Class 17	PPI Interests	Impaired	No (Deemed to Reject)
Class 18	Intercompany Interests	Unimpaired or Impaired	No (Presumed to Accept or Deemed to Reject)

3. Voting Classes; Presumed Acceptance by Non-Voting Classes

With respect to each Debtor, if a Class contains Claims eligible to vote and no Holder of Claims eligible to vote in such Class votes to accept or reject the Plan by the Voting Deadline, the Plan shall be presumed accepted by the Holders of Claims in such Class.

4. Voting; Presumptions; Solicitation

(i) **Acceptance by Certain Impaired Classes.** Only Holders of Claims in Classes 3, 4, 5, 6, 7, 8, 9, 10(a), 10(b) and 11(c) are entitled to vote to accept or reject the Plan. An Impaired Class of Claims shall have accepted the Plan if (i) the Holders, including Holders acting through a Voting Representative, of at least two-thirds (2/3) in amount of Claims actually voting in such Class have voted to accept the Plan and (ii) the Holders, including Holders acting through a Voting Representative, of more than one-half (1/2) in number of Claims actually voting in such Class have voted to accept the Plan. Holders of Claims in Classes 3, 4, 5, 6, 7, 8, 9, 10(a), 10(b) and 11(c) (or, if applicable, the Voting Representatives of such Holders) shall receive ballots containing detailed voting instructions. For the avoidance of doubt, pursuant to and except as otherwise provided in the Solicitation Procedures Order, each Claim in Classes 4, 5, 6, 7, 8, 9, 10(a) and 10(b) shall be accorded one (1) vote and valued at one dollar ($1.00) for voting purposes only, and not for purposes of Allowance or distribution, such that each of Classes 4, 5, 6, 7, 8, 9, 10(a) and 10(b) shall be deemed to have accepted the Plan if the Holders, including Holders acting through a Voting Representative, of at least two-third (2/3) in number of Claims actually voting in such Class have voted to accept the Plan.

(ii) **Deemed Acceptance by Unimpaired Classes.** Holders of Claims in Classes 1, 2, 11(a) and 11(b) are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Accordingly, such Holders are not entitled to vote to accept or reject the Plan.

(iii) **Deemed Rejection by Certain Impaired Classes.** Holders of Claims and Interests in Classes 13, 14, 15, 16, and 17 are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, such Holders are not entitled to vote to accept or reject the Plan.

(iv) **Deemed Acceptance or Rejection by Certain Classes.** Holders of Interests in Classes 12 and 18 are either conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code or are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, such Holders are not entitled to vote to accept or reject the Plan.

(v) **Individual Creditor Voting Rights.** Notwithstanding anything to the contrary in the Plan, the voting rights of Holders of Claims in any Class shall be governed in all respects by the Solicitation Procedures Order, including without limitation with respect to the amount of such Claims for voting purposes.

5. Cramdown

If any Class of Claims is deemed to reject the Plan or is entitled to vote on the Plan and does not vote to accept the Plan, the Debtors may (a) seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code and/or (b) amend or modify the Plan in accordance with the terms hereof and the Bankruptcy Code. If a controversy arises as to whether any Claim or Interest, or any Class of Claims or Interests, is Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

6. No Waiver

Nothing contained in the Plan shall be construed to waive a Debtor's or other Person's right to object on any basis to any Claim.

C. Treatment of Claims and Interests

1. Secured Claims (Class 1)

(i) Treatment: Except to the extent a Holder of an Allowed Secured Claim and the Debtor against which such Claim is asserted agree to different treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Secured Claim shall receive, on account of such Allowed Claim, (i) payment in full in Cash from the Priority Claims Reserve in accordance with section 506(a) of the Bankruptcy Code, (ii) Reinstatement of such Allowed Claim pursuant to section 1124 of the Bankruptcy Code or (iii) such other treatment as may be necessary to render such Claim Unimpaired.

(ii) Impairment and Voting: Secured Claims are Unimpaired. Holders of Secured Claims are conclusively presumed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Secured Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Secured Claims.

2. Other Priority Claims (Class 2)

(i) Treatment: Except to the extent a Holder of an Allowed Other Priority Claim and the Debtor against which such Claim is asserted agree to different treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Other Priority Claim shall receive, on account of such Allowed Claim, (i) payment in full in Cash from the Priority Claims Reserve or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.

(ii) Impairment and Voting: Other Priority Claims are Unimpaired. Holders of Other Priority Claims are conclusively presumed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Other Priority Claims are not entitled to vote to accept or reject the Plan, and the

votes of such Holders will not be solicited with respect to such Other Priority Claims.

3. Federal Government Unsecured Claims (Class 3)

(i) Allowance of the DOJ Civil Claim and DOJ Criminal Fine Claim: Pursuant to the DOJ 9019 Order, the DOJ Civil Claim is Allowed in the amount of $2.8 billion. The DOJ Criminal Fine Claim shall be Allowed in the amount of $3.544 billion on the later of (i) the DOJ Conviction Judgment Date and (ii) the entry by the Bankruptcy Court of the Confirmation Order.

(ii) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Allowed Federal Government Unsecured Claims, the United States shall receive (i) the Initial Federal Government Distribution and (ii) the MDT Federal Government Claim. The MDT Federal Government Claim shall be payable by the Master Disbursement Trust in the following installments: (x) $10 million on the second Scheduled MDT Distribution Date, (y) $10 million on the third Scheduled MDT Distribution Date and (z) $5 million on the fourth Scheduled MDT Distribution Date. The Initial Federal Government Distribution and the amounts paid to the United States on account of the MDT Federal Government Claim shall be deemed applied 60% to the DOJ Unsecured Claims and 40% to the Other Federal Agency Claims.

(iii) Impairment and Voting: The Federal Government Unsecured Claims are Impaired. Holders of Federal Government Unsecured Claims are entitled to vote to accept or reject the Plan.

4. Non-Federal Domestic Governmental Claims (Class 4)

(i) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Non-Federal Domestic Governmental Claims, the Governmental Remediation Trust shall receive (i) the Initial Governmental Remediation Trust Distribution, (ii) the MDT Governmental Remediation Trust Interest and (iii) the right to receive 96.7% of the Governmental NewCo Distributable Cash pursuant to Section 5.4(e) of the Plan.

(ii) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Non-Federal Domestic Governmental Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the Governmental Remediation Trust and shall be exclusively satisfied by payments from the Governmental Remediation Trust. Each Non-Federal Domestic Governmental Channeled Claim shall be asserted exclusively against the Governmental Remediation Trust and resolved solely in accordance with the terms, provisions and

procedures of the Governmental Remediation Trust Agreement. The sole recourse of any Person on account of any Non-Federal Domestic Governmental Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the Governmental Remediation Trust as and to the extent provided in the Governmental Remediation Trust Agreement. Subject to Section 10.8(c) of the Plan, Holders of Non-Federal Domestic Governmental Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Non-Federal Domestic Governmental Channeled Claims exclusively against the Governmental Remediation Trust.

(iii) Impairment and Voting: Non-Federal Domestic Governmental Claims are Impaired. Holders of Non-Federal Domestic Governmental Claims are entitled to vote to accept or reject the Plan.

5. Tribe Claims (Class 5)

(i) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Tribe Claims, the Tribe Trust shall receive (i) the Initial Tribe Trust Distribution, (ii) the MDT Tribe Interest and (iii) the right to receive 3.3% of the Governmental NewCo Distributable Cash pursuant to Section 5.4(e) of the Plan.

(ii) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Tribe Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the Tribe Trust and shall be exclusively satisfied by payments from the Tribe Trust. Each Tribe Channeled Claim shall be asserted exclusively against the Tribe Trust and resolved solely in accordance with the terms, provisions and procedures of the Tribe TDP. The sole recourse of any Person on account of any Tribe Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the Tribe Trust as and to the extent provided in the Tribe TDP. Subject to Section 10.8(c) of the Plan, Holders of Tribe Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Tribe Channeled Claims exclusively

against the Tribe Trust, solely as and to the extent provided in the Tribe TDP.

(iii) Impairment and Voting: Tribe Claims are Impaired. Holders of Tribe Claims are entitled to vote to accept or reject the Plan.

6. Public School Claims (Class 6)

(i) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Public School Claims, the Public School Trust shall receive (i) the Initial Public Schools Distribution (less any required payments to the Common Benefit Fund and/or in respect of attorneys' fees and expenses of the Public School District Claimants in accordance with Section 5.9(c) and (h) of the Plan) and (ii) the MDT Public School Districts Claim; *provided* that if, as of the Effective Date, the Public School District Shareholder Direct Settlement has not been consummated, the Shareholder Direct Settlement Portion of the Initial Public Schools Distribution will be deposited into a third-party interest bearing escrow in accordance with the Master Shareholder Settlement Agreement on the Effective Date and distributed in accordance with Section 5.2(e)(i) of the Plan.

(ii) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Public School Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the Public School Trust and shall be exclusively satisfied by payments from the Public School Trust. Each Public School Channeled Claim shall be asserted exclusively against the Public School Trust and resolved solely in accordance with the terms, provisions and procedures of the Public School TDP. The sole recourse of any Person on account of any Public School Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the Public School Trust as and to the extent provided in the Public School TDP. Subject to Section 10.8(c) of the Plan, Holders of Public School Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Public School Channeled Claims exclusively against the Public School Trust, solely as and to the extent provided in the Public School TDP.

(iii) Impairment and Voting: Public School Claims are Impaired. Holders of Public School Claims are entitled to vote to accept or reject the Plan.

7. Hospital Claims (Class 7)

(i) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Hospital Claims, the Hospital Trust shall receive (i) the Initial Hospital Trust Distribution and (ii) the MDT Hospital Claim; *provided* that if, as of the Effective Date, the Hospital Shareholder Direct Settlement has not been consummated, the Shareholder Direct Settlement Portion of the Initial Hospital Trust Distribution will be deposited into a third-party interest bearing escrow in accordance with the Master Shareholder Settlement Agreement on the Effective Date and distributed in accordance with Section 5.2(e)(i) of the Plan.

(ii) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Hospital Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the Hospital Trust and shall be exclusively satisfied by payments from the Hospital Trust. Each Hospital Channeled Claim shall be asserted exclusively against the Hospital Trust and resolved solely in accordance with the terms, provisions and procedures of the Hospital TDP. The sole recourse of any Person on account of any Hospital Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the Hospital Trust as and to the extent provided in the Hospital TDP. Subject to Section 10.8(c) of the Plan, Holders of Hospital Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Hospital Channeled Claims exclusively against the Hospital Trust, solely as and to the extent provided in the Hospital TDP.

(iii) Impairment and Voting: Hospital Claims are Impaired. Holders of Hospital Claims are entitled to vote to accept or reject the Plan.

8. Third-Party Payor Claims (Class 8)

(i) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Third-Party Payor Claims, the TPP Trust shall receive (i) the Initial TPP Trust Distribution and (ii) the MDT TPP Claim. For the avoidance of doubt, any payments from the TPP LRP Escrow Account to which LRP Participating TPPs may be entitled under the LRP Agreement shall not be subject to Section 4.8 of the Plan.

(ii) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Third-Party Payor Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the TPP Trust and shall be exclusively satisfied by payments from the TPP Trust. Each Third-Party Payor Channeled Claim shall be asserted exclusively against the TPP Trust and resolved solely in accordance with the terms, provisions and procedures of the TPP TDP. The sole recourse of any Person on account of any Third-Party Payor Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the TPP Trust as and to the extent provided in the TPP TDP. Subject to Section 10.8(c) of the Plan, Holders of Third-Party Payor Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Third-Party Payor Channeled Claims exclusively against the TPP Trust, solely as and to the extent provided in the TPP TDP.

(iii) Impairment and Voting: Third-Party Payor Claims are Impaired. Holders of Third-Party Payor Claims are entitled to vote to accept or reject the Plan.

9. ER Physician Claims (Class 9)

(i) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of ER Physician Claims, the ERP Trust shall receive (i) the Initial ERP Trust Distribution and (ii) the MDT ERP Claim; *provided* that if, as of the Effective Date, the ER Physician Shareholder Direct Settlement has not been consummated, the Initial ERP Trust Distribution will be deposited into a third-party interest bearing escrow in accordance with the Master Shareholder Settlement Agreement on the Effective Date and distributed in accordance with Section 5.2(e)(i) of the Plan.

(ii) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all ER Physician Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the ERP Trust and shall be exclusively satisfied by payments from the ERP Trust. Each ER Physician Channeled Claim shall be asserted exclusively against the ERP Trust and resolved solely in accordance with the terms, provisions and procedures of the ERP TDP. The sole recourse of any Person on account of any ER Physician Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to

the ERP Trust as and to the extent provided in the ERP TDP. Subject to Section 10.8(c) of the Plan, Holders of ER Physician Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any ER Physician Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any ER Physician Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue ER Physician Channeled Claims exclusively against the ERP Trust, solely as and to the extent provided in the ERP TDP.

(iii) Impairment and Voting: ER Physician Claims are Impaired. Holders of ER Physician Claims are entitled to vote to accept or reject the Plan.

10. PI Claims (Classes 10(a) and 10(b))

(i) PI Trust: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of PI Claims, the PI Trust shall receive, subject to Section 5.2(i) of the Plan, (i) the Initial PI Trust Distribution and (ii) the MDT PI Claim.

(ii) NAS PI Claims (Class 10(a))

(1) **Treatment**: The PI Trust shall deposit the NAS PI Portion into the PI Trust NAS Fund in periodic installments as funds are received by the PI Trust. Distributions in respect of NAS PI Channeled Claims shall be exclusively in the form of Distributions from the PI Trust NAS Fund to Holders of Allowed NAS PI Channeled Claims, in accordance with the NAS PI TDP, and shall be subject to the PI Trust Deductions and Holdbacks.

(2) **Channeling**: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all NAS PI Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the PI Trust and shall be exclusively satisfied by payments from the PI Trust. Each NAS PI Channeled Claim shall be asserted exclusively against the PI Trust and resolved solely in accordance with the terms, provisions and procedures of the NAS PI TDP. The sole recourse of any Person on account of any NAS PI Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the PI Trust NAS Fund as and to the extent provided in the NAS PI TDP. Subject to Section 10.8(c) of the Plan, Holders of NAS PI Channeled Claims are enjoined from asserting against any

Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue NAS PI Channeled Claims exclusively against the PI Trust, solely as and to the extent provided in the NAS PI TDP.

(3) **Impairment and Voting**: NAS PI Claims are Impaired. Holders of NAS PI Claims are entitled to vote to accept or reject the Plan.

(iii) Non-NAS PI Claims (Class 10(b))

(1) **Treatment**: The PI Trust shall deposit the Non-NAS PI Portion into the PI Trust Non-NAS Fund in periodic installments as funds are received by the PI Trust. Distributions in respect of Non-NAS PI Channeled Claims shall be exclusively in the form of Distributions from the PI Trust Non-NAS Fund to Holders of Allowed Non-NAS PI Channeled Claims, in accordance with the Non-NAS PI TDP, and shall be subject to the PI Trust Deductions and Holdbacks.

(2) **Channeling**: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Non-NAS PI Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the PI Trust and shall be exclusively satisfied by payments from the PI Trust. Each Non-NAS PI Channeled Claim shall be asserted exclusively against the PI Trust and resolved solely in accordance with the terms, provisions and procedures of the Non-NAS PI TDP. The sole recourse of any Person on account of any Non-NAS PI Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the PI Trust Non-NAS Fund as and to the extent provided in the Non-NAS PI TDP. Subject to Section 10.8(c) of the Plan, Holders of Non-NAS PI Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Non-NAS PI Channeled Claims exclusively against the PI Trust, solely as and to the extent provided in the Non-NAS PI TDP.

(3) **Impairment and Voting**: Non-NAS PI Claims are Impaired. Holders of Non-NAS PI Claims are entitled to vote to accept or reject the Plan.

(iv) Canadian Patient Settlement: Pursuant to the Canadian Patient Claim Settlement Stipulation, (i) no Holder of a Settled Canadian Patient Claim that filed a Proof of Claim shall receive a recovery in respect of such Settled Canadian Patient Claim from any source other than the Patient Settlement Payment (as defined in the Canadian Patient Claim Settlement Stipulation) made from the Canadian Patient Settlement Trust and (ii) in order to receive a recovery in respect of any other Claim for which a Proof of Claim was filed by a Holder of a Settled Canadian Patient Claim, such Holder shall have the burden of proving that such Proof of Claim is not in respect of a Settled Canadian Patient Claim that was released and discharged pursuant to the Canadian Patient Claim Settlement Stipulation and such Holder has not received any recovery from the Canadian Patient Settlement Trust on account of such Claim. No Distributions shall be made on account of any Claims that may constitute Settled Canadian Patient Claims unless and until (x) the Saskatchewan Court of Queen's Bench approves the Canadian Patient Settlement Agreement and all funds in the Canadian Patient Settlement Trust have been distributed to Holders of Settled Canadian Patient Claims in accordance with the Canadian Patient Settlement Agreement or (y) the Saskatchewan Court of Queen's Bench denies the Canadian Patient Settlement Agreement. For the avoidance of doubt, nothing in Article X of the Plan shall affect the validity or enforceability of the Canadian Patient Settlement Agreement.

11. Avrio General Unsecured Claims (Class 11(a))

(i) Treatment: Except to the extent a Holder of an Allowed Avrio General Unsecured Claim and Avrio Health L.P. agree to different treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Avrio General Unsecured Claim shall receive, on account of such Allowed Claim, including interest, payment in full in Cash.

(ii) Impairment and Voting: Avrio General Unsecured Claims are Unimpaired. Holders of Avrio General Unsecured Claims are conclusively presumed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Avrio General Unsecured Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited.

12. Adlon General Unsecured Claims (Class 11(b))

(i) Treatment: Except to the extent a Holder of an Allowed Adlon General Unsecured Claim and Adlon Therapeutics L.P. agree to different treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each

Holder of an Allowed Adlon General Unsecured Claim shall receive, on account of such Allowed Claim, including interest, payment in full in Cash.

(ii) Impairment and Voting: Adlon General Unsecured Claims are Unimpaired. Holders of Adlon General Unsecured Claims are conclusively presumed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Adlon General Unsecured Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited.

13. Other General Unsecured Claims (Class 11(c))

(i) Treatment: All Other General Unsecured Claims are Disputed. Except to the extent a Holder of an Allowed Other General Unsecured Claim and the Debtor against which such Claim is asserted agree to different treatment, after the Effective Date upon the Allowance of such Claim in accordance with Article VII of the Plan, each Holder of an Allowed Other General Unsecured Claim shall receive, on account of such Allowed Claim, such Holder's *Pro Rata* Share of the Other General Unsecured Claim Cash, up to payment in full of such Allowed Claim.

(ii) Impairment and Voting: Other General Unsecured Claims are Impaired. Holders of Other General Unsecured Claims are entitled to vote to accept or reject the Plan.

14. Intercompany Claims (Class 12)

(i) Treatment: Except as otherwise provided in the NewCo Transfer Agreement or the Restructuring Steps Memorandum, on or after the Effective Date, Intercompany Claims shall be (x) in the case of Intercompany Claims held by a Liquidating Debtor against another Liquidating Debtor, at the discretion of the Debtors (or the Plan Administration Trustee, as applicable), (y) in the case of Intercompany Claims held by a Transferred Debtor against another Transferred Debtor, at the discretion of NewCo and (z) otherwise, at the discretion of the Debtors (or the Plan Administration Trustee, as applicable) with the consent (not to be unreasonably withheld, conditioned or delayed) of the Governmental Consent Parties:

(1) Reinstated; or

(2) Compromised and settled or canceled and extinguished with no distribution on account thereof.

(ii) Impairment and Voting: Intercompany Claims are either Unimpaired or Impaired with no distribution on account thereof. Holders of Intercompany Claims are either conclusively presumed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code or deemed to reject the Plan

pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Intercompany Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Intercompany Claims.

15. Shareholder Claims (Class 13)

(i) Treatment: Holders of Shareholder Claims shall not receive or retain any property on account of such Claims. As of the Effective Date, in accordance with the terms of and except as otherwise expressly provided in the Shareholder Settlements, all Shareholder Claims shall automatically, and without further act, deed or court order, be deemed to have been released without any distribution on account thereof, and such Claims shall be of no further force or effect.

(ii) Impairment and Voting: Shareholder Claims are Impaired. Holders of Shareholder Claims are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Shareholder Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Shareholder Claims.[125]

16. Co-Defendant Claims (Class 14)

(i) Treatment: In full and final satisfaction and release of each Co-Defendant Claim, the Holder thereof shall (i) not receive or retain any property on account of such Co-Defendant Claim and not have any recourse to any Debtor or any Assets of any Debtor, any Estate or any Assets of any Estate, or any other Protected Party or any Assets of any Protected Party and (ii) retain its Co-Defendant Defensive Rights, which may be exercised solely in accordance with Section 10.18 of the Plan. As of the Effective Date, Co-Defendant Claims shall be deemed expunged, released and extinguished without further action by or order of the Bankruptcy Court, and shall be of no further force or effect. Notwithstanding the release, satisfaction, expungement and extinguishment of Co-Defendant Claims, a Co-Defendant retains its Co-Defendant Defensive Rights, which includes the ability to recover from Persons that are not Protected Parties or from any insurance policies that are not Purdue Insurance Policies or other insurance policies of Protected Parties.

(ii) Impairment and Voting: Co-Defendant Claims are Impaired. Holders of Co-Defendant Claims are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Co-Defendant Claims are

[125] Although Holders of Shareholder Claims are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code, the Shareholder Payment Parties, in all capacities (including as Holders of Claims), have agreed to support the Plan pursuant to the Master Shareholder Settlement Agreement.

not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Co-Defendant Claims.

17. Other Subordinated Claims (Class 15)

(i) Treatment: Other Subordinated Claims are subordinated pursuant to the Plan and section 509(c) and/or 510 of the Bankruptcy Code and/or other applicable law. Holders of Other Subordinated Claims shall not receive or retain any property under the Plan on account of such Claims. As of the Effective Date, Other Subordinated Claims shall be deemed expunged, released and extinguished without further action by or order of the Bankruptcy Court, and shall be of no further force or effect.

(ii) Impairment and Voting: Other Subordinated Claims are Impaired. Holders of Other Subordinated Claims are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Other Subordinated Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Other Subordinated Claims.

18. PPLP Interests (Class 16)

(i) Treatment: In accordance with the terms of the Shareholder Settlement Agreements, Holders of PPLP Interests shall relinquish such Interests and shall not receive or retain any property under the Plan on account of such Interests. As of the PPLP Dissolution Date, all PPLP Interests shall be deemed surrendered, canceled and/or redeemed without further action by or order of the Bankruptcy Court, and shall be of no further force or effect.

(ii) Impairment and Voting: PPLP Interests are Impaired. Holders of PPLP Interests are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of PPLP Interests are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such PPLP Interests.

19. PPI Interests (Class 17)

(i) Treatment: In accordance with the terms of the Shareholder Settlement Agreements, Holders of PPI Interests shall relinquish such Interests and shall not receive or retain any property under the Plan on account of such Interests. As of the Effective Date, PPI Interests shall be deemed surrendered, canceled and/or redeemed without further action by or order of the Bankruptcy Court, and shall be of no further force or effect.

(ii) Impairment and Voting: PPI Interests are Impaired. Holders of PPI Interests are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of PPI Interests are not entitled to vote to accept

or reject the Plan, and the votes of such Holders will not be solicited with respect to such PPI Interests.

20. Intercompany Interests (Class 18)

(i) Treatment: Except as otherwise provided in the NewCo Transfer Agreement or the Restructuring Steps Memorandum, on the Effective Date, Intercompany Interests shall be:

(1) with respect to Intercompany Interests in any Transferred Debtor held by PPLP, Reinstated and transferred to NewCo (or one of its Subsidiaries) in accordance with the NewCo Transfer Agreement;

(2) with respect to Intercompany Interests in any Transferred Debtor held by another Transferred Debtor, Reinstated or otherwise treated in accordance with the NewCo Transfer Agreement; and

(3) with respect to Intercompany Interests in any Debtor that is not a Transferred Debtor, Reinstated solely for administrative convenience until canceled when such Debtor is dissolved or merged out of existence by the Plan Administration Trustee.

(ii) Impairment and Voting: Intercompany Interests are either Unimpaired or Impaired with no distribution on account thereof. Holders of Intercompany Interests are either conclusively presumed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code or deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Intercompany Interests are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Intercompany Interests.

21. Debtors' Rights with Respect to Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the rights of the Debtors with respect to an Unimpaired Claim, including all rights with respect to legal and equitable defenses to, or setoffs or recoupments against, any such Unimpaired Claims.

D. Means for Implementation

1. Restructuring Transactions

On or before the Effective Date or as soon as reasonably practicable thereafter, the Debtors may take all actions consistent with the Plan as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate the Restructuring Transactions under and in connection with the Plan, including (i) the execution and delivery of all appropriate agreements or other documents of merger, consolidation, sale, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the Plan; (ii) the execution and delivery of appropriate instruments of transfer, assignment,

assumption or delegation of any Asset, property, interest, right, liability, debt or obligation on terms consistent with the Plan; (iii) the filing of appropriate certificates or articles of organization, limited partnership, incorporation, reincorporation, merger, consolidation, conversion or dissolution pursuant to applicable law; (iv) the execution, delivery, filing, recordation and issuance of any other documents, instruments or agreements in connection with the Restructuring Transactions and (v) any transactions described in the Restructuring Steps Memorandum.

2. Plan Settlements

(i) As further described in the Disclosure Statement, the provisions of the Plan (including the provisions contained in Section 5.9 of the Plan and the release and injunctive provisions contained in Article X of the Plan), the Shareholder Settlements and the other Plan Documents constitute a good faith compromise and settlement of Claims and controversies among the Debtors, the Supporting Claimants, the Settling Creditors, the Shareholder Payment Parties, certain other participants in the Mediation and other parties in interest reached in connection with the Mediation and otherwise, which such compromise and settlement is necessary and integral to the Plan and the Plan Documents and the success of these Chapter 11 Cases. The Debtors, the Supporting Claimants, the Settling Creditors and the Shareholder Payment Parties believe the treatment provided in respect of Claims against and Interests in the Debtors and the treatment of competing Classes of Claims is fair and appropriate only when combined with the distribution scheme, including without limitation all Distributions to be made under the Plan, and the release, injunction and all other provisions contained in the Plan, all of which are material aspects of the Plan and the terms of the Shareholder Settlements. More than 614,000 Proofs of Claim alleging liability arising out of or in connection with Opioid-Related Activities were filed against the Debtors by the General Bar Date. Approximately 10% of the submitted Proofs of Claim allege a specific amount of liability. The aggregate alleged liability associated with these Proofs of Claim is more than $40 trillion (exclusive of one personal injury claim that asserted $100 trillion in alleged liability). Approximately 90% of Claims alleging liability arising out of or in connection with Opioid-Related Activities do not allege a specific amount of liability. The Debtors believe that any reasonable estimate, projection or valuation of their total liability and obligation to pay for Claims asserted against them, if they had the ability to pay those Claims outside of these Chapter 11 Cases, exceeds by many multiples the total value of all assets of their Estates, including but not limited to contributions from third parties and the full face value of all of Purdue's insurance. The Debtors have structured the Plan on the basis of this understanding, and the Confirmation Order shall include a finding consistent with this understanding.

(ii) The Plan, including the explanation set forth in the Disclosure Statement, and the Plan Documents shall be deemed a motion to approve the Plan Settlements, including the Shareholder Settlements, and the good faith full

and final comprehensive compromise and settlement of all of the Claims, Interests and controversies described in Section 5.2(a) of the Plan pursuant to Bankruptcy Rule 9019, and entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Plan Settlements under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a finding by the Bankruptcy Court that the Plan Settlements are fair, equitable, reasonable and in the best interests of the Debtors and their Estates.

(iii) The Plan, the Plan Settlement, the Plan Documents (including the Creditor Trust Documents), the Shareholder Settlements and the Confirmation Order constitute a good faith full and final comprehensive compromise and settlement of all Claims, Interests and controversies described in the Plan based upon the unique circumstances of these Chapter 11 Cases (such as the total distributable value available, the unique facts and circumstances relating to these Debtors and the need for an accelerated resolution without additional avoidable litigation) such that (i) none of the foregoing documents (including the provisions contained in Section 5.9 of the Plan), nor any materials used in furtherance of Plan confirmation (including, but not limited to, the Disclosure Statement, and any notes related to, and drafts of, such documents and materials), may be offered into evidence, deemed an admission, used as precedent or used by any party or Person in any context whatsoever beyond the purposes of the Plan, in any other litigation or proceeding, except as necessary, and as admissible in such context, to enforce their terms and to evidence the terms of the Plan and the Plan Documents before the Bankruptcy Court or any other court of competent jurisdiction and (ii) any obligation by any party, in furtherance of such compromise and settlement, to not exercise rights that might be otherwise available to such party shall be understood to be an obligation solely in connection with this specific compromise and settlement and to be inapplicable in the absence of such compromise and settlement. The Plan, the Plan Settlement, the Plan Documents and the Confirmation Order will be binding as to the matters and issues described therein, but will not be binding with respect to similar matters or issues that might arise in any other litigation or proceeding in which none of the Debtors or any other Protected Party is a party; provided that such litigation or proceeding is not to enforce or evidence the terms of the Plan, the Plan Settlement, the Plan Documents, the Shareholder Settlements or the Confirmation Order. Any Person's support of, or position or action taken in connection with, the Plan, the Plan Settlement, the Plan Documents, the Shareholder Settlements and the Confirmation Order may differ from such Person's position or testimony in any other litigation or proceeding not in connection with these Chapter 11 Cases. Further, and, as all parties to the Mediation agreed, the Plan Settlement is not intended to serve as an example for, or represent the parties' respective positions or views concerning, any other chapter 11 cases relating to opioids, nor shall it be used as precedent by any Person or party

in any other such chapter 11 cases or in any other proceeding, situation or litigation.

(iv) The "allocation" of dollars between the Shareholder Direct Settlement Portion of any Distribution and the Estate Distributions is part of an overall compromise and settlement under Bankruptcy Rule 9019 between the Mediation Parties, including the Debtors, the Creditors' Committee, the Shareholder Payment Parties, and all creditors and creditor groups that are Mediation Parties, and upon confirmation of the Plan will be deemed to be a settlement between the Debtors, the Creditors' Committee, the Supporting Claimants and the Shareholder Payment Parties in which, among other things, the Shareholder Payment Parties are providing up to $6.5 billion in consideration over 15 years. The "allocation" is intended by the Shareholder Payment Parties and the other Mediation Parties to, among other things, facilitate the distribution of proceeds for opioid abatement, victim compensation, and other permitted uses under the Plan, and otherwise. All such parties, including but not limited to the Shareholder Payment Parties, Sackler Parties, the Debtors, the Ad Hoc Committee and the States AG Negotiating Group, including each member of such groups, has agreed that neither the settlement amount nor the "allocation" (including any allocation between the Shareholder Payment Party of payment responsibility) reflects any concession or agreement by any party as to the strength, validity, merits, collectability, amount, or otherwise of the Shareholder Released Estate Claims or of the Shareholder Released Direct Claims or any defenses to the Shareholder Released Estate Claims or the Shareholder Released Direct Claims, and if for whatever reason the agreement in principle is not consummated, neither the settlement amount nor the "allocation" shall be cited or used by the Debtors, the Creditors' Committee, the Supporting Claimants or the Shareholder Payment Parties (or the Released Parties) – or any party to the Shareholder Settlements or any other Mediation Party – for any purpose whatsoever in any pleading or proceeding wherever or whenever. Further, no party to the compromise and settlement will be bound by the Plan or the agreement set forth in this provision (other than as set forth in Section 5.2(d) of the Plan) with regard to what it may state in a pleading, court hearing, proceeding, or otherwise about the strength, validity, merits, collectability, amount, or otherwise of the Shareholder Released Estate Claims or of the Shareholder Released Direct Claims, or any defenses thereto, including, without limitation, in any pleading filed in connection with the Shareholder Settlements and the Plan. This paragraph shall be binding forever upon all parties from the earlier of (i) the time that this agreement in principle is reached and (ii) the time that Section 5.2(d) of the Plan is made publicly available (on the Bankruptcy Court docket or otherwise), regardless of whether a settlement including that represented in the Plan is consummated, and shall be specifically enforceable by the Bankruptcy Court (with no cap on damages that may be

awarded).[126] Section 5.2(d) of the Plan is non-severable from the overall compromise and settlement, and is an integral part of the Plan. Section 5.2(d) of the Plan is specifically subject to Federal Rule of Evidence 408 and analogous state provisions barring the use of settlement offers and communications to prove the validity or amount of disputed claim.[127]

(v) Private Entity Settlements.

(1) On the Effective Date, the Private Creditor Trusts shall receive their respective Initial Private Creditor Trust Distributions and their respective MDT Private Claims; *provided* that with respect to Private Creditor Trusts that are the subject of Opt-Out Class Action Settlements, if, as of the Effective Date, the applicable Opt-Out Class Action Settlement has not been consummated, the Shareholder Direct Settlement Portion of the Initial Private Creditor Trust Distribution (exclusive of amounts that would constitute Direct Claim Settlement Retained Payment Amounts under the applicable Opt-Out Class Action Settlement, to the extent known) for such Private Creditor Trust shall be placed by the Master Disbursement Trust into a third-party interest bearing escrow in accordance with the Master Shareholder Settlement Agreement (the "**Class Action Escrow Accounts**"). If any such Opt-Out Class Action Settlement is consummated on or prior to the ten (10) month anniversary of the Effective Date, amounts held in the applicable Class Action Escrow Account shall be distributed to the corresponding Private Creditor Trust, other than the applicable Direct Claim Settlement Retained Payment Amounts, if any, which shall be released to the Shareholder Payment Parties. If any Opt-Out Class Action Settlement is not consummated by the (10) month anniversary of the Effective Date, amounts held in the applicable Class Action Escrow Account shall be promptly released to the Shareholder Payment Parties. If such Opt-Out Class Action Settlement is consummated after such release from the Class Action Escrow Account to the Shareholder Payment Parties, each Shareholder Payment Party shall pay to the Master Disbursement Trust such amounts due and payable by it within ten (10) Business Days of delivery to such Shareholder Payment Party of notice of such Opt-Out Class Action Settlement having been consummated, pending final payment from the Shareholder Released Parties, and the applicable Private Creditor Trust shall receive the Shareholder Direct Settlement Portion of the applicable Initial Private Creditor Trust Distribution from the Master Disbursement Trust, which shall

[126] This sentence shall not apply to the States.

[127] While all parties understand that the Plan is not enforceable until confirmation, all Mediation Parties have agreed to be bound by this provision as of March 18, 2025.

only be funded from amounts received by it from the Shareholder Payment Parties in accordance with the amounts set forth in the Plan and the applicable Direct Claims Shareholder Settlement Agreement.

(2) Notwithstanding anything to the contrary in the Master Shareholder Settlement Agreement or the Governmental Entity Shareholder Direct Settlement Agreement, the Master Disbursement Trust shall have an obligation under the Plan to distribute to the PI Trust, on account of the MDT PI Claim, (A) on a first priority basis, the first $50 million of proceeds, payments, and benefits (including, but not limited to, the MDT Insurance Proceeds) of (I) any MDT Causes of Action (other than those Retained Causes of Action relating to or necessary to enforce the MDT Shareholder Rights) and (II) the MDT Insurance Rights (assets described in clauses (I) and (II), collectively, the "**Subject MDT Assets**"), and (B) in the absence of payment in full of such $50 million prior to the second anniversary of the Effective Date from proceeds, payments, and benefits of the Subject MDT Assets, the remaining unpaid amount thereof (which may be the entire amount) in full in cash on the first Scheduled MDT Distribution Date following such second anniversary of the Effective Date from MDT Transferred Assets or the proceeds thereof other than the Subject MDT Assets on a priority basis in accordance with Section 5.2(g) of the Plan (the payment obligations described in clauses (A) and (B), the "PI **Trust Obligation**").[128]

(3) Until such time as the PI Trust Obligation has been satisfied in full in accordance with Section 5.2 of the Plan:

(A) the Master Disbursement Trust shall not (I) permit a Lien or other encumbrance to attach to the Subject MDT Assets or (II) incur any Claim (including any Channeled Claim) or otherwise grant any right of payment in respect of the Subject MDT Assets, in each case, senior to the PI Trust Obligation;

(B) the Master Disbursement Trust shall afford the PI Trustee (or its designated representative) with periodic reporting as contemplated by Section 5.6(f)(v) of the Plan and subject to Section 5.6(f)(iv) of the Plan;

[128] For the avoidance of doubt, to the extent the PI Trust Obligation has not been paid in full by the second anniversary of the Effective Date in accordance with Section 5.2(e) of the Plan, the priority of the PI Trust Obligation shall only be second to the funding of the Replenishment Transfer with Cash and cash equivalents that are Shareholder Estate Settlement Distributions, but not, for the avoidance of doubt, second with respect to application of the Total Direct Settlement Amount under the Governmental Entity Shareholder Direct Settlement Agreement.

(C) none of the protections with respect to the PI Trust Obligation in Section 5.2(e) of the Plan nor the priority afforded to the PI Trust Obligation in Section 5.2(g) of the Plan shall be modified or eliminated from the MDT Agreement, the Master Shareholder Settlement Agreement, or the Governmental Entity Shareholder Direct Settlement Agreement, solely to the extent applicable, without the written consent of the PI Trustee; and

(D) the PI Trustee reserves all legal and equitable rights under the Plan, the Confirmation Order, and federal and common law with respect to the PI Trust Obligation.

(4) The Master Disbursement Trust shall reserve amounts from the Total Direct Settlement Amount under the Governmental Entity Shareholder Direct Settlement Agreement, as needed, to satisfy the PI Trust Obligation, solely to the extent the PI Trust Obligation has not been paid in full by the [first Scheduled MDT Distribution Date following the] second anniversary of the Effective Date in accordance with Section 5.2(e) of the Plan.

(5) In the event the PI Trust Obligation is not satisfied in full by the first Scheduled MDT Distribution Date following the second anniversary of the Effective Date in accordance with Section 5.2 of the Plan, the PI Trustee shall be entitled to seek enforcement of the PI Trust Obligation by motion to enforce the Plan filed with the Bankruptcy Court, which shall be heard on an expedited basis subject to the Bankruptcy Court's availability, and the PI Trustee may seek legal and/or equitable remedies available under applicable law, including, but not limited to, specific performance, disgorgement, and/or damages against any successor of the Debtors or their Estates, including the Master Disbursement Trust.

(vi) Non-Federal Public Entity Settlements.[129]

(1) On the Effective Date, the Governmental Remediation Trust and the Tribe Trust shall receive their respective Initial Public Creditor Trust Distributions, and the Governmental Remediation Trust and the Tribe Trust shall receive their respective MDT Interests. The MDT Interests shall entitle the Governmental Remediation Trust and the Tribe Trust to the payments from the Master Disbursement Trust and other benefits set forth below.

[129] Any characterization of the Public School Claims in this Plan as a "Private" claimant or "Public" claimant is for administrative convenience only, and is not intended to, nor may it be construed as, having any significant for any other purpose.

(A) Subject to Section 5.2(g) of the Plan, on each MDT Distribution Date, the Master Disbursement Trust shall make Public Creditor Trust Distributions from all MDT Distributable Value in accordance with Section 5.2(f)(i)(B) of the Plan.

(B) All Public Creditor Trust Distributions to the Governmental Remediation Trust and/or the Tribe Trust shall be allocated between the Governmental Remediation Trust and the Tribe Trust as follows, in each case, as calculated before accounting for any amounts payable pursuant to Section 5.9 of the Plan: (I) with respect to the Estate Distributions, (X) 96.7% to the Governmental Remediation Trust and (Y) 3.3% to the Tribe Trust; and (II) with respect to the Shareholder Direct Settlement Portion, (X) 96.7% of the Maximum Governmental Direct Settlement Amount on the payment dates indicated therein to the Governmental Remediation Trust, subject to, and payable in accordance with, the terms of the Governmental Entity Shareholder Direct Settlement Agreement, and (Y) 3.3% of the Maximum Governmental Direct Settlement Amount on the payment dates indicated therein to the Tribe Trust, subject to, and payable in accordance with, the terms of the Tribe Trust Agreement.

(C) All Public Creditor Trust Distributions to the Governmental Remediation Trust shall be further allocated between States and Subdivisions in accordance with the Governmental Remediation Trust Documents. The allocation of the applicable Shareholder Direct Settlement Portion to Subdivisions who become Initial Participating Subdivisions may be higher than Later Joining Subdivisions (each as defined in and as more fully described in the Governmental Entity Shareholder Direct Settlement Agreement). Subdivisions located in Oklahoma shall be entitled to participate in the Governmental Entity Shareholder Direct Settlement as though Oklahoma was a Settling State. Subdivisions in Non-Settling States and Subdivisions which previously litigated and resolved their claims against the Debtors and/or Shareholder Released Parties shall not be eligible to be Participating Subdivisions [unless and until, in the case of the Subdivisions located in Non-Settling States, a Subdivision's corresponding State becomes a Settling State]. For the avoidance of doubt, each Non-Settling Subdivision shall be entitled to receive Estate Distributions pursuant to Section 7.7 of the Plan upon Allowance of its Claim in accordance with Sections 7.6 or 7.9 of the Plan.

(D) Oklahoma Litigating Political Subdivisions will receive Oklahoma's allocation, which allocation amount has already been reduced by $12.5 million that the State of Oklahoma set aside in accordance with the Oklahoma Political Subdivisions Opioid Abatement Grants Act (the "Act") for distribution to Oklahoma subdivisions pursuant to Oklahoma's settlement with the Shareholder Released Parties and the Debtors (the "**Prepetition Oklahoma Settlement**"). The Oklahoma subdivision allocation is set forth in Exhibit [●] of the Plan and will be administered as agreed between the State of Oklahoma and the Oklahoma Litigating Political Subdivisions. Any release requirements contained in the Prepetition Oklahoma Settlement that are a condition for a Subdivision to participate in the Purdue Oklahoma Subdivision Fund shall be waived by the Debtors and Shareholder Payment Parties such that the Oklahoma Litigating Political Subdivisions may participate in both the Purdue Oklahoma Subdivision Fund and receive distributions from the Governmental Remediation Trust. The Debtors and Shareholder Payment Parties also waive any requirement in the Prepetition Oklahoma Settlement that funds not distributed by the Purdue Oklahoma Subdivision Fund within a certain amount of time will revert to the Foundation or the National Center for Addiction Studies and Treatment established pursuant to the Prepetition Oklahoma Settlement, and acknowledge that the entire Purdue Oklahoma Subdivision Fund shall be distributed to Oklahoma subdivisions. Oklahoma's allocation shall be paid from the Governmental Remediation Trust to a settlement fund established for the benefit of the Oklahoma Litigating Political Subdivisions. Distributions from such settlement fund to the Oklahoma Litigating Political Subdivisions shall be made in accordance with the ratios set forth in Exhibit [●] of the Plan. The Oklahoma Litigating Political Subdivisions shall either hire an administrator for the funds from the Remediation Trust Account or receive the funds directly from the Governmental Remediation Trust. The administrator may be reasonably compensated by the Governmental Remediation Trust to perform its administrative function, but not to exceed 5% of the money distributed to Oklahoma Litigating Political Subdivisions by the Governmental Remediation Trust.

(2) On the Effective Date, the Public School Trust shall receive the Initial Public Schools Distribution (less any required payments to the Common Benefit Fund and/or in respect of attorneys' fees and expenses of the Public School District Claimants in accordance with

Section 5.9(c) and (h) of the Plan) and the MDT Public School Districts Claim. On account of the MDT Public School Districts Claim, the Master Disbursement Trust shall pay to benefit the Public School Trust: (i) $7.5 million on the first anniversary of the Effective Date *less* the applicable Direct Claim Settlement Retained Payment Amount (the "**Second Public Schools Distribution**"), and (ii) $7.5 million on the second anniversary of the Effective Date less the applicable Direct Claim Settlement Retained Payment Amount (the "**Third Public Schools Distribution**").

(vii) **MDT Priority Waterfall**. On each MDT Distribution Date, all Cash and cash equivalents of the Master Disbursement Trust shall be applied as follows: (i) first, to fund any Replenishment Transfer solely to the extent such Cash and cash equivalents are Shareholder Estate Settlement Distributions; (ii) second, to fund the PI Trust Obligation in accordance with Section 5.2(e)(ii) of the Plan; (iii) third, to fund the MDT Operating Reserve in an amount determined by the MDT Trustees; (iv) fourth, to the extent there are outstanding amounts then due on account of the MDT Claims, to pay the MDT Claims; (v) fifth, to reimburse the applicable Public Creditor Trust for any Shareholder Direct Settlement Portion previously applied in respect of adjustments implemented in accordance with Section 5.2(e)(iv) of the Plan and (vi) sixth, as Public Creditor Trust Distributions in respect of the MDT Interests; provided, however, that, except to the extent expressly set forth in Exhibit M to the Governmental Entity Shareholder Direct Settlement Agreement, payments received by the Master Disbursement Trust: (A) on account of the Governmental Entity Shareholder Direct Settlement shall be immediately transferred to the Governmental Remediation Trust and (B) on account of the Tribal Shareholder Direct Settlement Agreement shall be immediately transferred to the Tribe Trust, and the amounts in (A) and (B) shall not be used to fund a Replenishment Transfer to fund the MDT Operating Reserve or pay the MDT Claims.

(viii) **Shareholder Settlements**. On or before the Effective Date, the Debtors, the Shareholder Payment Parties and the Settling Creditors shall enter into the Shareholder Settlement Agreements. Pursuant to the Public Entity Settlements, the Private Entity Settlements, the Shareholder Settlement Agreements and the Plan, in exchange for, among other things, the Shareholder Settlement Releases and the Channeling Injunction, as set forth in Sections 10.6, 10.7 and 10.8 of the Plan, and the other agreements set forth in the Shareholder Settlement Agreements, (i) the Shareholder Payment Parties shall pay the applicable Shareholder Settlement Amount on the dates and pursuant to the terms set forth in the applicable Shareholder Settlement Agreements, (ii) the Shareholder Claims shall be deemed released on the Effective Date pursuant to Section 4.15 of the Plan, (iii) the MDT Shareholder Insurance Rights shall be transferred to the Master Disbursement Trust in accordance with Section 5.6(j) of the Plan; (iv) the

Shareholder Payment Parties have agreed to support the Plan and (v) the Shareholder Payment Parties have provided the other agreements and consideration set forth in the applicable Shareholder Settlement Agreement, in each case, as more fully set forth in, and subject to the terms and conditions of, the Shareholder Settlement Agreement. The Master Disbursement Trust shall distribute all proceeds of the MDT Shareholder Rights, including each applicable Shareholder Settlement Amount, in accordance with the Plan, including Section 5.2(e)-(g) of the Plan.

(ix) [Potential United States-PI Claimant Medical Expense Claim Settlement. The United States-PI Claimant Medical Expense Claim Settlement is as follows:

(1) On the Effective Date of the Plan, the PI Trust shall be deemed, without further action of the Bankruptcy Court or the PI Trust, to have irrevocably assigned to the United States the PI Trust's right to receive $26 million from the Master Disbursement Trust, which amount shall be paid by the Debtors or the Master Disbursement Trust, as applicable, to the United States in installments equal to 3.7143% of any amounts received and retained by the PI Trust under the Plan in the form of the Initial PI Trust Distribution and distributions made on account of the MDT PI Claim, and on the same distribution schedule as such distributions are received and retained by the PI Trust, until the United States has received payments aggregating to $26 million. For the avoidance of doubt, in no event shall (1) the stated amount of the Initial PI Trust Distribution or the stated amount of the MDT PI Claim be altered in a manner that would reduce the aggregate amount to be paid to the United States pursuant to Section 5.2(i)(i) of the Plan, (2) the aggregate amount paid to the United States pursuant to Section 5.2(i)(i) of the Plan exceed $26 million, or (3) the United States' claim against the Master Disbursement Trust arising from the assignment described in Section 5.2(i)(i) of the Plan be released until the United States has received payments thereof aggregating to $26 million. Should the PI Trust obtain recoveries under the Plan from a source other than the Master Disbursement Trust as a result of litigation following and resulting from either a modification of the MDT Insurer Injunction pursuant to Section 10.10 of the Plan or election by the Master Disbursement Trust of a Shareholder Release Remedy, the PI Trust shall pay over 3.7143% of any such recoveries to the United States until the United States shall have received payments aggregating to $26 million pursuant to the United States-PI Claimant Medical Expense Claim Settlement. The United States shall have the right to enforce the obligations set forth in Section 5.2(i)(i) of the Plan notwithstanding the United States-PI Claimant Medical Expense Claim Releases.

(2) Notwithstanding Section 10.19 of the Plan, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the PI Trust, each Holder of a PI Claim and, in respect of each of the PI Trust and each Holder of a PI Claim, its respective agents, representatives, heirs, successors and assigns, in their respective capacities as such, shall, without any further action by the Bankruptcy Court, be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by each Holder of a United States-PI Claimant Medical Expense Claim of all United States-PI Claimant Medical Expense Claims and all Causes of Action based on or relating to, or in any manner arising from, in whole or in part, the United States-PI Claimant Medical Expense Claim Settlement (other than a Cause of Action to enforce the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, the release set forth in Section 5.2 (i)(iii) of the Plan) that each Holder of a United States-PI Claimant Medical Expense Claim has asserted or could assert on its own behalf or on behalf of another Person or party, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), against the PI Trust, a Holder of a PI Claim, Distributions to Holders of PI Claims pursuant to the PI TDP or under the Plan and, in respect of each of the PI Trust and each Holder of a PI Claim, its respective agents, representatives, heirs, successors and assigns, in their respective capacities as such; provided, however, that, if a Holder of a PI Claim commences a legal action against a Holder of a United States-PI Claimant Medical Expense Claim challenging all or any portion of the United States-PI Claimant Medical Expense Claim Settlement, then, from and after the commencement of such legal action, the United States-PI Claimant Medical Expense Claim Release shall be void ab initio solely with respect to such Holder of a PI Claim, and the heirs, successors and assigns of such Holder of a PI Claim, in their capacities as such, and not with respect to any other Person or party, including, but not limited to, the PI Trust, counsel to such Holder of a PI Claim and, in respect of each of the PI Trust and such counsel, its respective agents, representatives, heirs, successors and assigns, in their respective capacities as such; provided further that no such legal action against a Holder of a United States-PI Claimant Medical Expense Claim shall impair or reduce the amount that the United States shall receive pursuant to Section 5.2(i)(i) of the Plan. Nothing in Section 5.2(i)(ii) of the Plan creates any rights of a Holder of a PI Claim to sue the United States or any of its agencies, including a Holder of a United States-PI Claimant Medical Expense Claim, and the United States and its agencies reserve all rights and defenses in that regard; and nothing in this paragraph is or shall be

deemed a waiver of any applicable sovereign immunity with respect to any legal action against the United States or any of its agencies challenging all or any portion of the United States-PI Claimant Medical Expense Claim Settlement brought by a Holder of a PI Claim or the heirs, successors or assigns of such Holder of a PI Claim, in their capacities as such.

(3) As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, each Holder of a United States-PI Claimant Medical Expense Claim shall, without any further action by the Bankruptcy Court, be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the PI Trust and its agents, representatives, successors and assigns, in their respective capacities as such, of all Causes of Action based on or relating to, or in any manner arising from, in whole or in part, the United States-PI Claimant Medical Expense Claim Settlement (other than a Cause of Action to enforce the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, any United States-PI Claimant Medical Expense Claim Release) that the PI Trust has asserted or could assert on its own behalf or on behalf of another Person or party, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), against a Holder of a United States-PI Claimant Medical Expense Claim and, in respect of each Holder of a United States-PI Claimant Medical Expense Claim, its respective agents, representatives, successors and assigns, in their respective capacities as such.

(4) The payments made to the United States pursuant to Section 5.2(i)(i) of the Plan are a prepayment by the PI Trust of amounts that would otherwise be payable by certain Holders of PI Claims to Holders of United States-PI Claimant Medical Expense Claims upon receipt by such Holders of PI Claims of Distributions pursuant to the PI TDP and under the Plan. Such prepayment shall be borne equitably by such Holders of PI Claims in the form of a reduction in the Distributions otherwise payable to such Holders of PI Claims pursuant to the PI TDP.

(5) The United States Department of Defense, Defense Health Agency (in respect of the TRICARE Program) submits to the jurisdiction of the Bankruptcy Court for purposes of the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, the United States-PI Claimant Medical Expense Claim Releases.

(6) The United States Department of Health and Human Services, on its own behalf and on behalf of its component agencies, which are the

Centers for Medicare & Medicaid Services and the Indian Health Service on behalf of its federally-operated programs; the United States Department of Defense, Defense Health Agency (in respect of the TRICARE Program); and the United States Department of Veterans Affairs submit to the exclusive jurisdiction of the Bankruptcy Court for purposes of any proceeding in respect of the interpretation or enforcement of the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, the United States-PI Claimant Medical Expense Claim Releases.][130]

(x) **Individual Settlement Agreements**. Each of the Settling States, Participating Subdivisions, the Master Disbursement Trust, and the Debtors shall not enter into any side letter or separate agreement with any Sackler Family Member that grants more favorable terms or benefits, when taken as a whole, to such Sackler Family Member's Shareholder Family Group than those set forth in the Plan and the Shareholder Settlement Agreements.

3. The Plan Administration Trust

(i) **Establishment and Purpose of Plan Administration Trust.** On or before the Effective Date, the Debtors shall take all necessary steps to form the Plan Administration Trust in accordance with the Plan and the PAT Agreement. The Plan Administration Trust shall be established for the purposes described in the Plan and any others more fully described in the PAT Agreement, shall have no objective to continue or engage in the conduct of trade or business and shall be subject to the jurisdiction of the Bankruptcy Court. The Plan Administration Trust shall, in each case in accordance with the Plan and the PAT Agreement:

(1) hold, manage, sell and invest the PAT Assets for the benefit of Holders of Allowed Claims (other than Channeled Claims and Federal Government Unsecured Claims);

(2) administer, process, resolve and liquidate Claims (other than Channeled Claims and Federal Government Unsecured Claims), including through the prosecution and resolution of objections to Disputed Avrio General Unsecured Claims, Disputed Adlon

[130] [**NTD**: Section 5.2(i) reflects terms that were agreed to in 2021 in connection with the 12th Amended Plan among PI claimants and the federal government. The parties do not currently have an agreement on any of these issues. If an agreement is reached, it will be reflected in subsequent versions of the Plan and Disclosure Statement. There can be no assurances that any such agreement will be reached. If no agreement is reached, the federal government reserves its rights to seek recoveries from appropriate parties (including PI claimants and/or their attorneys) under the Medicare Secondary Payer Act, 42 USC §§ 1395y(b), section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. 110-173), or the Federal Medical Care Recovery Act, 42 U.S.C. §§ 2651-2653; and other parties (including the PI claimants and their attorneys) reserve all rights and defenses to such claims and any attempts by the federal government to recover on such claims.]

General Unsecured Claims or Disputed Other General Unsecured Claims;

(3) hold and maintain the PAT Reserves and the PAT Distribution Account and maintain the Professional Fee Escrow Account and the account described in Section 5.3(e) of the Plan; and

(4) make Distributions to Holders of Allowed Claims (other than Channeled Claims and Federal Government Unsecured Claims) and other payments from the Plan Administration Trust, the Professional Fee Escrow Account and the account described in Section 5.3(e) of the Plan.

(ii) **Vesting of the PAT Assets in the Plan Administration Trust**. The Plan Administration Trust shall consist of the PAT Assets. On the Effective Date, the PAT Assets shall vest in the Plan Administration Trust, free and clear of all Claims, Interests, Liens, other encumbrances and liabilities of any kind.

(iii) **Appointment and Role of the Plan Administration Trustee**. The Plan Administration Trustee shall be an existing employee of the Debtors selected by the Debtors in their sole discretion or another individual selected by the Debtors with the consent of the Creditors' Committee and the Governmental Consent Parties (which consent shall not be unreasonably withheld, conditioned or delayed). The identity and compensation of the Plan Administration Trustee shall be disclosed in the Plan Supplement. The appointment of the Plan Administration Trustee shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date. In accordance with the PAT Agreement, the Plan Administration Trustee shall serve in such capacity through the earlier of (x) the date that the Plan Administration Trust is dissolved in accordance with the PAT Agreement and (y) the date the Plan Administration Trustee resigns, is terminated or is otherwise unable to serve for any reason. In furtherance of and consistent with the purpose of the Plan Administration Trust and the Plan, the Plan Administration Trustee shall:

(1) have the power and authority to perform all functions on behalf of the Plan Administration Trust;

(2) undertake all administrative responsibilities as are provided in the Plan and the PAT Agreement, including filing the final monthly operating report (for the month in which the Effective Date occurs) and all subsequent quarterly operating reports and administering the closure of the Chapter 11 Cases, which reports shall be delivered to the Master Disbursement Trust;

(3) be responsible for all decisions and duties with respect to the Plan Administration Trust and the PAT Assets; and

(4) take such other actions as the Plan Administration Trust determines to be necessary or desirable to carry out the purposes of the Plan, *provided* that such authority shall be subject to Section 5.4 and Section 5.6 of this Plan, and nothing herein or in any Plan Supplement document shall grant the Plan Administration Trust any rights with respect to NewCo or its operations or the Master Disbursement Trust or its operations.

(iv) **Funding of the Wind-Up Reserve; Costs and Expenses of the Plan Administration Trust**. On the Effective Date, the Debtors shall establish and fund the Wind-Up Reserve, which shall vest in the Plan Administration Trust and be held and maintained by the Plan Administration Trustee. In the event of any shortfall of funding in the Wind-Up Reserve, NewCo shall be obligated to satisfy any such deficiency, subject to the consent (not to be unreasonably withheld) of the NewCo Managers and the MDT Trustees (which obligation shall be assumed by NewCo and any successor to NewCo's business). The costs and expenses of the Plan Administration Trust, including the compensation, fees and expenses of the Plan Administration Trustee and its retained professionals, shall be paid out of the Wind-Up Reserve. The Plan Administration Trustee shall be entitled to reasonable compensation, in an amount to be determined by the Debtors, subject to the consent (not to be unreasonably withheld, conditioned or delayed) of the Creditors' Committee and the Governmental Consent Parties, and to retain and reasonably compensate counsel and other professionals, including any professional who represented parties in interest, including the Debtors, in the Chapter 11 Cases, to assist in its duties as Plan Administration Trustee on such terms as the Plan Administration Trustee deems appropriate without Bankruptcy Court approval, subject to the provisions of the PAT Agreement.

(v) **[Attorneys' Fees and Expenses of Directors, Officers, Employees and Agents**. The Plan Administration Trust will promptly advance or reimburse as and when incurred the reasonable actual attorneys' fees and related expenses incurred by any current or former director, officer, employee or authorized agent of the Debtors (other than any Sackler Family Member) after the Effective Date and before the sixth (6th) anniversary of the Effective Date in connection with such individual's cooperation with, or in connection with the defense of such individual with respect to, any investigation, prosecution and/or litigation involving conduct relating to the Debtors or the Debtors' business or property or any defense of the Releases or the Channeling Injunction. On or before the Effective Date, the Debtors will establish and fund a segregated account in the amount of $[●] million, which shall be held and maintained by the Plan Administration Trustee to fund the foregoing advancement and reimbursement obligations. If, at any

time, the balance in such segregated account is less than $[●] million, NewCo (or, at any time after a sale of all or substantially all Assets of or Interests in NewCo, the Master Disbursement Trust) shall replenish such account so that amounts in the account are not less than $[●] million, provided that (x) the aggregate amount deposited into the segregated account may not exceed $[●] million, and (y) on the sixth (6th) anniversary of the Effective Date, any funds remaining in the segregated account will be released to the Master Disbursement Trust and NewCo's and the Master Disbursement Trust's funding obligations with respect to such account will cease. Notwithstanding the foregoing, the Plan Administration Trust will not advance or reimburse any such amounts incurred by any individual who (i) does not provide an appropriate undertaking consistent with the undertakings required for indemnification during the pendency of the Chapter 11 Cases, (ii) has at any time prior to the Effective Date refused or does at any time after the Effective Date refuse to testify based on a claim of privilege against self-incrimination in any proceeding relating to the Debtors or the Debtors' business or property, or (iii) is at any time indicted for a felony relating to the Debtors or the Debtors' business or property (*provided*, *however*, that if such individual is found to be not guilty of such felony, then expenses shall be promptly reimbursed).][131]

(vi) **Institution and Maintenance of Legal and Other Proceedings**. As of the date upon which the Plan Administration Trust is established, the Plan Administration Trust shall be empowered to initiate, prosecute, defend and resolve all legal actions and other proceedings related to any Asset, liability or responsibility of the Plan Administration Trust. Such legal actions and other proceedings shall be limited solely to those required for the purposes of reconciling, administering and defending against Claims (other than Channeled Claims) and the other responsibilities of the Plan Administration Trust. The Plan Administration Trust shall be empowered to initiate, prosecute, defend and resolve all such actions in the name of the Debtors or their Estates, in each case if deemed necessary or appropriate by the Plan Administration Trustee. The Plan Administration Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees and other charges incurred subsequent to the date upon which the Plan Administration Trust is established arising from, or associated with, any legal action or other proceeding brought pursuant to the foregoing. For the avoidance of doubt, the Plan Administration Trust, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code and applicable state corporate law, is appointed as the successor-in-interest to, and representative of, the Debtors and their Estates for the retention, enforcement, settlement or adjustment of Claims against the Debtors (other than the Channeled Claims). For the further avoidance of doubt, neither the Plan Administration Trust nor the Plan Administration Trustee shall be

[131] [**NTD**: subject to ongoing review.]

vested with the rights to pursue any MDT Insurance Rights or MDT Insurance Collateral.

(vii) **U.S. Federal Income Tax Matters Relating to Plan Administration Trust**. The Plan Administration Trust is intended to be treated as a trust described in IRC sections 661 through 664 and the regulations promulgated thereunder (a "complex trust"). The Plan Administration Trustee shall file (or cause to be filed) such statements, returns, or disclosures relating to the Plan Administration Trust as are required by any Governmental Unit, including IRS Form 1041, IRS Form 1041-ES, and IRS Schedule K-1. The Plan Administration Trustee shall be responsible for payment, out of the PAT Assets, of any taxes imposed on the Plan Administration Trust or the PAT Assets, including, without limitation, estimated and annual U.S. federal income taxes. The Plan Administration Trustee may request an expedited determination of taxes of the Plan Administration Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Plan Administration Trust for all taxable periods through the dissolution of the Plan Administration Trust. Nothing in Section 5.3(g) of the Plan shall be deemed to determine, expand or contract the jurisdiction of the Bankruptcy Court under section 505 of the Bankruptcy Code.

(viii) **Dissolution, Release of Reserves and Residual Value**. The Plan Administration Trust shall be dissolved and the Plan Administration Trustee shall be discharged from its duties with respect to the Plan Administration Trust upon completion of its duties as set forth in the Plan and satisfaction of the purposes of the Plan Administration Trust as set forth in the Plan and the PAT Agreement, which, for the avoidance of doubt, shall be no earlier than the later of (i) the PPLP Dissolution Date and (ii) the date on which (A) all Disputed Claims (other than Non-Participating Channeled Claims) have been resolved, (B) all PAT Assets have been liquidated and (C) all Distributions and other payments required to be made by the Plan Administration Trustee under the Plan and the PAT Agreement have been made, unless dissolution on an earlier date is authorized pursuant to a Final Order of the Bankruptcy Court. Any Cash or cash equivalents in the Plan Administration Trust remaining upon dissolution of the Plan Administration Trust, including any Surplus Reserve Cash remaining in the PAT Reserves, shall be distributed in accordance with Section 5.14(c) of the Plan.

(ix) **Exculpation and Indemnification of the Plan Administration Trustee**. To the maximum extent permitted by applicable law, the Plan Administration Trustee shall not have or incur any liability for actions taken or omitted in its capacity as the Plan Administration Trustee, or on behalf of the Plan Administration Trust, except those acts found by Final Order to be arising out of its willful misconduct, bad faith, gross negligence or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of its actions or inactions in its capacity as the Plan Administration Trustee, or on behalf of

the Plan Administration Trust, and for any other liabilities, losses, damages, claims, costs and expenses arising out of or due to the implementation or administration of the Plan or the PAT Agreement, in each case, except for any actions or inactions found by Final Order to be arising out of its willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of the Plan Administration Trustee shall be satisfied from the Wind-Up Reserve.

4. NewCo[132]

(i) **Establishment and Ownership of NewCo**. On or before the Effective Date, NewCo and any Subsidiaries of NewCo shall be formed in accordance with the Plan and the NewCo Operating Agreement. Upon completion of the Restructuring Transactions, the Foundation shall hold the NewCo Interest, representing 100% of the voting and economic Interests in NewCo.

(ii) **Purpose of NewCo**. From and after the Effective Date, NewCo shall operate the NewCo Transferred Assets in accordance with the terms of the NewCo Operating Agreement, and subject to the NewCo Operating Injunction and the NewCo Governance Covenants set forth in the Confirmation Order. NewCo shall be operated in a responsible and sustainable manner, balancing (i) the interests of its stakeholders to fund and provide abatement of the opioid crisis, (ii) effective deployment of its assets to address the opioid crisis and (iii) the interests of those materially affected by its conduct. In connection with any action of NewCo, all elements of NewCo's purpose as set forth in Section 5.4(b) of the Plan shall be taken into account, and NewCo shall not be required (and the NewCo Managers shall not be required to cause NewCo) to maximize NewCo's or NewCo's subsidiaries' sales or profits.

(iii) **Vesting of the NewCo Transferred Assets in NewCo**. On or prior to the Effective Date, pursuant to the Plan and in accordance with the NewCo Transfer Agreement, the NewCo Transferred Assets, including the Initial NewCo Cash, shall be transferred to and vest in NewCo or one or more Subsidiaries of NewCo, in each case free and clear of all Claims, Interests, Liens, other encumbrances and liabilities of any kind; *provided* that NewCo shall comply with its obligations under the Plan, including NewCo's obligation to distribute directly to the Governmental Remediation Trust, the Tribe Trust and the Foundation the NewCo Distributable Cash in accordance with the Plan and to satisfy any deficiency of funding in the Wind-Up Reserve subject to the consent (not to be unreasonably withheld) of the NewCo Managers and the MDT Trustees (which obligation shall be assumed by NewCo and any successor to NewCo's business) and NewCo shall assume the Assumed Liabilities. Except as described in the foregoing

[132] [**NTD:** subject to ongoing review.]

sentence, NewCo shall have no liability for, and the NewCo Transferred Assets shall vest in NewCo free and clear of, any prepetition and postpetition Causes of Action of any kind, in each case that have been or could have been asserted against the Debtors, their Estates or their property (including, but not limited to, Claims based on successor liability) based on any acts or omissions prior to the Effective Date.

(iv) NewCo Managers.

(1) Appointment. The board of managers of NewCo will consist of five (5) NewCo Managers, each with experience in one or more of the following areas: pharmaceuticals, public policy (including public health policy), law enforcement, ethics and compliance, finance, audit, general business and/or corporate governance issues. The initial NewCo Managers shall be disinterested and independent, and shall be selected by the Settling States with the consent (not to be unreasonably withheld) of the Ad Hoc Committee and in consultation with the Debtors and the Creditors' Committee, and pursuant to a selection process that is reasonably acceptable to the Debtors; *provided* that the DOJ shall have the right, in its discretion, to observe such selection process. The identity of the initial NewCo Managers shall be included in the Plan Supplement. The appointment of the initial NewCo Managers shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date.

(2) Responsibilities. The NewCo Managers shall, among other things, (A) determine appropriate expenditure levels for commercial operations and the Public Health Initiatives of NewCo, and (B) make all decisions with respect to NewCo operations (including, for the avoidance of doubt, to effectuate a Disposition Event (as defined in the NewCo Operating Agreement)), taking into account the public interest and NewCo's purpose; provided, in each of clauses (A) and (B) above, any such actions of the NewCo Managers shall be subject to oversight by the Foundation.

(v) NewCo Distributable Cash. On an annual basis following the Effective Date, NewCo shall pay (i) 96.7% of the Governmental NewCo Distributable Cash directly to the Governmental Remediation Trust, (ii) 3.3% of the Governmental NewCo Distributable Cash directly to the Tribe Trust and (iii) the Foundation Distributable Cash directly to the Foundation. The obligation to pay the Governmental NewCo Distributable Cash in accordance with this Section 5.4(e) shall be otherwise documented in an agreement to be negotiated between NewCo, the Governmental Remediation Trust and the Tribe Trust.

(vi) **NewCo Insurance**. On or prior to the Effective Date, the Debtors shall fund an upfront premium payment from Effective Date Cash to purchase insurance required and appropriate for the business needs of NewCo, including liability and other insurance for NewCo, including, without limitation, product liability insurance and directors' and officers' liability insurance for the NewCo Managers, officers and other authorized agents, in an amount and on terms acceptable to the Debtors and the Governmental Consent Parties.

(vii) **NewCo Operating Injunction and NewCo Governance Covenants**. The Confirmation Order will provide for the issuance of the NewCo Operating Injunction and the NewCo Governance Covenants. Any purchaser of NewCo's opioid business shall remain subject to the NewCo Operating Injunction and the NewCo Governance Covenants.

(viii) **NewCo Monitor**. The Confirmation Order will provide for the appointment of the NewCo Monitor. The initial NewCo Monitor shall be the Purdue Monitor in place as of the Effective Date or otherwise selected by the Governmental Consent Parties with the consent of the Debtors, and in consultation with the Creditors' Committee. The identity of the NewCo Monitor shall be disclosed in the Plan Supplement. The NewCo Monitor shall be responsible for reviewing NewCo's compliance with the NewCo Operating Injunction. NewCo and its professionals and representatives, including the NewCo Managers, shall cooperate and reasonably respond to requests by the NewCo Monitor in the performance of its responsibilities, including reasonable requests for access to relevant books and records of NewCo. In furtherance of the responsibilities of the NewCo Monitor, the NewCo Monitor shall be authorized to seek relief from the Bankruptcy Court to the extent necessary to carry out its obligations under the Plan. The NewCo Monitor shall prepare and publish [quarterly][133] reports regarding the matters for which the NewCo Monitor is responsible, including NewCo's compliance with the NewCo Operating Injunction. All compensation, costs and fees of the NewCo Monitor and any professionals retained by the NewCo Monitor shall be paid by NewCo.

(ix) **U.S. Federal Income Tax Matters Relating to NewCo**. The NewCo Managers shall cause NewCo to make a timely election to be treated as a corporation for U.S. federal income tax purposes effective as of the date immediately succeeding the Effective Date by the deadline for making such election. NewCo shall be responsible for filing all tax returns of NewCo and the payment, out of the Assets of NewCo, of any taxes due by or imposed on NewCo or NewCo Transferred Assets, including, without limitation, estimated and annual U.S. federal income taxes.

[133] [**NTD:** subject to ongoing review.]

(x) **Exculpation and Indemnification of the NewCo Managers**. To the maximum extent permitted by applicable law, no NewCo Manager shall have or incur any liability for actions taken or omitted in his or her capacity as a NewCo Manager, or on behalf of NewCo, except those acts found by Final Order to be arising out of his or her willful misconduct, bad faith or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all actions or inactions in his or her capacity as a NewCo Manager, or on behalf of NewCo, except for any actions or inactions found by Final Order to be arising out of his or her willful misconduct, bad faith or fraud. Any valid indemnification claim of any NewCo Manager shall be satisfied by NewCo.

5. ***Foundation***.

(i) **Establishment and Ownership of the Foundation**. On or before the Effective Date, the Foundation shall be formed in accordance with the terms of the Plan and the Foundation Bylaws.

(ii) **Appointment of the Foundation Trustees**. The board of trustees of the Foundation will consist of three (3) Foundation Trustees, each of whom shall be disinterested and independent, provided that one (but no more than one) Creditor Trustee of the [Master Disbursement Trust] may serve as a Foundation Trustee; provided further that any action taken by such individual in his or her capacity as Foundation Trustee shall not be subject to the fiduciary duties of such individual in his or her capacity as a Creditor Trustee of the Master Disbursement Trust." [134] The initial Foundation Trustees shall be selected by the Settling States with the consent (not to be unreasonably withheld) of the Ad Hoc Committee and in consultation with the Debtors and the Creditors' Committee, and pursuant to a selection process that is reasonably acceptable to the Debtors; *provided* that the DOJ shall have the right, in its discretion, to observe such selection process. The identity of the initial Foundation Trustees shall be included in the Plan Supplement. The appointment of the initial Foundation Trustees shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date.

(iii) **Foundation D&O Insurance and Indemnification**. On or prior to the Effective Date, the Debtors shall fund an upfront premium payment from Effective Date Cash to purchase directors' and officers' liability insurance for the Foundation Trustees in an amount and on terms acceptable to the Debtors and the Governmental Consent Parties.

(iv) **U.S. Federal Income Tax Matters Relating to the Foundation.** The Foundation Trustees shall cause the Foundation to (A) be formed as a corporation and (B) be organized as a corporation that is intended to be

[134] [**NTD**: subject to ongoing review.]

treated as an exempt organization under IRC section 501(c)(4) for U.S. federal and applicable state and local income tax purposes.

(v) **Exculpation and Indemnification of the Foundation Trustees**. To the maximum extent permitted by applicable law, no Foundation Trustee shall have or incur any liability for actions taken or omitted in his or her capacity as a Foundation Trustee, or on behalf of NewCo, except those acts found by Final Order to be arising out of his or her willful misconduct, bad faith or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all actions or inactions in his or her capacity as a Foundation Trustee, or on behalf of NewCo, except for any actions or inactions found by Final Order to be arising out of his or her willful misconduct, bad faith or fraud. Any valid indemnification claim of any Foundation Trustee shall be satisfied by the Foundation.

6. Master Disbursement Trust

(i) **Establishment and Purpose of the Master Disbursement Trust**. On or before the Effective Date, the Debtors shall take all necessary steps to establish the Master Disbursement Trust in accordance with the Plan and the MDT Agreement. The Master Disbursement Trust shall be established for the purposes described in the Plan and any other purposes more fully described in the MDT Agreement and shall be subject to the jurisdiction of the Bankruptcy Court. The Master Disbursement Trust shall, in each case in accordance with the Plan and the MDT Agreement:

(1) hold, manage, sell, invest and distribute the MDT Transferred Assets for the benefit of the MDT Beneficiaries in accordance with the Private Entity Settlements and the Public Entity Settlements;

(2) enforce, pursue, prosecute, compromise and/or settle the MDT Causes of Action, the MDT Insurance Rights and the MDT Shareholder Rights, including monitoring and enforcing the Shareholder Settlement Agreements;

(3) make payments in satisfaction of the MDT Claims;

(4) make Public Creditor Trust Distributions from MDT Distributable Value;

(5) hold and administer the Special Operating Reserve; and

(6) serve as administrative agent with respect to the Released Claims Reserves.

(ii) **Vesting of the MDT Transferred Assets in the Master Disbursement Trust.** The corpus of the Master Disbursement Trust shall consist of the

MDT Transferred Assets. On the Effective Date, pursuant to the Plan and in accordance with the MDT Agreement, the MDT Transferred Assets shall be irrevocably transferred to and vest in the Master Disbursement Trust free and clear of all Claims, Interests, Liens, other encumbrances and liabilities of any kind; *provided* that, to the extent certain Assets comprising the MDT Transferred Assets are not known or identified as of the Effective Date, such Assets shall automatically, and without further act or deed, be transferred to and vest in the Master Disbursement Trust upon the discovery or identification thereof, including, with respect to the Surplus Reserve Cash, in accordance with Section 5.14(c) of the Plan. The Master Disbursement Trust shall have no liability for any prepetition or postpetition Causes of Action of any kind, in each case that have been or could have been asserted against the Debtors, their Estates or their property (including, but not limited to, Claims based on successor liability) based on any acts or omissions prior to the Effective Date, except as expressly set forth in the Plan and the MDT Agreement; *provided* that the Master Disbursement Trust will assume the Channeled Claims solely for the purpose of effectuating the Master TDP in accordance with Section 5.6(g) of the Plan and issue the MDT Claims and MDT Interests in accordance with the Public Entity Settlements and the Private Entity Settlements. From and after the Effective Date, all proceeds of the MDT Transferred Assets, including without limitation, amounts paid by Insurance Companies under the MDT Insurance Policies and amounts paid under the Master Shareholder Settlement Agreement, shall be paid to the Master Disbursement Trust to be applied in accordance with the MDT Priority Waterfall and the MDT Agreement.

(iii) **Funding of the Master Disbursement Trust**. The Master Disbursement Trust shall be funded with the proceeds of the MDT Transferred Assets.

(iv) **Appointment and Role of the MDT Trustees**. The board of trustees of the Master Disbursement Trust will consist of three (3) MDT Trustees with relevant experience. The MDT Trustees shall be disinterested and independent; *provided*, *however*, that such requirements shall not preclude any professional who represented parties in interest from serving as MDT Trustee nor any firm in which an MDT Trustee holds a financial interest from serving as a professional for the Master Disbursement Trust based solely on such previous representations. At least one (1) initial MDT Trustee shall be selected by the Settling States that have attorneys general from the Democratic Party, and at least one (1) initial MDT Trustee shall be selected by the Settling States that have attorneys general from the Republican Party, and such MDT Trustees shall select the third MDT Trustee (the "**Settling States MDT Trustees**"); *provided* that notwithstanding the above, in each case, each MDT Trustee shall be appointed with the consent of the Ad Hoc Committee in consultation with the MSGE Group and the Debtors, and the DOJ shall have the right, in its discretion, to observe such selection process. The identity of the initial MDT Trustees shall be disclosed in the Plan Supplement. The appointment of the

initial MDT Trustees shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date. Each Settling States MDT Trustee may be removed and replaced at any time by the unanimous vote of the MDT Advisory Council Representatives from the same political party as such Settling States that selected such Settling States MDT Trustee. In furtherance of and consistent with the purpose of the Master Disbursement Trust and the Plan, the MDT Trustees shall:

(1) have the power and authority to perform all functions on behalf of the Master Disbursement Trust;

(2) have the power and authority to perform all functions necessary to operate the Master Disbursement Trust, including, but not limited to, hiring employees or financial, tax, legal, or other necessary professionals to achieve the Master Disbursement Trust's objectives;

(3) be responsible for all decisions and duties with respect to the Master Disbursement Trust and the MDT Transferred Assets; and

(4) in all circumstances and at all times, act in a fiduciary capacity for the benefit and in the best interests of the MDT Beneficiaries, in furtherance of the purpose of the Master Disbursement Trust, and in accordance with the Plan, including Section 5.6(f) of the Plan, and the MDT Agreement.

(v) **Appointment and Role of the MDT Advisory Council.** There shall be an MDT Advisory Council established under the MDT Agreement that will consist of a total of seven (7) representatives (the "MDT Advisory Council Representatives," and each an "MDT Advisory Council Representative"), selected in the following manner: (i) two (2) representatives shall be selected by the representatives of Settling States that have a state attorney general from the Democratic Party; (ii) two (2) representatives shall be selected by the representatives of Settling States that have a state attorney general from the Republican Party, and (iii) these four (4) MDT Advisory Council Representatives shall select the fifth MDT Advisory Council Representative. In addition, one (1) MDT Advisory Council Representative shall be selected by the MDL Plaintiffs' Executive Committee and one (1) MDT Advisory Council Representative shall be selected by the MSGE Group. Notwithstanding anything in the foregoing to the contrary, in each case, each MDT Advisory Council Representative shall be appointed with the consent of the Ad Hoc Committee. The Master Disbursement Trust shall regularly report to the MDT Advisory Council with respect to the operations and activities of the Master Disbursement Trust and the handling of all payments and Distributions made from the Master Disbursement Trust to the extent set forth in the MDT Agreement.

(vi) **Obligations of the MDT Trustees**. The MDT Trustees shall take into account the interests of, and owe fiduciary duties to, each of the MDT Beneficiaries in making all decisions on behalf of the Master Disbursement Trust. In furtherance thereof:

(1) in the event of a Specified Breach (as defined in the Master Shareholder Settlement Agreement), the MDT Trustees will take into account the remaining rights of the Holders of MDT Claims as well as the interests of the Holders of MDT Interests in formulating and exercising appropriate remedies as they relate to the Shareholder Payment Parties and the Shareholder Release Snapback Parties, but shall in all events, to the extent there are obligations remaining to the Private Creditor Trusts upon such default, seek to utilize all other available sources of assets (including by first utilizing commercially reasonable efforts to pursue a Payment Remedy (as defined in the Master Shareholder Settlement Agreement) before electing to pursue a Shareholder Release Remedy) to pay all outstanding amounts owed to the Holders of MDT Claims then-due or to be paid in the future from amounts due from such Breaching Shareholder Family Group until such outstanding amounts have been paid in full;

(2) the Master Disbursement Trust shall provide no less than ten (10) Business Days' advance written notice (unless urgent circumstances require less notice) to each MDT Beneficiary of any material action proposed to be taken in respect of the MDT Shareholder Rights, including any exercise of remedies under the Shareholder Settlement Agreements or the commencement or settlement of any litigation against any Shareholder Payment Party or Shareholder Release Snapback Party;

(3) to the extent there are any disputes raised by any MDT Beneficiary regarding the operation of the Master Disbursement Trust or the actions of the MDT Trustees (including, without limitation, any action related to the MDT Shareholder Rights), (A) any MDT Beneficiary shall have the right to seek resolution by the Bankruptcy Court of such a dispute, including seeking to enjoin any disputed action by the Master Disbursement Trust, and all MDT Trustees and MDT Beneficiaries shall have the right to be heard with regard to any such dispute, including by filing objections, declarations, statements in support or other pleadings (including with supporting evidence) or providing witness testimony at any hearing and (B) the Bankruptcy Court shall have exclusive jurisdiction to hear and resolve any such disputes, and shall be authorized to order appropriate relief (subject to the provisions of Section 5.6(f) of the Plan) and make a determination in an expedited manner, and in all

events, shall make such a decision within thirty (30) days from the request for relief;

(4) upon the payment in full in Cash of any MDT Claim, the holder of such MDT Claim shall immediately cease to be an MDT Beneficiary for all purposes under the MDT Agreement, and the MDT Trustees shall have no further fiduciary duties to such holder, and such holder shall have no further rights to commence or participate in any action relating to the operations of the Master Disbursement Trust or the actions of the MDT Trustees;

(5) the Master Disbursement Trust shall (A) provide reasonable reporting to each of the other Creditor Trusts that hold MDT Claims regarding the MDT Trustees' activities at least every four (4) months (both cumulatively and in the period just ended), including with regard to the MDT Shareholder Rights (or any reporting received), any insurance proceedings, assets (including the value thereof), expenditures, distributions and forward-looking projections (subject to appropriate limitations to be agreed by the Debtors, the Governmental Consent Parties and the Creditors' Committee), (B) make themselves reasonably available in addition to holding at least one (1) call every four (4) months for the other Creditor Trustees to answer questions of such other Creditor Trustees relating to the Master Disbursement Trust's activities, (C) provide each Private Creditor Trust and the Public School Trust with quarterly reporting regarding Litigation Costs (as defined in the Master Shareholder Settlement Agreement) and other items relating to litigation claims pertaining to such Creditor Trusts' applicable Creditor category as well as all other Creditor categories, and (D) provide the PI Trust with the information, consultation rights and notice as required pursuant to Section 5.2(e) of the Plan. Notwithstanding anything in the foregoing to the contrary, the Master Disbursement Trust shall not be required to provide any reporting to any Creditor Trust to which the Master Disbursement Trust's duties cease pursuant to Section 5.6(f)(iv) of the Plan);

(6) the MDT Trustees shall be obligated to comply with the terms of the Plan, including Section 5.6(f) of the Plan, and the MDT Agreement; and

(7) in the event of any inconsistency between the terms of Section 5.6(f) of the Plan and any other provision of the Plan or the MDT Agreement, the terms of Section 5.6(f) of the Plan shall govern unless the MDT Trustees and the Creditor Trustees for each of the Creditor Trusts mutually agree.

(vii) **Assumption of Channeled Claims and Master TDP**. As of the Effective Date, any and all liability of the Debtors and the other Protected Parties for any and all Channeled Claims shall automatically, and without further act, deed or court order, be channeled to and assumed by the Master Disbursement Trust solely for the purpose of effectuating the Master TDP, pursuant to which each Channeled Claim shall either be automatically channeled to and assumed exclusively by a Creditor Trust or otherwise Disallowed and released in full. All Channeled Claims channeled to a Creditor Trust in accordance with the Master TDP shall be administered and resolved solely pursuant to, and solely to the extent provided in, the applicable Creditor Trust TDP for such Creditor Trust. Distributions, in accordance with the applicable Creditor Trust TDP, from the Creditor Trust to which a Channeled Claim is channeled, in accordance with the Master TDP, shall be the sole source of recovery, if any, in respect of such Channeled Claim, and the Holder of such Channeled Claim shall have no other or further recourse to the Protected Parties, including the Master Disbursement Trust. All Channeled Claims that are Disallowed and released and not channeled to a Creditor Trust in accordance with the Master TDP shall have no recourse to any Protected Party, including the Master Disbursement Trust. For the avoidance of doubt, in no event shall any Channeled Claim have any recourse to the Assets of the Master Disbursement Trust. In furtherance of the foregoing, the Master Disbursement Trust, subject to and only to the extent provided in the MDT Documents, shall have all defenses, cross-claims, offsets and recoupments regarding the Channeled Claims that the Debtors, the Released Parties and the Shareholder Released Parties, as applicable, have, or would have had, under applicable law, but solely to the extent consistent with the MDT Documents and the Plan; *provided* that, subject to Section 10.8(c) of the Plan, no such Claims, defenses or rights may be asserted against any Protected Party; and *provided*, *further*, that all such defenses, cross-claims, offsets and recoupments regarding any Channeled Claim that is channeled to a Creditor Trust in accordance with the Master TDP shall be transferred to such Creditor Trust with such Channeled Claim, at which point, the Master Disbursement Trust shall no longer have such defenses, cross-claims, offsets and recoupments regarding such Channeled Claim. For the avoidance of doubt, nothing in Section 5.6(g) of the Plan shall limit or affect the transfer of the MDT Insurance Rights.

(viii) **MDT Operating Expenses.** . On the Effective Date, the Debtors shall establish and fund the MDT Operating Reserve, which shall vest in the Master Disbursement Trust in accordance with Section 5.6(b) of the Plan and be held and maintained by the MDT Trustees. Periodically, until the dissolution of the Master Disbursement Trust, the MDT Trustees will replenish the MDT Operating Reserve from Cash held or received by the Master Disbursement Trust to the extent deemed necessary by the MDT Trustees to satisfy and pay estimated future MDT Operating Expenses; *provided*, *however*, that subject only to Section 5.2(g) of this Plan, payments

received by the Master Disbursement Trust on account of the Governmental Entity Shareholder Direct Settlement shall be immediately transferred to the Governmental Remediation Trust and shall not be used to fund a Replenishment Transfer or the MDT Operating Reserve, and shall not be used to pay the MDT Claims. The MDT Trustees shall create and maintain an annual budget of MDT Operating Expenses, which shall be reviewed by, and reasonably acceptable to, the MDT Advisory Council. All MDT Operating Expenses shall be satisfied and paid from the MDT Operating Reserve. The MDT Trustees shall be entitled to reasonable compensation and to retain and reasonably compensate counsel and other professionals, including any professional who represented parties in interest in the Chapter 11 Cases, to assist in the duties of the Master Disbursement Trust on such terms as the MDT Trustees deem appropriate without Bankruptcy Court approval, subject to the provisions of the MDT Agreement. The initial compensation of the MDT Trustees shall be reasonably acceptable to the Debtors and the Governmental Consent Parties, and thereafter shall be subject to the annual budgets prepared by the MDT Trustees.

(ix) **Transfer of the MDT Insurance Rights.** In furtherance of the transfer of the MDT Transferred Assets to the Master Disbursement Trust and in accordance with the MDT Agreement, on the Effective Date, the Debtors shall irrevocably transfer, grant and assign to the Master Disbursement Trust, and the Master Disbursement Trust shall receive and accept, any and all of the MDT Causes of Action and MDT Insurance Rights. To the extent any Insurance Company would be obligated in respect of any MDT Insurance Policy to pay any Channeled Claim on behalf of one or more of the Debtors, the Debtors shall transfer and assign to the Master Disbursement Trust the right to enforce such Insurance Company's obligation. The foregoing transfer shall be (i) free and clear of all encumbrances and Causes of Action of any nature whatsoever, (ii) made to the maximum extent possible under applicable law, (iii) absolute and without requirement of any further action by the Debtors, the Liquidating Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Bankruptcy Court or any other Person, and (iv) governed by, and construed in accordance with, the Bankruptcy Code and the other applicable laws governing the applicable MDT Insurance Policies. Notwithstanding the foregoing, the Master Disbursement Trust shall become and remain liable in full for and shall satisfy, to the extent required under applicable law, any prospective premiums, deductibles, self-insured retentions and any other amounts or obligations arising in any way out of the receipt of payment from an Insurance Company in respect of the MDT Insurance Rights; *provided* that, for the avoidance of doubt, the Master Disbursement Trust will not be required to pay premiums or any other amounts for Purdue Insurance Policies that are not MDT Insurance Policies. The transfer of the MDT Insurance Rights contemplated in Section 5.6(i) of the Plan is not an assignment of any insurance policy itself. The Confirmation Order shall contain findings reasonably acceptable to the Creditors' Committee and the

Governmental Consent Parties related to or necessary to preserve all MDT Insurance Rights.

(x) **Transfer of MDT Shareholder Insurance Rights**. On the Effective Date, in consideration of the Shareholder Releases, the Shareholder Released Parties shall irrevocably transfer, grant, and assign to the Master Disbursement Trust, and the Master Disbursement Trust shall receive and accept, any and all MDT Shareholder Insurance Rights. Each Shareholder Released Party shall be deemed to have irrevocably transferred, granted, and assigned to the Master Disbursement Trust any and all MDT Shareholder Insurance Rights without further action and without further consideration to such Shareholder Released Party. Pursuant to the Plan, the foregoing transfer shall be (i) free and clear of all encumbrances and Causes of Action of any nature whatsoever, (ii) made to the maximum extent possible under applicable law, (iii) absolute and without requirement of any further action by the Shareholder Released Parties, the Debtors, the Liquidating Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Bankruptcy Court or any other Person, and (iv) governed by, and construed in accordance with, the Bankruptcy Code and the other applicable laws governing the MDT Shareholder Insurance Rights. The transfer of the MDT Shareholder Insurance Rights is not an assignment of any insurance policy itself. For the avoidance of doubt, the transfer of the MDT Shareholder Insurance Rights is in addition to the other obligations of the Shareholder Released Parties set forth in the Plan. The Shareholder Released Parties will make best efforts to provide the Master Disbursement Trust access to information and copies of documents that are reasonably necessary to preserve, secure, or obtain the benefit of the MDT Shareholder Insurance Rights, and will comply in all respects with the Plan to preserve, secure, or obtain the benefit of the MDT Shareholder Insurance Rights, including but not limited to the obligations set forth in Section 8.8(b) of the Plan. The Confirmation Order shall contain findings reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties related to or necessary to preserve all MDT Shareholder Insurance Rights. Notwithstanding the foregoing in this paragraph, to the extent that (y) a Shareholder Released Party has, prior to the Effective Date, provided notice of a Claim under a Reserved MDT Insurance Policy under which a Shareholder Released Party is covered and (z) such Claim is not one for which such Shareholder Released Party receives the benefit of the Shareholder Releases (a "Retained Shareholder Insurance Claim"), such Shareholder Released Party shall not be deemed to have irrevocably transferred, granted, and assigned to the Master Disbursement Trust the Retained Shareholder Insurance Claim, and such Shareholder Released Party shall be entitled to pursue any such Retained Shareholder Insurance Claim prior to and after the Effective Date; provided that, notwithstanding the foregoing, with respect to the Retained Shareholder Insurance Claims, each Shareholder Released Party, in consideration of the Shareholder Releases, (A) will confer and fully cooperate with the Master Disbursement

Trust in connection with the settlement of all claims or rights under such MDT Insurance Policy, including the Retained Shareholder Insurance Claims, and including but not limited to as set forth in Section 8.8(b)(i) of the Plan, and (B) in the event the Master Disbursement Trust has obtained settlement terms that it deems acceptable in its sole discretion, and such settlement terms include a settlement of any Retained Shareholder Insurance Claim, each Shareholder Released Party with rights under such Retained Shareholder Insurance Claim shall be deemed to consent to the release of any claims or rights held by such Shareholder Released Party against and under such MDT Insurance Policy, with the same effect as if such Shareholder Released Party had executed such settlement agreement, and without further consideration to such Shareholder Released Party from the insurance settlement proceeds or otherwise in respect of such settlement. After the Effective Date, no Shareholder Released Party shall be entitled to submit a claim under any MDT Insurance Policy (with the exception of a current or former director, officer, manager, authorized agent or employee that is not a Sackler Family Member, but solely to the extent such individual has a right to submit a claim after the Effective Date pursuant to Section 8.8(b)(ii) of the Plan).

(xi) **Shareholder Insurance Release**. On the Effective Date, in consideration of the Shareholder Releases, all Sackler Family Members shall irrevocably, fully and forever release and discharge any obligation to indemnify and/or to defend the Sackler Family Members under the Isosceles Insurance Ltd. policy number PPLP-01/2019 for any Claim or loss of any type or nature whatsoever, whether known or unknown. The Sackler Family Members hereby surrender all rights, interest in and Claim to any benefit under the Isosceles Insurance Ltd. policy number PPLP-01/2019, and acknowledge that (i) all rights, interest in and Claim to any benefit they may have under the Isosceles Insurance Ltd. policy number PPLP-01/2019 are fully terminated on the Effective Date; and (ii) after the Effective Date, the Sackler Family Members will not receive and cannot claim any further benefits under the Isosceles Insurance Ltd. policy number PPLP-01/2019 for any time period and shall have no rights whatsoever under or relating to the Isosceles Insurance Ltd. policy number PPLP-01/2019.

(xii) **Institution and Maintenance of Legal and Other Proceedings**. As of the date upon which the Master Disbursement Trust is established, the Master Disbursement Trust shall be empowered to initiate, prosecute, defend and resolve all legal actions and other proceedings related to any Asset, liability or responsibility of the Master Disbursement Trust, including in respect of the MDT Causes of Action, the MDT Insurance Rights and the MDT Shareholder Rights. Such legal actions and other proceedings shall be limited solely to those required for the purposes of satisfying the responsibilities of the Master Disbursement Trust, including in respect of the MDT Causes of Action, the MDT Insurance Rights and the MDT Shareholder Rights. The Master Disbursement Trust shall be empowered to

initiate, prosecute, defend and resolve all such actions in the name of the Debtors or their Estates, in each case if deemed necessary or appropriate by the MDT Trustees. The Master Disbursement Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees and other charges incurred subsequent to the date upon which the Master Disbursement Trust is established arising from, or associated with, any legal action or other proceeding brought pursuant to the foregoing.

(xiii) **U.S. Federal Income Tax Matters Relating to the Master Disbursement Trust**. The Master Disbursement Trust is intended to be treated, and shall be reported, as a "qualified settlement fund," and the receipt of (i) any MDT Transferred Assets (and any other amounts received by the Master Disbursement Trust pursuant to the Plan) that are treated as amounts transferred to the Master Disbursement Trust for purposes of Treasury Regulations section 1.468B-2(b)(1) and (ii) the proceeds received in respect of any MDT Transferred Assets (and any other amounts received by the Master Disbursement Trust pursuant to the Plan) that are not described in clause (i) above (including, without limitation, proceeds received in respect of the MDT Shareholder Rights) by the Master Disbursement Trust are intended to be treated as amounts transferred by, or on behalf of, a "transferor" to a "qualified settlement fund," within the meaning of Treasury Regulations sections 1.468B-1 and 1.468B-2 for U.S. federal income tax purposes and shall be treated consistently for state and local tax purposes, to the extent applicable. All parties (including, without limitation, the Shareholder Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) shall report consistently with the foregoing for all applicable tax reporting purposes. An MDT Trustee shall be the "administrator," within the meaning of Treasury Regulations section 1.468B-2(k)(3), of the Master Disbursement Trust. The administrator of the Master Disbursement Trust shall be responsible for filing all tax returns required to be filed by or on behalf of the Master Disbursement Trust and the payment, out of the Assets of the Master Disbursement Trust, of any taxes due by or imposed on the Master Disbursement Trust. The MDT Trustees may request an expedited determination under section 505(b) of the Bankruptcy Code for all tax returns filed by or on behalf of the Master Disbursement Trust for all taxable periods through the dissolution of the Master Disbursement Trust. Nothing in Section 5.6(m) of the Plan shall be deemed to determine, expand or contract the jurisdiction of the Bankruptcy Court under section 505 of the Bankruptcy Code.

(xiv) **Distributions from the Master Disbursement Trust Free and Clear**. All Distributions made by the Master Disbursement Trust to the MDT Beneficiaries shall be made in accordance with the notice provisions of the Shareholder Settlement Agreements, as applicable, and in the absence of

applicable notice provisions therein to the applicable Creditor Trust, as directed in writing by the corresponding trustees, on no less than ten (10) Business Days' notice to all MDT Beneficiaries; *provided* that such advance notice requirements shall not be required for the Initial Private Creditor Trust Distributions, Initial Public Creditor Trust Distributions or the Initial Public Schools Distribution. Such Distributions thereafter shall become the property of such MDT Beneficiary, free and clear of all Claims, Liens or other recourse or encumbrances, and shall not be subject to attachment, disgorgement or recoupment by any Person. Such distributions to each Creditor Trust shall become the property of such Creditor Trust, and shall be used for the administration (including the payment of Creditor Trust Operating Expenses) of such Creditor Trust, to make Distributions on account of Channeled Claims channeled to such Creditor Trust in accordance with the applicable Creditor Trust TDP and for such other purposes as may be specifically set forth in the applicable Creditor Trust Documents.

(xv) D**issolution, Release of Reserves and Residual Value**. The Master Disbursement Trust shall be dissolved and the MDT Trustees shall be discharged from their respective duties with respect to the Master Disbursement Trust upon completion of their duties as set forth in the Plan and the MDT Agreement, which, for the avoidance of doubt, shall be no earlier than the date on which (i) all Assets held by the Master Disbursement Trust, including the MDT Transferred Assets, have been liquidated and (ii) all payments and other distributions required to be made from the Master Disbursement Trust under the Plan and the MDT Agreement have been made, including payment in full in Cash of all MDT Claims, unless dissolution on an earlier date is authorized pursuant to a Final Order of the Bankruptcy Court. Upon dissolution of the Master Disbursement Trust, any Cash remaining in the MDT Operating Reserve or otherwise held by the Master Disbursement Trust shall be distributed in accordance with the MDT Priority Waterfall and the MDT Agreement; *provided* that, in the event the Master Disbursement Trust is dissolved prior to the payment in full in Cash of all MDT Claims, all outstanding amounts under such MDT Claims shall be deemed due and payable for purposes of the distribution of such remaining Cash pursuant to the MDT Priority Waterfall. Subject to the foregoing sentences, the Master Disbursement Trust shall be dissolved at such time as the MDT Trustees determine that the administration of any remaining assets of the Master Disbursement Trust is not likely to yield sufficient additional proceeds to justify further pursuit.

(xvi) **Exculpation and Indemnification of the MDT Trustee and the MDT Advisory Council Representatives**. To the maximum extent permitted by applicable law, each of the MDT Trustees, and MDT Advisory Council Representatives shall not have or incur any liability for actions taken or omitted in his or her capacity as an MDT Trustee or MDT Advisory Council Representative, or on behalf of the Master Disbursement Trust, except those

acts found by Final Order to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of his or her actions or inactions in his or her capacity as an MDT Trustee or MDT Advisory Council Representative, or on behalf of the Master Disbursement Trust, and for any other liabilities, losses, damages, claims, costs and expenses arising out of or due to the implementation or administration of the Plan or the MDT Agreement, in each case, except for any actions or inactions found by Final Order to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of the MDT Trustees or the MDT Advisory Council Representatives shall be satisfied from the MDT Operating Reserve.

*7. **Special Operating Reserve; Released Claims Reserves.***

(i) Establishment of Special Operating Reserve and Released Claims Reserves.

(1) On or before the Effective Date, the Debtors shall establish the Special Operating Reserve which shall vest in the Master Disbursement Trust in accordance with Section 5.6(b) of the Plan and be held and maintained by the Master Disbursement Trust. The Special Operating Reserve shall be funded initially in the aggregate amount of $200 million by withholding, in each case from Shareholder Estate Settlement Distributions, (a) $20 million from the Initial Private Creditor Trust Distributions and (b) $180 million from the Initial Public Creditor Trust Distributions (the "**SOR Holdback**")[; *provided*, *however*, that neither the Initial Public Schools Distribution, nor any additional payments due under the MDT Public School District Claim, shall be subject to the SOR Holdback.][135] The Master Disbursement Trust, as administrative agent, shall facilitate the releases from the Special Operating Reserve in accordance with terms and consent procedures set forth in [Exhibit N] to the Master Shareholder Settlement Agreement.

(2) On the Effective Date, each Creditor Trust and the Plan Administration Trust shall establish the Released Claims Reserves and, once amounts are funded from the corresponding Creditor Trust PRA Non-Participating Claims Reserves or the Disputed Other General Unsecured Claims Reserve in accordance with Section 7.8(b) of the Plan or Section 7.8(c) of the Plan, as applicable, be otherwise held and maintained by such Creditor Trust or the Plan Administration Trust, in each case, with the Master Disbursement Trust serving as administrative agent with respect thereto. The

[135] [**NTD:** Subject to ongoing review.]

Master Disbursement Trust, as administrative agent, shall facilitate the releases from the Released Claims Reserves in accordance with terms and consent procedures set forth in Exhibit N to the Master Shareholder Settlement Agreement.

(ii) Reversion of Special Operating Reserve and Released Claims Reserves. Subject in all respects to the Master Shareholder Settlement Agreement, on the First Reversion Date, (A) one third (1/3) of the balance of each of the Special Operating Reserve and each Released Claims Reserves will be released to the Master Disbursement Trust, the applicable Creditor Trust or Plan Administration Trust, respectively, after completion of all requirements set forth in the Master Shareholder Settlement Agreement and (B) Replenishment Transfers shall cease.

(1) Unless and until Material Litigation is commenced or continued prior to any of the times set forth below against any Shareholder Released Party after the First Reversion Date, then:

(A) Upon the first anniversary of the First Reversion Date, if and only if no Material Litigation is or has been pending for the prior thirty (30) days, fifty percent (50%) of each of the remaining balance of the Released Claims Reserves and Special Operating Reserves will be released to the applicable Creditor Trust, the Plan Administration Trust or the Master Disbursement Trust, respectively;

(B) Upon the second anniversary of the First Reversion Date, if and only if no Material Litigation is or has been pending for the prior thirty (30) days, fifty percent (50%) of each of the remaining balance of the Released Claims Reserves will be released to the applicable Creditor Trust, the Plan Administration Trust or the Master Disbursement Trust, respectively; and

(C) Thereafter, upon the date when no litigation is or has been pending for the prior thirty (30) days, the remaining balance of each of the Released Claims Reserves and Special Operating Reserve will be released to the applicable Creditor Trust, the Plan Administration Trust or the Master Disbursement Trust, respectively.

(2) Upon a Suspension Event:

(A) All releases from the Released Claims Reserves and Special Operating Reserve described in Section 5.7(b)(i) of the Plan shall cease; and

(B) If the Material Litigation is of the type referenced in clause (1)(a) of the definition of "Material Litigation" in the Master Shareholder Settlement Agreement (i.e., any litigation by a Material Litigant against Shareholder Released Parties regarding Covered Conduct) or clause (2) thereof (500 or more separate lawsuits (i.e., not aggregated and not in a class) pending against Shareholder Released Parties concerning Covered Conduct being pursued by non-Material Litigants), the Master Disbursement Trust shall resume Replenishment Transfers pursuant to Section 5.7(b)(i) of the Plan.

(C) Following a Suspension Event, a new First Reversion Date shall occur on the next date when no Material Litigation is or has been pending for thirty (30) days. The Sackler Parties' Representative shall report the occurrence of a new First Reversion Date to the Master Disbursement Trust in accordance with Section 7(b)(v)(B) of Exhibit N the Master Shareholder Settlement Agreement. On such new First Reversion Date or as soon as reasonably practicable thereafter, Replenishment Transfers shall cease and one third (1/3) of the balance of each of the Special Operating Reserve and Released Claims Reserves will be released to the Master Disbursement Trust, the applicable Creditor Trust and/or Plan Administration Trust, respectively, in accordance with Section 5.7(b)(iii) of the Plan, after completion of all requirements set forth in Exhibit N to the Master Shareholder Settlement Agreement.

Thereafter:

(D) Upon the first anniversary of the First Reversion Date, if and only if no Material Litigation is or has been pending for the prior thirty (30) days, one half (1/2) of the remaining balance of each of the Special Operating Reserve will be released to the Master Disbursement Trust and Released Claims Reserves will be released to the applicable Creditor Trust or Plan Administration Trust, as applicable; and

(E) Upon the second anniversary of the First Reversion Date, if and only if no Material Litigation is or has been pending for the prior thirty (30) days, one half (1/2) of the remaining balance of each of the Special Operating Reserve will be released to the Master Disbursement Trust and Released Claims Reserves will be released to the applicable Creditor Trust or Plan Administration Trust, as applicable.

(F) Thereafter, upon the date when no litigation against any of the Shareholder Released Parties with respect to Covered Conduct is or has been pending for the prior thirty (30) days, the remaining balance of each of the Special Operating Reserve will be released to the Master Disbursement Trust and Released Claims Reserves will be released to the applicable Creditor Trust or Plan Administration Trust, as applicable;

provided, that if money remains in the Released Claims Reserves or the Special Operating Reserve after the twelfth (12th) SSA Payment Date, then:

(G) All remaining funds in the Released Claims Reserves will be released to the applicable Creditor Trust or Plan Administration Trust, as applicable, no later than thirty (30) days after the first date that no Material Litigation against any of the Shareholder Released Parties with respect to Covered Conduct is pending.

(H) All but $25 million of the remaining funds in the Special Operating Reserve will be released to the Master Disbursement Trust for the benefit of the applicable Creditor Trust(s) no later than six (6) months after the first date that no Material Litigation against any of the Shareholder Released Parties with respect to Covered Conduct is pending; and all funds remaining in the Special Operating Reserve from the $25 million described in clause (H) of this proviso will be released to the Master Disbursement Trust for distribution to the Creditor Trusts pursuant to Section 5.7(b)(iii) no later than six (6) months after the first date that no litigation against any of the Shareholder Released Parties with respect to Covered Conduct is pending.

(3) Master Disbursement Trust shall first allocate all reversion funds received from the Special Operating Reserve to the Private Creditor Trusts in proportion to their respective SOR Holdback until they have received a cumulative amount of such reversion funds equal to the Private Claimants' Priority Reversion.

(4) If by the ninth (9th) SSA Payment Date the Master Disbursement Trust has not made allocations to the Private Creditor Trusts pursuant to Section 5.7(b)(iii) of the Plan in an amount equal to the Private Claimants' Priority Reversion, then the Special Operating Reserve shall release funds to the Master Disbursement Trust for distribution to the Private Creditor Trusts on the ninth (9th) SSA Payment Date in an amount equal to the shortfall. Upon a release

from the Special Operating Reserve to the Master Disbursement Trust pursuant to Sections 5.7(b)(i)(C) or 5.7(b)(ii)(C) of the Plan, the Master Disbursement Trust will allocate $200,000 immediately prior to such release to the Private Creditor Trusts.

(iii) [**U.S. Federal Income Tax Matters Relating to the Special Operating Reserve and Released Claims Reserves.** The Special Operating Reserve and each of the Released Claims Reserves is intended to be treated and shall be reported as a qualified settlement fund for U.S. federal income tax purposes. Pursuant to the Master Shareholder Settlement Agreement, PRA L.P. will timely elect to treat the Special Operating Reserve and each of the Released Claims Reserves as a "grantor trust" pursuant to Section 1.468B-1(k) of the Treasury Regulations, for U.S. federal income tax purposes and, to the extent permitted under applicable law, for state and local tax purposes, for which PRA L.P. is the sole grantor, owner and transferor, and will not revoke such election. All parties (including the Shareholder Payment Parties, the Debtors, the Foundation, the Plan Administration Trustee, each applicable Creditor Trustee, the MDT Trustees and Holders of Non-Participating Claims and other Disputed Claims) shall be required to report for tax purposes in a manner consistent with the foregoing. An MDT Trustee shall be the "administrator," within the meaning of Treasury Regulations section 1.468B-2(k)(3), of the Special Operating Reserve. The Creditor Trustee corresponding to the Creditor Trust that holds each Released Claims Reserve shall be the "administrator," within the meaning of Treasury Regulations section 1.468B-2(k)(3), of each such Released Claims Reserve. PRA L.P. shall be responsible for payment of any taxes imposed on or collected from the Special Operating Reserve, any of the Released Claims Reserves or the assets or income of any of the foregoing.]

8. Creditor Trusts

(i) **Establishment and Purpose of the Creditor Trusts**. The Confirmation Order shall endorse and direct, to the extent not already established, the establishment of the Creditor Trusts on or prior to the Effective Date in accordance with the terms of the respective Creditor Trust Documents. The Creditor Trusts shall be independent from the Holders of Claims against the Debtors and shall be subject to the exclusive jurisdiction of the Bankruptcy Court (other than as specifically set forth in the Creditor Trust Documents). The Creditor Trusts shall be established for the purposes described in the Plan and any other purposes more fully described in the Creditor Trust Documents. Each Creditor Trust shall, in each case, in accordance with the Plan, the Confirmation Order and the applicable Creditor Trust Documents:

(1) hold, manage and invest all funds and other Assets received by such Creditor Trust from the Debtors and the Master Disbursement Trust, as applicable (including, with respect to the Public Creditor Trusts,

the MDT Interests), in each case, for the benefit of the beneficiaries of such Creditor Trust;

(2) hold and maintain the Creditor Trust Operating Reserve of such Creditor Trust;

(3) administer, process, resolve and liquidate Channeled Claims, including Non-Participating Channeled Claims, applicable to such Creditor Trust, in each case as provided in the applicable Creditor Trust Documents;

(4) establish and administer the applicable Creditor Trust Non-Participating Claims Reserves;

(5) establish and administer the applicable Released Claims Reserves; and

(6) exercise rights over any proposed use of funds in the applicable Released Claims Reserve held in such Creditor Trust to the extent set forth in Exhibit N to the Master Shareholder Settlement Agreement.

(ii) **Role of the Creditor Trustees**. In furtherance of and consistent with the purposes of the Creditor Trusts and the Plan, the Creditor Trustees shall have the power and authority to perform all functions on behalf of the respective Creditor Trusts, subject to the Creditor Trust Documents for such Creditor Trusts. The Creditor Trustees shall undertake all administrative responsibilities as are provided in the Plan and the applicable Creditor Trust Documents. The Creditor Trustees shall be responsible for all decisions and duties with respect to the respective Creditor Trusts, subject to the Creditor Trust Documents for such Creditor Trusts. In all circumstances, each Creditor Trustee shall be independent and disinterested and, in its capacity as a Creditor Trustee, shall act in the best interests of the beneficiaries of such Creditor Trust, in furtherance of the purpose of such Creditor Trust and in accordance with the Plan and the applicable Creditor Trust Documents. In accordance with the Creditor Trust Documents, each Creditor Trustee shall serve in such capacity through the earlier of (x) the date that the applicable Creditor Trust is dissolved in accordance with the applicable Creditor Trust Documents and (y) the date such Creditor Trustee resigns, is terminated or is otherwise unable to serve for any reason.

(iii) **Appointment of the Creditor Trustees and Creditor Trust Overseers**. In furtherance of and consistent with the purposes of the Creditor Trusts and the Plan, the Creditor Trust Documents for each of the Creditor Trusts shall provide for the appointment of the Creditor Trustees and, if applicable, Creditor Trust Overseers for each of the Creditor Trusts. The identity of the initial Creditor Trustees and the initial Creditor Trust Overseers shall be as

disclosed in the Plan Supplement as of the date hereof, or shall otherwise be:

(1) with respect to the Governmental Remediation Trust, selected in accordance with the terms of the Governmental Remediation Trust Documents;

(2) with respect to the Tribe Trust, selected by the Native American Tribe Group with the consent of the Debtors (which consent shall not be unreasonably withheld, delayed or denied);

(3) with respect to each of the following Private Creditor Trusts, selected as follows: (A) with respect to the TPP Trust, by the Third-Party Payor Group, (B) with respect to the Hospital Trust, by the Ad Hoc Group of Hospitals, (C) with respect to the ERP Trust, by the ERP Trustee (and, for the avoidance of doubt, the Creditor Trustee and/or Creditor Trust Overseer for the ERP Trust may be the ERP Trustee) and (D) with respect to the PI Trust, by the Ad Hoc Group of Individual Victims; and

(4) with respect to the Public School Trust, by the Public School District Claimants.

(iv) **PI Trust Distributions**. The PI Trust shall, in accordance with the Plan, the Confirmation Order and the PI Trust Documents, make Distributions on account of Allowed PI Channeled Claims to Holders of such Allowed PI Channeled Claims, subject to the PI Trust Deductions and Holdbacks, which Distributions may be made directly to the Holder of the PI Claim (if pro se), to counsel for the Holder of the PI Claim by payment to the respective counsel's client trust account or by sending a check to the respective counsel's address that is payable jointly to such counsel and the Holder of the PI Claim. The PI Trust shall establish the PI Trust NAS Fund and the PI Trust Non-NAS Fund, and shall deposit (i) the NAS PI Portion into the PI Trust NAS Fund and (ii) the Non-NAS PI Portion into the PI Trust Non-NAS Fund, in each case, periodically as funds are received by the PI Trust. The PI Trust shall make Distributions on account of Allowed NAS PI Channeled Claims solely from the PI Trust NAS Fund in accordance with the NAS PI TDP, and shall make Distributions on account of Allowed Non-NAS PI Channeled Claims solely from the PI Trust Non-NAS Fund in accordance with the Non-NAS PI TDP, in each case, subject to the PI Trust Deductions and Holdbacks.

(v) **Rights of the Creditor Trustee for the TPP Trust under the LRP Agreement**. Pursuant to and in accordance with the LRP Agreement, the Creditor Trustee for the TPP Trust shall have the right (i) to inquire periodically with the Creditor Trustee for the PI Trust, the claims administrator appointed in respect of the PI Trust and the escrow agent for

the TPP LRP Escrow Account as to whether the TPP LRP Escrow Account has been properly funded and payments therefrom are being made to the LRP Participating TPPs as required under the LRP Agreement, and to request evidence of the same and (ii) to seek entry of an order by the Bankruptcy Court enforcing the LRP Agreement, including the obligations to provide such information and evidence, in the event the Creditor Trustee for the TPP Trust reasonably believes that the TPP LRP Escrow Account has not been properly funded as required by the LRP Agreement, payments have not been made to LRP Participating TPPs as required by the LRP Agreement, and/or any of the Creditor Trustee for the PI Trust, the claims administrator appointed in respect of the PI Trust and the escrow agent for the TPP LRP Escrow Account is not responding to reasonable requests by the Creditor Trustee for the TPP Trust for such information and evidence.

(vi) **Assumption of Obligations and Liabilities**. In furtherance of the purposes of the Plan and the Creditor Trusts, pursuant to the Master TDP and subject to the applicable Creditor Trust Documents, each Creditor Trust shall (i) expressly assume sole and exclusive responsibility and liability for (A) the Channeled Claims channeled to such Creditor Trust in accordance with the Master TDP and (B) all Creditor Trust Operating Expenses of such Creditor Trust and (ii) have (A) the rights provided to such Creditor Trust in accordance with the Private Entity Settlements and Public Entity Settlements and (B) all defenses, cross-claims, offsets and recoupments regarding such Channeled Claims that the Debtors, the Released Parties and the Shareholder Released Parties, as applicable, have, or would have had, under applicable law, but solely to the extent consistent with the applicable Creditor Trust Documents and the Plan; *provided* that no such Claims, defenses or rights may be asserted against any Protected Party.

(vii) **Administration of Channeled Claims and Creditor Trust TDPs**. Pursuant to the Master TDP, (i) all Non-Federal Domestic Governmental Channeled Claims will be administered by the Governmental Remediation Trust and resolved in accordance with, and to the extent provided in, the Governmental Remediation Trust Documents, (ii) all Tribe Channeled Claims will be administered by the Tribe Trust and resolved in accordance with, and to the extent provided in, the Tribe TDP, (iii) all Third-Party Payor Channeled Claims will be administered by the TPP Trust and resolved in accordance with, and to the extent provided in, the TPP TDP, (iv) all Hospital Channeled Claims will be administered by the Hospital Trust and resolved in accordance with, and to the extent provided in, the Hospital TDP, (v) all Public School Channeled Claims will be administered by the Public School Trust and resolved in accordance with, and to the extent provided in, the Public School TDP, (vi) all ER Physician Channeled Claims will be administered by the ERP Trust and resolved in accordance with, and to the extent provided in, the ERP TDP, and (vii) all PI Channeled Claims will be administered by the PI Trust and resolved in accordance with, and to the extent provided in, the PI TDP. Each of the Creditor Trusts shall be funded

in accordance with the Public Entity Settlements and the Private Entity Settlements, as applicable. The Creditor Trust shall, in accordance with, and to the extent provided in, the applicable Creditor Trust Documents and/or the Creditor Trust TDPs, (y) determine the eligibility, amount and Allowance (if applicable) of such Channeled Claims; and (z) make all determinations with respect to Distributions to be made by the respective Creditor Trusts. The foregoing determinations by the Creditor Trusts shall be final and binding, and shall not be subject to any challenge or review of any kind, by any court or other Person, except as set forth in the Creditor Trust TDPs. Distributions by the Creditor Trusts shall be the sole source of recovery, if any, in respect of Channeled Claims, and Holders of Channeled Claims shall have no other or further recourse to the Protected Parties; provided that the foregoing shall not diminish, or otherwise alter, the rights of LRP Participating TPPs under the LRP Agreement or the rights of non-LRP Participating TPPs at law.

(viii) **Trust Reporting Obligations.** Each of the Plan Administration Trust and the Creditor Trusts shall be required to provide (i) any periodic forwarding, not more frequently than every three months, of applicable bank statements with respect to the Released Claims Reserves and Claims Reserves, or, (ii) solely at the applicable trustee's election, such other reporting as provides the Master Disbursement Trust with substantially similar relevant information as appears in such bank statements, in each case, which the applicable trustee may redact (or cause to be redacted) to exclude information that it considers not reasonably necessary for the Master Disbursement Trust to provide information with respect to the Released Claims Reserves and Claims Reserves.

(ix) **Institution and Maintenance of Legal and Other Proceedings**. As of the date upon which each Creditor Trust is established, such Creditor Trust shall be empowered to initiate, prosecute, defend and resolve all legal actions and other proceedings related to any Asset, liability or responsibility of such Creditor Trust. Such legal actions and other proceedings shall be limited solely to those required for purposes of reconciling, administering or defending against the Channeled Claims channeled to such Creditor Trust and for enforcing the rights of such Creditor Trust under the Plan and the Plan Documents (including the rights of the Creditor Trustee for the TPP Trust specifically enumerated in the LRP Agreement). Each Creditor Trust shall be empowered to initiate, prosecute, defend and resolve all such actions in the name of the Debtors or their Estates, in each case if deemed necessary by the applicable Creditor Trustee to fulfill the purposes for which such Creditor Trust was created. Each Creditor Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees and other charges incurred subsequent to the date upon which such Creditor Trust is established arising from, or associated with, any legal action or other proceeding brought pursuant to the foregoing. For the avoidance of doubt, each Creditor Trust, pursuant to

section 1123(b)(3)(B) of the Bankruptcy Code and applicable state corporate law, is appointed as the successor-in-interest to, and representative of, the Debtors and their Estates for the retention, enforcement, settlement or adjustment of the applicable Channeled Claims channeled to such Creditor Trust.

(x) **Creditor Trust Operating Expenses**. The Creditor Trustees shall be entitled to reasonable compensation and to retain and reasonably compensate counsel and other professionals to assist in their duties without Bankruptcy Court approval, subject to the provisions of the applicable Creditor Trust Documents. Creditor Trust Operating Expenses of each Creditor Trust shall be satisfied and paid from such Creditor Trust's Creditor Trust Operating Reserve in accordance with the applicable Creditor Trust Documents. Periodically, until the dissolution of a Creditor Trust, the applicable Creditor Trustee will replenish the Creditor Trust Operating Reserve from Cash held or received by such Creditor Trust to the extent deemed necessary by such Creditor Trustee to satisfy and pay estimated future Creditor Trust Operating Expenses in accordance with the Creditor Trust Documents.

(xi) **U.S. Federal Income Tax Matters Relating to the Creditor Trusts**. Each Creditor Trust (other than any Tribe Trust entity that is formed as a legal entity other than a trust) is intended to be treated, and shall be reported, as a "qualified settlement fund," and the Initial Private Creditor Trust Distributions, distributions on account of the MDT Private Claims, Public Creditor Trust Distributions, Initial Public Schools Distribution, distributions on account of the MDT Public School Districts Claim, the right to receive Governmental NewCo Distributable Cash, and any other amounts received pursuant to the Plan, as applicable, made to such Creditor Trust are intended to be treated as amounts transferred by, or on behalf of, a "transferor" to a "qualified settlement fund," within the meaning of Treasury Regulations sections 1.468B-1 and 1.468B-2 for U.S. federal income tax purposes and shall be treated consistently for state and local tax purposes to the extent applicable. All parties (including, without limitation, the Shareholder Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) will be required to report consistently with the foregoing for all applicable tax reporting purposes. A Creditor Trustee from each relevant Creditor Trust shall be the "administrator" within the meaning of Treasury Regulations section 1.468B-2(k)(3) of the applicable Creditor Trust. The administrator of each such Creditor Trust shall be responsible for filing all tax returns required to be filed by or on behalf of the applicable Creditor Trust and the payment, out of the assets of such Creditor Trust, of any taxes due by or imposed on such Creditor Trust. Each Creditor Trustee may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all tax returns filed by or on behalf of the applicable

Creditor Trust for all taxable periods through the dissolution of such Creditor Trust. Nothing in Section 5.8(k) of the Plan shall be deemed to determine, expand or contract the jurisdiction of the Bankruptcy Court under section 505 of the Bankruptcy Code.

(xii) **Exculpation and Indemnification of the Creditor Trustees and the Creditor Trust Overseers.** To the maximum extent permitted by applicable law, each of the Creditor Trustees and Creditor Trust Overseers shall not have or incur any liability for actions taken or omitted in his or her capacity as a Creditor Trustee or Creditor Trust Overseer, or on behalf of the applicable Creditor Trust, except those acts found by Final Order to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of his or her actions or inactions in his or her capacity as a Creditor Trustee or Creditor Trust Overseer, or on behalf of the applicable Creditor Trusts, and for any other liabilities, losses, damages, claims, costs and expenses arising out of or due to the implementation or administration of the Plan or the applicable Creditor Trust Documents, in each case, except for any actions or inactions found by Final Order to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of any of the Creditor Trustees or Creditor Trust Overseers shall be satisfied from the respective Creditor Trusts.

(xiii) Dissolution of the Creditor Trusts. Each Creditor Trust shall be dissolved and the applicable Creditor Trustee shall be discharged from its duties with respect to such Creditor Trust upon completion of its duties and the satisfaction of the purposes of the Creditor Trust as set forth in the Plan and the applicable Creditor Trust Documents.

9. Attorneys' Fees and Costs[136]

(1) **Local Government Costs and Expenses**. On the Effective Date, the Local Government Costs and Expenses Fund shall be established for the payment of certain attorneys' fees and costs of Holders of Non-Federal Domestic Governmental Channeled Claims (other than States) subject to the terms set forth in the Plan, other than amounts paid pursuant to the AHC Reimbursement Agreement Assumption Order, the MSGE Group Reimbursement Order or any other Order of the Bankruptcy Court.

(A) The Local Government Costs and Expenses Fund shall be funded beginning on the second MDT Distribution Date (the "**Initial LG Costs Funding Date**") and continuing on each Scheduled MDT Distribution Date thereafter, from periodic distributions in an amount equal to [8.5]% of the

[136] [**NTD:** Subject to ongoing review.]

Distributions made on account of Non-Federal Domestic Governmental Channeled Claims, excluding (A) any Distributions relating to MDT Insurance Proceeds, and (B) any amounts distributed on account of such Non-Federal Domestic Governmental Channeled Claims on the Effective Date, but including any Distributions on account of amounts payable under the Governmental Entity Shareholder Direct Settlement (other than such Distributions on the Effective Date); *provided* that the amount to be distributed to the Local Government Costs and Expenses Fund shall not exceed $[370] million in the aggregate (the "**Aggregate LG Cost Cap**"); provided, further that amounts funded pursuant to section 5.9(a) of the Plan shall be allocated and applied solely in accordance with Exhibit R to the Governmental Entity Shareholder Direct Settlement for the benefit of counsel to Subdivisions constituting Prior Litigating Subdivisions (as defined in the Governmental Entity Shareholder Direct Settlement Agreement) as of the Petition Date, in each case, as follows: (i) $4 million annually for a maximum of five (5) years (plus [4.25%] of any Distribution constituting a Settlement Prepayment (as defined under the Master Shareholder Settlement Agreement)), to the "Cost Fund," as defined in Exhibit R, established in the MDL Proceeding, not to exceed $20 million in the aggregate, and (ii) for any additional amounts (A) [40%] to the "Contingency Fee Fund," as defined in Exhibit R, established in the MDL Proceeding (which fund is to be managed by the fee panel appointed in connection with the MDL Proceeding), not to exceed $140 million, and (iii) [60%] to the "Common Benefit [Fee] Fund," as defined in Exhibit R, established in the MDL Proceeding, not to exceed $210 million in the aggregate; provided further, as consideration for the settlement between holders of certain public and private Claims regarding Special Operating Reserves, timing of payment and allocation matters, the Local Government Costs and Expenses Fund shall also be funded with, and allocated solely in accordance with Exhibit R, Distributions made on account of Non-Federal Domestic Governmental Channeled Claims (as qualified in Section 5.9(a)(i) of the Plan) in an amount equal to [8.5]% of (i) the incremental $80 million of Initial Private Creditor Trust Distributions (provided that funding of the Local Government Costs and Expenses Fund with respect to such distributions shall not be made until the Initial LG Costs Funding Date); and (ii) up to $20 million of amounts payable in respect of (A) the Private Claimants' Priority Reversion

and (B) the other amounts contemplated to be paid under [Section 5.05(e)] of the Master Shareholder Settlement Agreement, in each case, that become payable to the Private Creditor Trusts in accordance with the Master Shareholder Settlement Agreement, which amounts shall be subject in each case to the Aggregate LG Cost Cap.

(B) In addition to the amounts described in subsection (i) above, the Local Government Costs and Expenses Fund shall be funded, and allocated solely in accordance with Exhibit R, on or after the Initial LG Costs Funding Date with an additional amount equal to 12.4% of the MDT Insurance Proceeds which amounts, if any, shall be deposited into an account designated by the MDL Plaintiffs' Executive Committee for the benefit of the "Common Benefit [Fee] Fund" established in the MDL Proceeding, and as described in Exhibit R, and shall be incremental to, and not otherwise count against, the Aggregate LG Cost Cap; provided, for the avoidance of doubt, such funded amounts shall not be considered "Distributions" for the purpose of subsection (i) above; provided, further, such amounts shall be subject, to the prior payment in full of the MDT PI Claim pursuant to and in accordance with Section 5.2(e)(ii) of the Plan.

(C) Payments from the Local Government Costs and Expenses Fund shall be [administered in accordance with Exhibit R to the Governmental Entity Shareholder Direct Settlement and be][137] the exclusive means of payment from the Creditor Trusts for costs and expenses (including attorneys' fees) of any Holder of a Non-Federal Domestic Governmental Channeled Claim (other than a State) or any attorney therefor, other than (i) amounts paid or to be paid from the Creditor Trusts in accordance with existing agreements, contracts or statutes setting forth the allocation and uses of abatement funds or backstop fee arrangements between States and their Subdivisions; and (ii) amounts paid in accordance with the order of the MDL Court establishing the Common Benefit Fund; *provided*, however, nothing in Section 5.9(a)(iii) of the Plan [or Exhibit R to the Governmental Entity Shareholder Direct Settlement] shall override the payment obligations contemplated by Section 5.9(a)(i) of the Plan.

[137] [**NTD**: Subject to ongoing review.]

(D) [Except as otherwise agreed in writing by the MSGE Group and the MDL Plaintiffs' Executive Committee, the MSGE Fee Allocation Agreement shall be and remain fully enforceable and shall apply to the Local Government Costs and Expenses Fund]; *provided* that the costs associated with the arbitration process contemplated under the MSGE Fee Allocation Agreement shall not be paid by the Debtors, their Estates or any Creditor Trust.

(2) **State Costs and Expenses**. On the Effective Date, the State Expenses Fund shall be established for the payment of expenses (including attorneys' fees) of the States (including any ad hoc group thereof), other than amounts already paid, or any amounts paid or payable under the AHC Reimbursement Agreement Assumption Order, the MSGE Group Reimbursement Order or any other Order of the Bankruptcy Court; *provided* that the State Expenses Fund shall be funded beginning on the second MDT Distribution Date and continuing on each Scheduled MDT Distribution Date thereafter. The State Expenses Fund shall be funded from periodic distributions in an amount equal to [4.5]% of the Distributions made on account of Non-Federal Domestic Governmental Channeled Claims, excluding any amounts distributed on account of such Non-Federal Domestic Governmental Channeled Claims on the Effective Date, but including (a) any Distributions on account of amounts payable under the Governmental Entity Shareholder Direct Settlement (other than such Distributions on the Effective Date), and (b) any Distributions relating to MDT Insurance Proceeds; *provided* that such amount shall not exceed $[200][138] million in the aggregate (the "**Aggregate State Expenses Cap**"). For the avoidance of doubt, in no event shall any of the provisions of Sections 5.9(a) or (b) of the Plan, [Exhibit R to the Governmental Entity Shareholder Direct Settlement] [or any order of the MDL Court (including the order establishing the Common Benefit Fund)] have any effect on the Distributions made to Holders of Claims in Classes [____] (or the rights of any of their attorneys to receive payment) other than the recognition of the priority of Section 5.2(e)(ii) of the Plan in such provisions.[139]

(3) **Common Benefit Fund Assessments**. On the Effective Date, the following assessments shall be made to the account directed in Exhibit [●], which is the Common Benefit Fund established by the MDL Court (the "**Common Benefit Fund**"): (i) 5% of each Distribution made by the Private Creditor Trusts, and (ii) 5% of the Initial Public Schools' Distribution. Assessments from the Private Creditor Trusts shall be paid [on periodic schedules for

[138] [**NTD**: subject to ongoing review.]

[139] For the avoidance of doubt, no order of the MDL Court establishing the Common Benefit Fund will have any effect on any Private Claimant or its counsel, nor will the MDL Court have jurisdiction to interpret, decide, hear disputes, or enforce any provision of or regarding the Plan or the Confirmation Order [or any of the agreements or documents related thereto].

each Private Creditor Trust acceptable to the Governmental Consent Parties, the Ad Hoc Group of Hospitals, the Third-Party Payor Group, the NAS Committee and the Ad Hoc Group of Individual Victims,] as applicable. The assessments payable by the Public School Trust shall be deducted from and paid at the time of the fee award described in Section 5.9(h)(ii) of the Plan. All assessments of 5% of each Distribution made by the Private Creditor Trusts shall be transferred to and distributed in accordance with the order of the MDL Court establishing the Common Benefit Fund. To the extent a Holder of a Hospital Channeled Claim, a Third-Party Payor Channeled Claim, an NAS PI Channeled Claim or a Non-NAS PI Channeled Claim (or any ad hoc group consisting of Holders of any of the foregoing) has retained counsel through a contingency fee arrangement, any contingency fees owed to such contingency counsel payable from Distributions under the Plan shall be reduced by the full amount payable under Section 5.9(a) of the Plan.[140] However, the applicable Holder and its counsel, in their sole discretion, may agree that an amount up to but not exceeding 40% of the amount payable under Section 5.9(a) of the Plan may be applied to the reimbursement of actual costs and expenses incurred by such Holder's counsel, in which case such agreed cost-reimbursement amount shall not reduce the contingency fee amounts payable to such counsel.

(4) **Hospital Costs and Expenses**. On the Effective Date, the Hospital Attorney Fee Fund shall be established for the payment of attorneys' fees and costs of the Ad Hoc Group of Hospitals with respect to Hospital Channeled Claims. The Hospital Attorney Fee Fund shall be funded with (i) 20% of each Distribution made to the Hospital Trust less (ii) the amount of such Distributions payable to the Common Benefit Fund under Section 5.9(c) of the Plan. The Hospital Attorney Fee Fund shall be administered by the Hospital Trust on terms acceptable to the Ad Hoc Group of Hospitals.

(5) **Ratepayer Costs and Expenses**. In the event that the Ratepayer Mediation Participants Stipulation has been entered into on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter, the attorneys' fees of the Ratepayer Mediation Participants shall be paid from Effective Date Cash in an amount not to exceed $1.4 million.

(6) **ERP Costs and Expenses.** The ERP Trust shall pay or reimburse, as applicable, the compensation, costs and expenses of professionals that represented or advised the ERP Trustee in connection with the Chapter 11 Cases, to the extent provided for in the ERP Trust Documents.

[140] For the avoidance of doubt, any amount payable to counsel to the Ad Hoc Group of Individual Victims or the Ad Hoc Group of NAS Children on an hourly basis (including incremental amounts in consideration of deferring payment of hourly fees) shall not constitute a "contingency fee," and the agreement in respect thereof shall not constitute a "contingency fee arrangement," in each case for purposes of Section 5.9 of the Plan.

(7) **Holder of the PI Claims Costs and Expenses**

(A) Debtors shall pay the reasonable and documented fees and expenses of the Ad Hoc Group of Individual Victims subject to the entry of a Final Order granting the Ad Hoc Group of Individual Victims' request for allowance of such fees and expenses under section 503(b) of the Bankruptcy Code, which request shall be supported by the Debtors and the Creditors' Committee and considered at the Confirmation Hearing. In the event such a Final Order is (i) not entered or (ii) entered allowing fees and expenses in an amount less than reasonable and documented fees and expenses requested, then (A) the PI Trustee shall pay or reimburse, as applicable, the reasonable and documented fees and expenses of professionals that represented or advised the Ad Hoc Group of Individual Victims in connection with the Chapter 11 Cases, as and to the extent provided in the PI Trust Agreement and subject to Bankruptcy Court approval of such fees and expenses as provided in the Confirmation Order and (B) such fees and expenses paid or reimbursed, as applicable, by the PI Trust shall be deducted from Distributions from the PI Trust Non-NAS Fund to Holders of Allowed Non-NAS PI Channeled Claims pursuant to the PI Trust Documents.

(B) The PI Trustee shall pay or reimburse, as applicable, the reasonable and documented fees and expenses of professionals that represented or advised the NAS Committee in connection with the Chapter 11 Cases, as and to the extent provided in the PI Trust Agreement and subject to Bankruptcy Court approval of such fees and expenses as provided in the Confirmation Order. Such compensation, costs and fees paid or reimbursed, as applicable, by the PI Trust shall be deducted from Distributions from the PI Trust NAS Fund to Holders of Allowed NAS PI Channeled Claims and pursuant to the PI Trust Documents. Nothing in Section 5.9 of the Plan shall impair or otherwise affect any fee contract that is not a contingency fee contract between the Ad Hoc Group of Individual Victims and its professionals, or between the NAS Committee and its professionals.

(8) **Public Schools' Costs and Expenses**. From the Initial Public Schools Distribution, the Public School Trust shall:

(A) dedicate an amount of $500,000 for payment or reimbursement, as applicable, of the out-of-pocket litigation

expenses, such as for special bankruptcy counsel and expert fees and expenses, of professionals that represented or advised the Public School District Claimants to be computed based upon reasonable hourly rates and costs incurred, and not to include any premium to reasonable hourly rates, and subject to Bankruptcy Court approval of such litigation expenses as provided in the Confirmation Order; and

(B) pay or reimburse, as applicable, the reasonable attorneys' fees and litigation costs of the Public School District Claimants' putative class counsel in an amount determined by mediator Ken Feinberg (which amount is not to exceed such class counsel's contractual contingency fee of 25% of the Initial Public Schools Distribution) subject to Bankruptcy Court approval of such litigation expenses as provided in the Confirmation Order, *less* the amount payable to the Common Benefit Fund under Section 5.9(c) of the Plan.

(9) **No Impairment of Contingency Fee Contracts; No Further Assessment**. Except as expressly set forth in Section 5.9 of the Plan, nothing in the Plan shall impair or otherwise affect any contingency fee contract between any Holder of a Claim (or any ad hoc group of Holders of Claims) and such Holder's (or ad hoc group's) counsel. In this regard, the payment of the assessments described in Section 5.9 of the Plan shall be the only payment that such Holders (or their counsel) shall ever have to make to the Common Benefit Fund with respect to amounts distributed under the Plan, and amounts distributed pursuant to the Plan to such Holders or payments to attorneys in respect thereof shall not be subject to any further or other common benefit or similar assessments.

10. Transferability of Distribution Rights

Any right to receive a Distribution or other payment from the Plan Administration Trust (including any PAT Distribution Account or PAT Reserve), a Creditor Trust or the Master Disbursement Trust shall not be evidenced by any certificate, security, receipt or in any other form or manner whatsoever, except on the books and records of the Plan Administration Trust (as maintained by the Plan Administration Trustee), the applicable Creditor Trust (as maintained by the applicable Creditor Trustees) or the Master Disbursement Trust (as maintained by the MDT Trustees), as applicable. Further, any right to receive a Distribution or other payment from the Plan Administration Trust (including any PAT Distribution Account or PAT Reserve), a Creditor Trust or the Master Disbursement Trust shall be nontransferable and nonassignable except by will, intestate, succession or operation of law or as otherwise provided in the Plan, the applicable Creditor Trust Documents, Governmental Entity Shareholder Direct Settlement Agreement or the MDT Agreement. Any rights to receive a Distribution or other payment from the Plan Administration Trust (including any PAT Distribution Account or PAT Reserve), a Creditor Trust or the Master Disbursement Trust shall not constitute "securities" and shall not be registered

pursuant to the Securities Act. If it is determined that such rights constitute "securities," the exemption provisions of section 1145(a)(1) of the Bankruptcy Code would be satisfied and such securities would be exempt from registration.

11. Insurance Neutrality

Nothing in the Plan, the Plan Documents or the Confirmation Order shall alter, supplement, change, decrease or modify the terms (including conditions, limitations and/or exclusions) of the Purdue Insurance Policies, including the MDT Insurance Policies; provided that, notwithstanding anything in the foregoing to the contrary, the enforceability and applicability of the terms (including conditions, limitations and/or exclusions) of the Purdue Insurance Policies, including the MDT Insurance Policies, and thus the rights or obligations of any of the Insurance Companies, the Debtors and the applicable post-Effective Date Entities, including the Master Disbursement Trust, arising out of or under any Purdue Insurance Policy, including any MDT Insurance Policy, whether before or after the Effective Date, are subject to the Bankruptcy Code and applicable law (including any actions or obligations of the Debtors thereunder), the terms of the Plan and the Plan Documents, the Confirmation Order (including the findings contained therein or issued in conjunction therewith, including but not limited to any findings pursuant to Sections 5.2 and 5.6(i) of the Plan) and, to the extent the Insurance Companies have or had adequate notice from any source, any other ruling made or order entered by the Bankruptcy Court whether prior to or after the Confirmation Date. For the avoidance of doubt, nothing contained in the Plan, the Plan Documents or the Confirmation Order shall operate to require any Insurance Company to pay under any Purdue Insurance Policy the liability of any Person that was not an insured prior to the Petition Date.

12. Transfer of Books and Records; Cooperation; Privilege

(i) **Transfer of Books and Records to NewCo and the Plan Administration Trust**. Except with respect to Excluded Assets, all documents, books and records of the Debtors shall be transferred and assigned to NewCo on or prior to the Effective Date pursuant to the NewCo Transfer Agreement; *provided* that, from and after the date of such transfer, the Plan Administration Trustee shall have the right to retain copies of all transferred documents, books and records and NewCo shall permit the Plan Administration Trustee and its counsel and representatives to have full access to such transferred documents, books and records. All documents, books and records of the Debtors that are Excluded Assets shall be transferred and assigned to the Plan Administration Trust; *provided* that, except for the Excluded Privileged Materials, NewCo shall receive copies of all documents, books and records of the Debtors that are Excluded Assets. Any documents transferred under Section 5.12(a) of the Plan that are documents that were produced to the Debtors by Shareholder Released Parties in connection with Purdue Legal Matters shall continue to remain subject to the terms of the Protective Order and any order of the Bankruptcy Court or provision of the Plan affording confidentiality protections to such documents, unless such documents are included in the Public Document

Repository in accordance with the Plan and the Master Shareholder Settlement Agreement.

(ii) **Cooperation with the Master Disbursement Trust and the Creditor Trusts**. On the Effective Date or as soon as reasonably practicable thereafter, the Debtors shall transfer and assign, or cause to be transferred and assigned, (i) to the MDT Trustees, (A) copies of all MDT Insurance Policies, (B) information and copies of documents, including books and records of the Debtors that reasonably relate to (I) any Claims previously noticed, tendered or submitted or paid by any Insurance Company under the MDT Insurance Policies and (II) any MDT Causes of Action, and (C) other information and copies of all other documents, including books and records of the Debtors that are reasonably necessary to preserve, secure or obtain the benefit of the MDT Insurance Rights, pursue the MDT Causes of Action or liquidate any other MDT Transferred Assets and (ii) to each Creditor Trust, a copy of the Proofs of Claims for Channeled Claims channeled to such Creditor Trust. Subject to Section 5.12(c) of the Plan, the materials to be provided pursuant to Section 5.12(b) of the Plan include those in the possession of the Debtors' current and former insurance coverage counsel. On and after the Effective Date, the Plan Administration Trustee and NewCo may maintain their respective documents, books and records in accordance with their respective document retention policies set forth in the PAT Agreement and the NewCo Operating Agreement, respectively. Prior to the Effective Date, the Debtors shall use reasonable best efforts to provide the Creditors' Committee and the Governmental Consent Parties reasonable access to current employees and professionals of the Debtors (including insurance brokers) with knowledge concerning the information and documents to be provided to the Master Disbursement Trust under Section 5.12(b) of the Plan, and, after the Effective Date, NewCo shall use best efforts to provide the Master Disbursement Trust reasonable access to employees and professionals of NewCo with knowledge concerning such information and documents and to facilitate access to former employees and professionals of the Debtors (including insurance brokers). The Plan Administration Trustee and NewCo shall respond to reasonable requests of (x) the MDT Trustees for information and documents related to the MDT Insurance Rights, the MDT Causes of Action or otherwise, in each case to the extent reasonably necessary for the administration of the Master Disbursement Trust, and (y) each Creditor Trustee for information and documents relating to the applicable Channeled Claims or otherwise, in each case to the extent reasonably necessary for the administration of the applicable Creditor Trust. In the event of any dispute between the MDT Trustees and NewCo regarding the delivery of information or documents requested pursuant to clause (x) of the foregoing sentence, the MDT Trustees shall have the right to request intervention by the Foundation Trustees to resolve any such dispute.

(iii) **Privilege**. The transfer or assignment of information and copies of documents, including books and records, in accordance with Section 5.12 of the Plan, shall not result in the destruction or waiver of any applicable Privileges. On the Effective Date, all Privileges in connection with the information or documents transferred in accordance with Section 5.12 of the Plan shall be transferred to, and vest exclusively in, NewCo, the MDT Trustees, the Plan Administration Trustee and the Creditor Trustees in accordance herewith. Further, with respect to the transfer of Privileges to the MDT Trustees and the Creditor Trustees, such Privileges shall (i) be transferred to such MDT Trustees and Creditor Trustees for the purpose of enabling such Persons to perform their respective duties as set forth in the Plan or in the MDT Agreement or the applicable Creditor Trust Documents and for no other reason, (ii) vest solely in the MDT Trustees and the Creditor Trustees and not in the Master Disbursement Trust or the Creditor Trusts, or any other committee or subcomponent of the Master Disbursement Trust or the Creditor Trusts, or any other Person (including counsel and other professionals) who is (or has been engaged by, represents or has represented) any Holder of a Claim against or Interest in the Debtors or any Person that alleges or may allege a Claim, directly or indirectly, relating to or arising out of the Debtors' Products or operations and (iii) be preserved and not waived as a result of such transfer. For the avoidance of doubt, any such transfer shall have no effect on any right, Claim or Privilege of any Person other than the Debtors. No information subject to a Privilege shall be disclosed or communicated by the MDT Trustees or the Creditor Trustees (x) to any Person not entitled to receive such information, including for the avoidance of doubt any Person (including counsel and other professionals) who is (or has been engaged by, represents or has represented) any Holder of a Claim against or Interest in the Debtors or any Person that alleges or may allege a Claim, directly or indirectly, relating to or arising out of the Debtors' Products or operations or (y) for any reason or in any manner other than as necessary for such Persons to perform their respective duties as set forth in the Plan or in the MDT Documents or the applicable Creditor Trust Documents. Notwithstanding the foregoing, nothing in the Plan shall preclude the MDT Trustees from providing information or documents received pursuant to Section 5.12 of the Plan to any Insurance Company as necessary to preserve, secure or obtain the benefit of the MDT Insurance Rights.

13. Public Document Repository

(i) **Summary**. The document disclosure program provided in the Plan will lead to the public disclosure of the most significant documents about Purdue, the Sackler family and the opioid crisis, including video depositions and millions of documents that Purdue produced in investigations and litigation over the past two decades. In addition, it will lead to the public disclosure of millions of documents not previously available to the public, including documents not previously produced in any investigation or litigation and

certain privileged documents from the years when Purdue developed and promoted OxyContin, as identified below. The document disclosure program and Public Document Repository will be conducted in a way to maximize public confidence and public access and will set a new standard for transparency.

(ii) **DOJ Repository Obligation**. The Debtors bear sole responsibility for complying with the DOJ document repository obligation set forth in the Plea Agreement ("DOJ Repository Obligation"), and the DOJ Repository Obligation is not modified by the Plan. Similarly, the Debtors' satisfaction of the DOJ Repository Obligation shall not diminish the additional commitment to disclosure provided by the Plan. Instead, the public shall receive the full benefit of both, and the Public Document Repository shall contain the full set of documents that the Debtors have agreed to host under the DOJ Repository Obligation.

(iii) **Disclosure Oversight Board**. As described further below, the disclosure program provided in the Plan shall be overseen by the DOB created on the Confirmation Date, consisting of up to four (4) representatives appointed by each of the Ad Hoc Committee, the Creditors' Committee, the States AG Negotiating Group and the MSGE Group and one (1) representative appointed by the Native American Tribe Group. No current or former director, officer, employee or attorney of the Debtors shall serve on the DOB or oversee the disclosure program.

(iv) **Purdue Legal Matters**. As described further below, important material for the disclosure program is contained in documents that the Debtors preserved, collected, logged and produced in connection with investigations and litigation about Purdue's opioid business. Many non-privileged documents were produced in those matters, and many privileged documents were identified and logged. Section 5.13 of the Plan provides for the disclosure of many documents from the Purdue Legal Matters, which is a broad set of investigations and litigation defined in the Plan.

(v) **Disclosure Program Budget**. As described further in the Plan, the disclosure program is designed to avoid unnecessary expense, including by employing an unpaid volunteer oversight board and by using negotiated agreements to avoid the need for litigation. The disclosure program shall be funded in an aggregate amount of $39 million, which shall be paid in the following installments: (i) $2 million on the Effective Date, (ii) $10 million on the second Scheduled MDT Distribution Date, (iii) $10 million on the third Scheduled MDT Distribution Date, (iv) $8.5 million on the fourth Scheduled MDT Distribution Date and (v) $8.5 million on the fifth Scheduled MDT Distribution Date (collectively, the "**Disclosure Program Budget**"). The Disclosure Program Budget shall be spent at the direction of the DOB. In addition, as provided in the Plan, Domestic Governmental Entities may elect (but are not required) to direct portions of their

distributions to the Public Document Repository under terms provided in the Plan. Moreover, the DOB shall be permitted, but not required, to coordinate its work on this disclosure program with the work of state Attorneys General on related disclosures in the opioid industry, in a manner that reduces the costs and increases the benefits of this disclosure program. Finally, to make efficient use of the knowledge and expertise of the Debtors and their professionals, the Plan provides for significant materials to be collected by the Effective Date, or as soon as reasonably practicable thereafter, as described further below. For the avoidance of doubt, the Public Document Repository shall not be owned, held, administered or operated by the DOB, the Master Disbursement Trust or any Creditor Trust; the role of the DOB is to develop and oversee a temporary program to set up the appropriate Public Document Repository and achieve the goals of the disclosure program.

(vi) Access Materials

(1) Subject to the Protected Information review, as described in Section 5.13(o) of the Plan, the Debtors, the Plan Administration Trust, or any entity or law firm designated by the Debtors or the Plan Administration Trust to assist in that review, shall provide the DOB access to a set of non-privileged materials for the purpose of accomplishing the Public Document Repository (collectively, the "**Access Materials**") on a rolling basis following the Effective Date. These Access Materials shall include:

(A) all transcripts and audio or video recordings of depositions taken in the Purdue Legal Matters, together with the exhibits to those depositions;

(B) all documents produced by the Debtors in the Purdue Legal Matters (which comprise more than thirteen million documents and more than one hundred million pages);

(C) the non-privileged documents from the Relativity Database (as defined in the Plan) (which are estimated to comprise more than twenty million additional documents beyond those produced in the Purdue Legal Matters);

(D) all privilege logs regarding documents withheld by the Debtors in the Purdue Legal Matters; and

(E) documents obtained during the Chapter 11 Cases by the NAS Committee regarding clinical and pre-clinical studies conducted by the Debtors or other companies associated with the Sackler Family Members.

(2) The Debtors, the Plan Administration Trust, or any entity or law firm designated by the Debtors or the Plan Administration Trust, will use their best efforts to complete the review of Protected Information and production of the Access Materials no later than 12 months after the Effective Date. Following entry of the Confirmation Order, the Debtors shall pay Wiggin and Dana LLP $5 million as a retainer on account of Wiggin and Dana LLP's fees and expenses in connection with the review of Protected Information as contemplated pursuant to Section 5.13(o) of the Plan. Upon its completion of such review, Wiggin and Dana LLP shall refund any unused portion of the $5 million to the Master Disbursement Trust concurrent with the final release of Access Materials to the DOB.

(3) All documents containing information that is redacted as described in Section 5.13(o) of the Plan, and not included in the Access Materials provided to the DOB, will be provided to the Plan Administration Trust. The Plan Administration Trust will retain these materials for the period described in Section 5.13(aa) of the Plan.

(vii) **Debtors' Relativity Database**. In the course of the Purdue Legal Matters, the Debtors collected a significant set of documents that are stored in a Relativity database (the "Relativity Database"). This collection includes files from more than two hundred custodians who played important roles at Purdue, including every Sackler Family Member who sat on the board or worked at the company. It also includes non-custodial documents, such as collections from electronic drives and paper archives. The custodial and non-custodial documents collected for the Relativity Database are from files that Purdue has preserved pursuant to broad document preservation policies in place for over twenty years, including from an email archive containing emails dating to the 1990s. Pursuant to the terms provided in Section 5.13 of the Plan, materials from the Relativity Database created before February 2018 will be available for the disclosure program as described in Section 5.13 of the Plan.

(viii) **Additional Collections**. On or before the Effective Date, the DOB will identify to the Debtors the additional custodians whose documents should be collected, to the extent possible, from the email archive and other preserved files, and the Debtors will load those files into the Relativity Database for inclusion as Access Materials or Sequestered Materials, as applicable.

(ix) **Sequestered Materials**. On the Effective Date, or as soon as reasonably practicable thereafter, the Debtors shall provide the Plan Administration Trust with certain Privileged documents, described below, collected by the Debtors during the course of the Purdue Legal Matters and stored in the

Relativity Database ("Sequestered Materials"), to be preserved for access by the DOB. The provision of the Sequestered Materials to the Plan Administration Trust shall not constitute a waiver of any applicable privileges, and, for clarity, no waiver of any applicable Privilege shall occur prior to the Sequestration Date (as defined in the Plan). The Sequestered Materials are estimated to include hundreds of thousands of documents. To leverage efficiencies, the Debtors' current document review teams with experience reviewing Purdue's documents for privilege will screen and review, as necessary, all documents currently in the Relativity Database for Privilege, attorney work product, confidentiality, the Health Insurance Portability and Accountability Act or similar state or federal statute and critical business information before turning over documents as Access Materials or as Sequestered Materials. The DOB will aid the Debtors' document review team in setting parameters and search terms to effectuate accurate screening and review. The DOB may, confidentially and subject to privilege, request and be provided with information, and, as necessary, an appropriate, expert-aided statistically valid sampling of the relevant documents or other methodologies to aid in the foregoing review under an appropriate protective order and non-waiver agreement.

(1) Subject to the Sequestration Date, the Debtors agree to waive attorney client and work product privilege over documents created before May 1, 2014 ("**Cutoff Date**") that fall within the following categories:

(A) Marketing materials, promotional materials and sales strategies. This will include, for example, legal advice on: marketing and promotional materials as part of the medical, regulatory, legal review process and other reviews of statements in promotional and marketing materials to ensure consistency with a product's labeling and legal requirements; sales training materials (such as how to instruct the sales team on what they can and cannot say about the products); review of all call notes and whether statements on sales calls were appropriate; call planning; and sales bulletins. For the avoidance of doubt, "sales strategies" in this paragraph includes documents related to (I) medical liaisons, (II) continuing medical education, (III) the evolve to excellence program, (IV) Purdue's interactions with medical advocacy groups, and (V) legal advice regarding the performance, selection, retention, management and compensation of personnel in sales and marketing;

(B) Materials reflecting legal advice on submissions to the FDA and compliance with FDA regulations. This will include, for example, advice on the decision to reformulate OxyContin,

advice on interactions and communications with FDA and advice on FDA requirements;

(C) Legal advice regarding distributions to or for the benefit of the Sackler Family Members;

(D) Legal advice regarding the organization or function of the board of directors;

(E) Legal advice regarding grants, gifts and other payments with respect to naming rights of Purdue and its shareholders;

(F) Legal advice regarding the performance, selection, retention, management and compensation of the CEO of Purdue Pharma;

(G) Legal advice regarding Purdue's interactions with state licensing boards and the federation of state medical boards;

(H) Legal advice regarding Purdue's interactions with key opinion leaders, advisory boards and treatment guidance;

(I) Legal advice regarding advocacy before the United States Congress or a state legislative branch with respect to (i) any opioid product sold by Purdue, including OxyContin, or (ii) any public policies regarding the availability and accessibility of opioid products;

(J) Employment records and files created before the Cutoff Date pertaining to employment terminations or disciplinary actions related to opioid sales and marketing, including documents created before the Cutoff Date pertaining to internal investigations of personnel related to marketing of opioids, in all cases subject to applicable federal and state privacy and similar laws with respect to employees and with any redactions necessary to comply therewith;

(K) To the extent provided during the time period while the corporate integrity agreement was in effect, legal advice regarding compliance with the corporate integrity agreement entered into between Purdue and the DOJ Office of the Inspector General of the U.S. Department of Health and Human Services;

(L) Legal advice regarding compliance with the consent judgments entered into between Purdue, the Debtors and the State Attorneys General and other state representatives in 2007;

(M) Legal advice to Purdue's public relations department regarding the promotion, sales, or distribution of Purdue's opioid products, including but not limited to their safety, efficacy, addictive properties, or availability of opioid products; and

(N) Legal advice to Purdue's compliance department regarding the organizational structure of the compliance department, including its processes for implementing order monitoring systems, suspicious order monitoring programs, and abuse deterrence and detection programs.

(2) Subject to the Sequestration Date, below, the Debtors agree to waive attorney client and work product privilege over the following categories of documents:

(A) Documents reflecting law department reviews of, and decisions regarding, healthcare providers and pharmacies pursuant to Purdue's abuse and diversion detection, order monitoring system and suspicious order monitoring programs, which will have been or will be provided to the DOJ under a June 2019 non-waiver agreement;

(B) Documents created before February 2018 reflecting legal review, analysis and advice with respect to advice received from McKinsey & Company, Publicis Groupe S.A., Publicis Health, LLC, Razorfish Health, Publicis Health Media, LLC, Publicis Touchpoint Solutions, Inc., or Verilogue, Inc. related to the sale and marketing of opioids; and

(C) Documents created before June 30, 2017 reflecting legal review, analysis and advice with respect to Practice Fusion.

(3) To the extent documents subject to any of the foregoing waivers were previously logged on a privilege log in a Purdue Legal Matter, the Debtors shall provide the DOB with amended privilege logs that indicate the entries being produced pursuant to these waivers. For the avoidance of doubt, Privileged communications (during the applicable time periods set forth in Section 5.13(i)(i) and (ii) of the Plan) about interactions with the media with respect to subject matters that are otherwise waived in the Plan are included in such waivers.

(4) Nothing in the Plan shall waive any third-party privilege or other rights, whether arising from a joint defense agreement, common interest privilege or otherwise, to which any document described in Section 5.13(i)(i) and (ii) of the Plan is subject and which the

Debtors do not have authority to waive. The Debtors will provide the DOB with privilege logs reflecting documents subject to such third-party privileges and rights that are identified in the course of identifying and compiling the Sequestered Materials. No documents subject to such third-party privileges and rights shall be included in the Public Document Repository, absent appropriate resolution of such third parties' rights and privileges. Further, no waiver of Privilege described in the Plan shall be construed as subject matter waiver. Subject to the foregoing, the Debtors, the Creditors' Committee, and the Governmental Consent Parties shall work together in good faith to ensure that all documents consistent with the Sequestered Material categories shall be available to the DOB for potential inclusion in the Public Document Repository in accordance with Section 5.13 of the Plan.

(x) **Protection of the Privilege**. For the avoidance of doubt, the Debtors do not waive any Privilege and do not agree to provide as Sequestered Materials for the Public Document Repository any Privileged documents or communications not otherwise identified in Section 5.13(i)(i) and (ii) of the Plan. Such Privileged documents and communications not otherwise identified in Section 5.13(i)(i) and (ii) of the Plan shall be removed from the Relativity Database and separately preserved, and shall not be eligible for the Public Document Repository at any time. All Privileged documents removed from the Relativity Database, and not included in the Sequestered Materials described above, will be provided to the Plan Administration Trust, separately from the Sequestered Materials. The Plan Administration Trust will retain these materials for the period described in Section 5.13(aa) of the Plan. For clarity, except for the Sequestered Materials identified in Sections 5.13(i)(i) and (ii) of the Plan, the Debtors shall not intentionally provide the Master Disbursement Trust or the DOB with access to any documents or content of documents that are Privileged. In the event that the Debtors inadvertently provide the Master Disbursement Trust or the DOB with access to Privileged documents except for those documents identified in Sections 5.13(i)(i) and (ii) of the Plan, that inadvertent provision shall not operate as a waiver of the Privilege, and, upon discovery, the DOB and/or the Master Disbursement Trust, as applicable, must promptly take steps to return the documents to the Plan Administration Trust or destroy such documents.

(xi) **Sequestration Date**. On the date that is the earlier of (i) six years after the Effective Date and (ii) the date no Material Litigation is or has been pending for the prior six months, including the pendency of any appeals, the Plan Administration Trust shall deliver the Sequestered Materials to the Host Institution (the "*Sequestration Date*"). Those materials shall be made available for assessment by the DOB and disclosure in the Public Document Repository, subject to the other provisions of Section 5.13 of the Plan.

(xii) **Responsibilities of the DOB**. The DOB shall be responsible for:

(1) accomplishing prompt, broad, permanent, public disclosure of millions of the Debtors' documents via the Public Document Repository in accordance with Section 5.13 of the Plan to allow the public to examine the Debtors' role in the opioid crisis;

(2) engaging with survivors, advocates, journalists, scholars, policymakers and others to ensure that the disclosure program serves the public;

(3) directing the use of the Disclosure Program Budget;

(4) maintaining protections for Protected Information, as described in Section 5.13 of the Plan;

(5) establishing procedures for resolution of challenges to the redaction or disclosure of information, as described in Section 5.13 of the Plan;

(6) overseeing the Host Institution's implementation of the disclosure program;

(7) coordinating, as appropriate, the disclosure of documents from other producing parties or non-parties in opioid cases whose confidential information is included in the Access Materials, including by discussing inclusion of Access Materials containing such third-party confidential information;

(8) ensuring the long-term sustainability and success of the disclosure program; and

(9) retaining and overseeing staff, counsel, or such other resources as are necessary and appropriate to accomplish the DOB's responsibilities under Section 5.13 of the Plan.

(xiii) **Host Institutions**. The host institution(s) shall be selected by the Governmental Consent Parties and the Creditors' Committee (the "Host Institutions"). The Host Institution will be responsible for hosting and maintaining the Public Document Repository in perpetuity, including but not limited to: maintaining control and security over documents in the Public Document Repository; providing an accessible user interface; and providing clear and transparent explanations of its procedures to the public. Subject to restrictions and oversight imposed by the DOB, the Host Institution may employ appropriate resources to accomplish its responsibilities, including but not limited to the use of permanent university employees, temporary employees, contractors and vendor services. Commensurate with the large responsibilities assigned to the Host Institution, and subject to the decisions and oversight of the DOB and the

requirements of the Plan, much of the Disclosure Program Budget may be directed to the Host Institution to fund the accomplishment of its responsibilities. As soon as practicable, the Debtors shall meet with the Host Institutions to agree upon the processes to be used by the Debtors to prepare the documents for delivery to DOB, including, for example, protocols, methodologies and technical specifications.

(xiv) **Prompt Disclosure**. In keeping with the importance of the matter, the DOB shall dedicate its best efforts to ensure prompt disclosure and shall seek to ensure that the public receives substantial disclosure at least every calendar quarter. The DOB shall prioritize prompt disclosure of the transcripts and audio and video recordings of depositions taken in the Purdue Legal Matters, together with the exhibits to those depositions. The Debtors will prioritize prompt production of the documents that Debtors have agreed to host pursuant to the DOJ Repository Obligation for immediate inclusion in the Public Document Repository for the sake of efficiency and cost savings.

(xv) **Redaction of Protected Information**

(1) The Debtors, the Plan Administration Trust, a successor entity to the Plan Administration Trust, or any entity or law firm designated by the Debtors or the Plan Administration Trust, shall implement appropriate procedures to protect the following information ("***Protected Information***") by redacting Protected Information in documents before they are provided to the DOB or disclosed to the public in the Public Document Repository and by promptly catching and correcting errors if Protected Information is disclosed. Protected Information is (i) any information protected from disclosure by the Health Insurance Portability and Accountability Act or similar state or federal statute; (ii) Social Security or tax identification numbers; (iii) personal financial account numbers; (iv) passport numbers and drivers' license numbers; (v) home addresses, personal email addresses, residential addresses, and personal phone numbers, including mobile phone numbers; (vi) information subject to confidentiality or trade secret rights of third parties that Debtors are without authority to abrogate; (vii) information subject to current Trade Secrets protection; (viii) information regarding individuals that is of a purely personal nature and does not pertain to the Debtors' opioid business or related practices; and (ix) other personally identifiable information otherwise protected by law. For the avoidance of doubt, Protected Information that should be redacted in a written document shall also be redacted in audio or video, such as deposition recordings.

(2) The Plan Administration Trust must provide to the DOB a redaction log identifying the basis for the redaction with sufficient detail to allow assessment of the redaction's merits. The States AG

Negotiating Group and Debtors will discuss and agree upon a robust audit process sufficient for the DOB to verify the Debtors' redactions are consistent with the final Plan, and the DOB's designee(s) and/or any auditors designated by the DOB will be given access to unredacted documents for this purpose subject to confidential safeguards to be agreed upon.

(3) The Debtors and the Plan Administration Trust will prioritize the review of certain documents and custodians at the DOB's request.

(4) **Trade Secret**. A 'trade secret' is information, including a formula, pattern, compilation, program, device, method, technique or process, that (i) derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure and use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Information reflecting opioid sales or promotional strategies, tactics, targeting, or data, or internal communications regarding sales or promotion of opioids will not be considered subject to trade secret protection unless the information is or contains specifically enumerated categories of Debtors' Information subject to trade secret protection set forth in Section 5.13(o)(v) of the Plan, and then only such information will be redacted.

(5) **Debtors' Information Subject to Current Trade Secrets Protection**. The following Debtor documents will be subject to trade secret protection: (i) documents that contain Debtors' trade secrets regarding (a) ANDA/NDA information that is not publicly available or is redacted in FDA filings, including development reports, batch records, and inspections, provided the redacted information contains trade secrets, and (b) Debtors' proprietary models, including the Rebate Return Model and the License & Supply Analysis Model; and (ii) documents dated less than ten (10) years before the disclosure that contain Debtors' trade secrets regarding: (a) Internal Cost of Goods Sold (COGS), including elements and calculations used to calculate COGS such as raw material sourcing, pricing, internal overhead, and capacity allocations, (b) Return on Rebate Model Data Output, and (c) License & Supply Analysis Model Data Output, including COGS, demand data, and gross-to-net information. Only the information subject to trade secrets protection will be redacted. Information reflecting opioid sales or promotional strategies, tactics, targeting, or data, or internal communications related to sales or promotion of opioids will not be considered subject to trade secret protection unless the information is or contains the narrow categories in this

section, and then only the information subject to current trade secrets protection will be redacted.

(xvi) **Limits on Redaction**. There shall be no redaction of: (i) names of the Debtors' directors, officers, employees, agents, attorneys or consultants or of prescribers or of officials or employees of a government agency, or (ii) email addresses at the "pharma.com" or "purduepharma.com" domain.

(xvii) **Notice to Third Parties**. Debtors shall provide notice to third parties, consistent with such third-party agreements, whose trade secrets or confidential information may appear in documents which are to be provided to the DOB.

(xviii) **Inadvertent Release of Privileged or Protected Information**. Notwithstanding anything else in the Plan, the Public Document Repository shall not contain or disclose any documents or content of documents that are Privileged, except for those documents identified in Sections 5.13(i)(i) and (ii) of the Plan that are eligible for the Public Document Repository, or any Protected Information. Inadvertent disclosure of Privileged documents in the Public Document Repository does not operate as a waiver of Privilege, and, upon discovery, any Privileged documents shall be promptly removed from the Public Document Repository. The DOB will establish a procedure that permits any party or member of the public to identify or challenge the disclosure of any potentially Protected Information placed in the Public Document Repository. The DOB will cause any document identified through this process to be immediately removed from the Public Document Repository pending review. Any disagreements regarding whether such material is Protected Information shall be resolved by the Special Master.

(xix) **Special Master**. Shortly after the Confirmation Date, the Debtors shall file an appropriate motion asking the Bankruptcy Court or the United States District Court for the Southern District of New York to select and appoint a disclosure oversight Special Master. The Special Master's qualifications shall include former service as a judicial officer, whether as a state or federal judge, and no current or former director, officer, employee or attorney of the Debtors, the Sackler Family Members, the Creditors' Committee, or the Governmental Consent Parties shall be eligible to be appointed as the Special Master, counsel or staff working under the Special Master, *provided* that prior work for a Governmental Consent Party that was completed prior to 2015 shall not preclude the appointment of a Special Master. The Special Master will adjudicate all privilege and related disputes. The Special Master's reasonable hourly fees and expenses shall be paid out of the Disclosure Program Budget except as the Special Master orders otherwise upon finding that a party advanced an argument that was frivolous, harassing or in bad faith.

(1) **Selection of Special Master**. The selection of the Special Master shall be made by the Bankruptcy Court; *provided* that the Bankruptcy Court may consider a recommendation made jointly by the Debtors, the Sackler Family Members, the Creditors Committee, and the Governmental Consent Parties. For the purposes of determining if there is to be a joint recommendation, five (5) Business Days after the Confirmation Date, the parties ((x) the Debtors, (y) the Creditors' Committee, the Governmental Consent Parties and (z) the Sackler Family Members) each shall exchange a list of up to five (5) names as recommendations for the role of Special Master. The Debtors thereafter shall make a motion to the Bankruptcy Court to select a Special Master. If there are names in common on the exchanged lists, the Debtors' motion shall be limited to any name or names that are common to all such parties' lists. If there is no name common to each of the three lists, the Debtors' motion will ask the Bankruptcy Court, in its discretion, to select a Special Master.

(2) **Disclosure Challenges**: To the extent that the DOB seeks to (A) challenge the Debtors' assertion of Privilege with respect to any documents withheld or redacted from production in the Purdue Legal Matters, or excluded by the Debtors from the Access Materials, or (B) disclose any Protected Information in the Public Document Repository, such efforts shall be subject to review by the Special Master, who shall have final say regarding whether (y) the DOB should be provided with such materials, and (z) such materials shall be protected from public disclosure.

(3) **Timing of Challenges**: All challenges to the redaction or withholding of documents from the Public Document Repository, including with regard to the Privilege and to Protected Information, including challenges brought by either the DOB or members of the public, shall be brought within the later of (A) one (1) year of the Effective Date and (B) one (1) year from when the document or information at issue is first withheld from the Public Document Repository by redaction or logging.

(4) **Counsel for Challenges**: On or shortly after the Effective Date, the Debtors, the Governmental Consent Parties, and the Creditors' Committee shall agree to appoint a law firm to defend Privilege and Protected Information assertions against challenges ("**Defense Counsel**"); *provided, however*, that if the Debtors, the Governmental Consent Parties, and the Creditors' Committee are unable to reach an agreement regarding the identity of Defense Counsel, the Bankruptcy Court shall appoint the Defense Counsel. Third parties shall represent themselves before the Special Master and shall bear their own costs.

(5) **Procedure for Challenges**: Any party seeking to initiate a challenge to the Privilege or Protected Information designation of a document or information in a document or any other challenge to the inclusion or exclusion of documents in the Public Document Repository (the "**Petitioner**") must first, as a condition precedent to any such challenge, meet and confer with the relevant defense counsel by serving a written statement of the specific material being disputed and the reasons for disputing each such material. If the meet and confer does not resolve the dispute, then the Petitioner shall submit a brief to the Special Master arguing why each individual document at issue should not be considered Privileged or Protected Information or should otherwise be included or excluded. Once a challenge has been submitted, the Special Master shall set a briefing schedule, permitting defense counsel no fewer than twenty-one (21) days to respond to the challenge, which may include in camera submissions in response. At the discretion of the Special Master, the briefing schedule may also include supplemental submissions, oral argument or other procedures the Special Master deems necessary to reach a determination. The Special Master shall then evaluate and decide the challenge based upon existing legal precedent of federal law within the U.S. Court of Appeals for the Second Circuit, and shall be empowered to determine whether such materials are subject to a valid claim of Privilege or otherwise constitute Protected Information or should have otherwise been included or excluded, but shall not be empowered to waive any Privilege ever asserted by the Debtors with respect to the Purdue Legal Matters or with respect to the Access Materials or the Sequestered Materials. If the Petitioner does not prevail, then the Special Master shall have the discretion to shift to the Petitioner some or all of the reasonable legal expense of Defense Counsel, whose reasonable fees and expenses shall otherwise be paid for by the Disclosure Program Budget. If the Special Master determines that the challenge was frivolous, harassing, needlessly increasing costs or expenses, or otherwise brought for an improper purpose, then the Special Master shall shift to the Petitioner some or all of the reasonable legal expense of Defense Counsel. For avoidance of doubt, any materials determined by the Special Master to be Privileged or to contain Protected Information shall not be included in the Public Document Repository.

(6) Pending resolution of a challenge asserting a document was improperly disclosed, the Host Institution shall remove or redact each identified, challenged document.

(xx) Materials Produced by Shareholder Released Parties. The Public Document Repository shall include all Sackler Family Members' documents that were produced in the Chapter 11 Cases and that relate to the

manufacturing, sale or marketing of opioids in the United States, the Debtors' alleged role or liability in connection with the opioid crisis or the regulatory approval of any opioid product sold in the United States by the Debtors, but subject to appropriate exclusions for documents covered by the attorney-client and work product privileges and certain confidential information (including exclusions for information and documents related to the finances, financing activities, taxes and tax filings, investments and third party business and advisory relationships of the Shareholder Released Parties).

(1) The Special Master appointed in accordance with Section 5.13(s) of the Plan shall resolve disputes regarding whether certain documents or information is required to be included in the document repository by the Sackler Family Members.

(2) The Sackler Family Members shall have the right to claw back documents that they were entitled to exclude in accordance with this provision but inadvertently produced to the Public Document Repository, and such inadvertent production shall not operate as a waiver of rights. The Special Master shall resolve any disputes between Sackler Family Members, the Governmental Consent Parties, and the DOB concerning the exercise of clawback rights.

(3) For the avoidance of doubt, "Sackler Family Members' documents" refer only to documents in the Sackler Family Members' possession, custody or control. Section 5.13(t) of the Plan does not refer to documents including or involving Sackler Family Members that are in the Debtors' possession, custody or control.

(xxi) Release of Confidentiality Rights by Parties Receiving Releases. With regard to the disclosure of information in the Public Document Repository as authorized by Section 5.13 of the Plan, the protections provided to Released Parties and Shareholder Released Parties shall be limited to the protections provided by the Plan. To the extent that Released Parties and Shareholder Released Parties possess rights to confidentiality beyond those provided in the Plan (for example, a contractual confidentiality provision) or the Direct Claims Shareholder Settlement Agreements, those rights are waived to facilitate this disclosure program in exchange for the benefit of the releases provided to the Released Parties and Shareholder Released Parties by the Plan.

(xxii) DOJ Settlement Communications. Communications between the Debtors and DOJ regarding settlement or cooperation between 2015 and the final, non-appealable conclusion of *U.S. v. Purdue Pharma L.P.*, Case 2:20-cr-01028-MCA (D.N.J.) shall be protected from disclosure to the Master Disbursement Trust and the DOB and shall not be included in the Public Document Repository, nor shall any internal Debtor documents reflecting

such communications or the strategy for such communications. The Debtors shall implement this exclusion when creating the set of Sequestered Materials.

(xxiii) Documents Produced By Certain Financial Institutions. The disclosure program shall not include the documents produced by financial institutions pursuant to the examination authorized by the Bankruptcy Court at D.I. 1143. For the avoidance of doubt, if the same information also appears in a second source that is subject to disclosure (e.g., a deposition exhibit), then the information in that second source is subject to disclosure.

(xxiv) Active Vendor Contracts. The Public Document Repository shall not disclose the NewCo's active vendor contracts or expired contracts that would reveal the sum and substance of active contracts.

(xxv) Exculpation and Indemnification of DOB members and Host Institution. To the maximum extent permitted by applicable law, the DOB members, whenever appointed, and the Host Institution shall not have or incur any liability for actions taken or omitted in his or her capacity as a DOB member, or on behalf of the DOB, except those acts found to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of his or her actions or inactions in his or her capacity as a DOB member, except for any actions or inactions found to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of any of the DOB members shall be satisfied from the Disclosure Program Budget.

(xxvi) Reports. On each of the first five anniversaries of the Effective Date, the DOB shall publish a public report describing the activities of the disclosure program, the use of any funds expended, and any funds committed for future use.

(xxvii) Wind Down. In or after one year following the Sequestration Date, the DOB shall wind itself down. If appropriate to facilitate the long-term success of the Public Document Repository, the DOB may arrange for another long-lived institution, such as one or more Attorneys General Offices, to interact with the Host Institution after the DOB is wound down (e.g., by receiving reports). Upon the wind down of the DOB, (i) the Host Institution shall be responsible for the permanent maintenance of the Public Document Repository; *provided* that, for avoidance of doubt, the access to the Access Materials and the Sequestered Materials granted to the DOB herein shall not be transferred to any successor institution other than the Host Institution and (ii) any Access Materials or Sequestered Materials in the possession of the DOB but not included in the Public Document Repository, for any reason, shall be, at NewCo's election, delivered to

NewCo or destroyed or, if all or substantially all of the Assets of or Interests in NewCo have been sold, destroyed or delivered to Defense Counsel. Within ninety (90) days of the announcement of the dissolution of the Plan Administration Trust, the Plan Administration Trust shall use commercially reasonable efforts to return Privileged and Protected Information materials to Defense Counsel who shall retain the materials in a segregated client file.

(xxviii) Master Disbursement Trust. For the avoidance of doubt, nothing in Section 5.13 of the Plan limits the rights of the Master Disbursement Trust, subject to and in accordance with Section 5.12 of the Plan, to access or use Privileged documents, including Excluded Privileged Materials, in connection with any potential or actual Causes of Action, including, among other things, any potential or actual Causes of Action contemplated by or that may result from, the Shareholder Settlement Agreement, including, without limitation, with respect to a Cause of Action against a Shareholder Release Snapback Party upon the filing of a Notice of Shareholder Release Snapback.

14. Effective Date Cash; Surplus Reserved Cash

(i) Effective Date Fixed Payments. On the Effective Date, Effective Date Cash shall be used to fund (i) the Professional Fee Escrow Account in an amount necessary to satisfy Professional Fee Claims in accordance with Section 2.1(b) of the Plan, (ii) the Priority Claims Reserve in an amount necessary to satisfy estimated Allowed Administrative Claims (other than Professional Fee Claims and the DOJ Forfeiture Judgment Claim), Allowed Secured Claims and Allowed Priority Claims, (iii) the Claims Reserves in accordance with Section 7.2 of the Plan, (iv) the Disputed Cure Claims Reserve in accordance with Section 8.2(d) of the Plan, (v) the Wind-Up Reserve in accordance with Section 5.3(d) of the Plan, (vi) the MDT Operating Reserve in accordance with Section 5.6(f) of the Plan, (vii) the Special Operating Reserve in accordance with Section 5.7(a) of the Plan, (viii) the Initial NewCo Cash in accordance with Section 5.4(c) of the Plan, (ix) the applicable PAT Distribution Account in the amounts necessary to make Distributions required in accordance with Article IV of the Plan in respect of Allowed Adlon General Unsecured Claims, Allowed Avrio General Unsecured Claims, and Allowed Other General Unsecured Claims, each to the extent Allowed as of the Effective Date, (x) the Initial Private Creditor Trust Distributions, (xi) the Initial Federal Government Distribution, (xii) the Initial Public Schools Distribution, (xiii) amounts required to establish the Public Document Repository in accordance with Section 5.13 of the Plan, (xiv) the upfront insurance premium payments and other amounts in accordance with Sections 5.3(e), 5.4(f) and 5.5(c) of the Plan and (xv) any other amounts required to be paid on the Effective Date pursuant to the Plan. No later than five (5) Business Days prior to the Effective Date, the Debtors shall provide notice to the Creditors' Committee and the Governmental Consent Parties of the then-current estimated amount

of Effective Date Cash and all amounts described in Section 5.14(a) of the Plan, and shall promptly notify the Creditors' Committee and the Governmental Consent Parties of any changes to such estimations prior to the Effective Date. Any objection by the Creditors' Committee or the Governmental Consent Parties with respect to the Debtors' proposed amount of funding of any PAT Reserve shall be resolved by the Bankruptcy Court.

(ii) **Initial Public Creditor Trust Distributions.** On the Effective Date, all Effective Date Cash remaining after the satisfaction of all amounts described in the foregoing paragraph (a) shall be used to make the Initial Governmental Remediation Trust Distribution and the Initial Tribe Trust Distribution.

(iii) **Surplus Reserved Cash**. Prior to the dissolution of the Plan Administration Trust, the Plan Administration Trustee shall determine, on each six (6)-month anniversary of the Effective Date, whether the amounts available in any PAT Reserve exceed the amounts necessary to satisfy the purpose for which such reserves were established. If the Plan Administration Trustee determines that a surplus exists in any PAT Reserve as of the date of such determination, such Surplus Reserve Cash shall be (i) *first*, used to satisfy any funding deficiency in any other PAT Reserve and (ii) *second*, with respect to any amounts not used to satisfy any such funding deficiency in another PAT Reserve, transferred to the Master Disbursement Trust in accordance with the MDT Agreement. All Cash and cash equivalents of the Plan Administration Trust remaining upon the dissolution of the Plan Administration Trust, including any remaining Surplus Reserve Cash in the PAT Reserves, shall be transferred to the Master Disbursement Trust in accordance with the MDT Agreement.

15. Corporate Action

(i) **Dissolution of Boards of the Debtors**. As of the Effective Date, the respective boards of directors and managers, as applicable, of each of the Debtors shall be terminated and dissolved and the members of each of the boards of directors and managers, as applicable, of the Debtors shall be deemed to have resigned.

(ii) **Continued Existence of the Liquidating Debtors**. Each of the Debtors, other than the Transferred Debtors, shall continue to exist as a Liquidating Debtor after the Effective Date in accordance with the laws of the state under which such Debtor was formed and pursuant to its certificate of incorporation, bylaws, articles of formation, operating agreement, and other organizational documents, as applicable, in effect prior to the Effective Date, except to the extent such organizational documents are amended under the Plan, for the limited purposes of liquidating all of the Assets of such Debtor's Estate and making distributions in accordance with the Plan. From

and after the Effective Date, except as set forth in the Plan, the Liquidating Debtors (i) for all purposes shall be deemed to have withdrawn their business operations from any state in which the Liquidating Debtors were previously conducting, or are registered or licensed to conduct, their business operations, and shall not be required to file any document, pay any sum, or take any other action in order to effectuate such withdrawal, (ii) shall be deemed to have canceled pursuant to the Plan all PPI Interests and, as of the PPLP Dissolution Date, all PPLP Interests, and (iii) shall not be liable in any manner to any taxing authority for franchise, business, license or similar taxes accruing on or after the Effective Date.

(iii) **Appointment of the PPLP Liquidator as the Sole Representative for the Liquidating Debtors**. On the Effective Date, the PPLP Liquidator shall be appointed as the sole director and sole officer of the Liquidating Debtors, and shall succeed to the powers of the Liquidating Debtors' general partners, directors and officers. From and after the Effective Date, the PPLP Liquidator shall be the sole representative of, and shall act for, the Liquidating Debtors and administer the winding up and dissolution of the Liquidating Debtors. The PPLP Liquidator shall act for the Liquidating Debtors in the same fiduciary capacity as applicable to a board of directors and officers, subject to the provisions hereof (and all certificates of formation, partnership agreements, operating agreements, membership agreements and related documents are deemed amended by the Plan to permit and authorize the same). Any fees and expenses incurred by the PPLP Liquidator shall be paid by the Plan Administration Trustee from the Wind-Up Reserve.

(iv) **Merger; Dissolution; Consolidation of the Liquidating Debtors**. On or after the date(s) upon which the Plan Administration Trust is established, the Liquidating Debtors or the PPLP Liquidator may, subject to the terms of the Plan, cause any or all of the Liquidating Debtors to be merged into one or more of the Liquidating Debtors, dissolved or otherwise consolidated and engage in any other transaction in furtherance of the Plan. Notwithstanding the foregoing, upon the dissolution of each Liquidating Debtor by the PPLP Liquidator after the completion of the acts required of such Liquidating Debtor pursuant to the Plan, such Liquidating Debtor shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of such Liquidating Debtor; *provided*, *however*, that each Liquidating Debtor or the PPLP Liquidator, as applicable, shall file with the office of the Secretary of State, or other appropriate office for the state of its organization, a certificate of cancellation or dissolution.

(v) **Charter and Bylaws**. To the extent necessary or appropriate, the charters, by-laws and other organizational documents of the Debtors shall be amended, or amended and restated as necessary, in a manner consistent with

section 1123(a)(6) of the Bankruptcy Code, if applicable, and the terms of the Plan.

(vi) **No Further Action**. Each of the matters provided for under the Plan involving the corporate structure of the Debtors or the Plan Administration Trust, or corporate action to be taken by or required of the Debtors, shall, as of the Effective Date, be deemed to have occurred (unless contemplated under the Plan to occur before or after the Effective Date) and be effective as provided in the Plan, and shall be authorized and approved in all respects without any requirement of further action by any Person, including, but not limited to, the Plan Administration Trustee, the PPLP Liquidator, Holders of Claims against or Interests in the Debtors or directors or officers of the Debtors.

(vii) **Effectuating Documents**. Prior to or after the Effective Date, any appropriate officer of the Debtors or the PPLP Liquidator, as applicable, shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

(viii) **Exculpation and Indemnification of the PPLP Liquidator**. To the maximum extent permitted by applicable law, the PPLP Liquidator shall not have or incur any liability for actions taken or omitted in its capacity as the PPLP Liquidator, except those acts found by Final Order to be arising out of its willful misconduct, bad faith, gross negligence, or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of its actions or inactions in its capacity as the PPLP Liquidator, except for any actions or inactions found by Final Order to be arising out of its willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of the PPLP Liquidator shall be satisfied from the Wind-Up Reserve.

16. Cancellation of Notes, Interests, Instruments, Certificates and Other Documents

Except as otherwise provided in the Plan, on and after the Effective Date, all PPLP Interests and PPI Interests and all notes, instruments, certificates, agreements, indentures, mortgages, security documents and other documents evidencing Claims against or Interests in the Debtors or obligations of the Debtors or the Liquidating Debtors, as applicable, thereunder or in any way related to the foregoing shall be deemed canceled, satisfied in full and of no further force or effect without any need for further action or approval of the Bankruptcy Court.

17. Closing of Chapter 11 Cases

After a Debtor's Estate has been fully administered, the Plan Administration Trustee shall seek authority from the Bankruptcy Court to close the applicable Chapter 11 Case in accordance with the Bankruptcy Code and Bankruptcy Rules.

E. Distributions

1. Distributions Generally

Except as otherwise provided in the Plan or the PAT Agreement, all Distributions in respect of Allowed Claims, other than Channeled Claims, shall be made by the Disbursing Agent, or such other Persons designated by the Plan, in accordance with the terms of the Plan, including Article VI of the Plan. Except with respect to Sections 6.17, 6.20, and 6.21 of the Plan, Article VI of the Plan shall not apply to Channeled Claims.

2. Distributions on the Effective Date

On the Effective Date or as soon as reasonably practicable thereafter, the Disbursing Agent shall make Distributions (a) from the Priority Claims Reserve in respect of Allowed Administrative Claims, Allowed Secured Claims and Allowed Priority Claims, each in an amount and to the extent Allowed as of the Effective Date, and (b) from the PAT Distribution Account in respect of Allowed Avrio General Unsecured Claims and Allowed Adlon General Unsecured Claims, each in an amount required in accordance with Article VI of the Plan and solely to the extent Allowed as of the Effective Date.

3. Date of Distributions

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

4. Disbursing Agent

The Disbursing Agent shall be deemed to hold all property to be distributed under the Plan in trust for the Persons entitled to receive the same. The Disbursing Agent shall not hold an economic or beneficial interest in the property to be distributed under the Plan. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties.

5. Rights and Powers of Disbursing Agent

The Disbursing Agent shall be empowered to (a) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan, (b) make all Distributions contemplated by the Plan, (c) employ professionals to represent it with respect to its responsibilities and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

The Disbursing Agent shall only be required to act and make Distributions in accordance with the terms of the Plan and the PAT Agreement, and shall have no (x) liability for actions taken in accordance with the Plan and the PAT Agreement or in reliance upon information provided to it in accordance with the Plan or (y) obligation or liability in respect of any Channeled Claims or

for Distributions under the Plan to any party who does not hold an Allowed Claim administered by the Plan Administration Trust at the time of Distribution or who does not otherwise comply with the terms of the Plan; *provided, however*, that the foregoing shall not affect the liability that otherwise would result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted willful misconduct, gross negligence, intentional fraud or criminal conduct of any such Person.

6. Expenses of Disbursement Agent

Any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date shall be paid in Cash by the Plan Administration Trustee from the Wind-Up Reserve.

7. Delivery of Distributions

Subject to Bankruptcy Rule 9010, the Disbursing Agent shall make all Distributions to any Holder of an Allowed Claim at the address of such Holder (a) as set forth on the Schedules filed with the Bankruptcy Court or (b) on the books and records of the Debtors or their agents, unless the Disbursing Agent has been notified in writing of a change of address, including, without limitation, by filing of a Proof of Claim by such Holder that contains an address for such Holder that is different than the address of such Holder as set forth in the Schedules or on such books and records of the Debtors.

8. Undeliverable and Unclaimed Distributions

In the event that any Distribution to any Holder of an Allowed Claim is returned as undeliverable, no Distribution to such Holder shall be made unless and until the Disbursing Agent has been notified of the then-current address of such Holder, at which time or as soon as reasonably practicable thereafter such Distribution shall be made to such Holder without interest; *provided*, *however*, that all Distributions made by the Disbursing Agent that are unclaimed for a period of six (6) months after the Distribution thereof shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and shall revest in the Plan Administration Trust, and any entitlement of any Holder of any Claims to such Distributions shall be extinguished and forever barred.

9. Distribution Record Date

As of the close of business on the Distribution Record Date, the Claims register shall be closed. The Disbursing Agent shall have no obligation to recognize any transfer of any such Claims occurring after the close of business on the Distribution Record Date and shall instead be entitled to recognize and deal, for all purposes under the Plan, with only those Holders of record as of the close of business on the Distribution Record Date.

10. Manner of Payment under Plan

At the option of the Disbursing Agent, any Cash payment to be made pursuant to the Plan may be made by a check or wire transfer or as otherwise required or provided in the PAT Agreement.

11. Minimum Cash Distributions

The Disbursing Agent shall not be required to make any Distributions of Cash in an amount less than $100, or such lower amount as determined by the Disbursing Agent in accordance with the PAT Agreement, to any Holder of an Allowed Claim; provided, however, that if any Distribution is not made pursuant to Section 6.11 of the Plan, such Distribution shall be added to any subsequent Distribution to be made on behalf of such Holder's Allowed Claims. The Disbursing Agent shall not be required to make any final Distribution of Cash in an amount less than $25 to any Holder of an Allowed Claim. If the amount of any final Distribution to any Holder of Allowed Claims would be $25 or less, then such Distribution shall be made available for Distribution to all Holders of Allowed Claims in the same Class receiving final Distributions of at least $25.

12. Setoffs and Recoupment

Subject to Section 2.1 and Sections 10.5 through 10.13 of the Plan, the Disbursing Agent may, but shall not be required to, set off against or recoup from any Claim against the Debtors, and from any payments to be made pursuant to the Plan with respect to such Claim, any Claims of any nature whatsoever (to the extent permitted by applicable law) that the Debtors or the Plan Administration Trust, as applicable, may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtors or the Plan Administration Trust of any such Claim it may have against such Holder.

13. Claims Paid or Payable by Third Parties

The Plan Administration Trustee shall reduce in full a Claim against the Debtors, and such Claim shall be Disallowed without a Claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from any Person that is not a Debtor. Subject to the last sentence of this paragraph, to the extent a Holder of a Claim against the Debtors receives a Distribution on account of such Claim and receives payment from a Person that is not a Debtor on account of such Claim, such Holder shall, within fourteen (14) days of receipt thereof, repay or return the Distribution to the Plan Administration Trust to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such Distribution under the Plan. The failure of such Holder to timely repay or return such Distribution shall result in the Holder owing the Debtors annualized interest at the federal judgment rate on such amount owed for each Business Day after the fourteen (14)-day grace period specified above until the amount is repaid.

14. Distributions after Effective Date

Distributions made after the Effective Date to Holders of Non-Participating Channeled Claims and other Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be deemed to have been made on the Effective Date (except for U.S. federal income tax purposes).

15. No Postpetition Interest and Penalties on Claims

Unless otherwise provided for in the Plan or the Confirmation Order or required by the Bankruptcy Code, no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date or to penalties on any Claim. Any such interest or penalty component of any such Claims, if Allowed, shall be paid only in accordance with section 726(b) of the Bankruptcy Code.

16. Allocation of Distributions between Principal and Interest

To the extent that any Allowed Claim is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor or any other Person and is entitled to accrued but unpaid interest thereon, it is intended, subject to applicable law, that such Distribution shall be allocated first to the principal amount of the Allowed Claim (as determined for U.S. federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Allowed Claim, to accrued but unpaid interest.

17. No Constructive Receipt

No Holder of Claims shall be treated as receiving a Distribution for U.S. federal income tax purposes except to the extent such Holder is entitled to receive such Distribution directly under the Plan (or such Distribution is made in satisfaction of an obligation of such Holder). All parties (including, without limitation, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Master Disbursement Trust, the MDT Trustees and the Creditor Trusts) shall report consistently with the foregoing for U.S. federal income tax purposes.

18. No Distribution in Excess of Amount of Allowed Claim

Notwithstanding anything to the contrary in the Plan, no Holder of an Allowed Claim shall receive, on account of such Allowed Claim, Distributions in excess of the Allowed amount of such Claim when combined with amounts received by such Holder from other sources.

19. Satisfaction of Claims

Unless otherwise provided in the Plan, the Distributions and deliveries to be made on account of Allowed Claims under the Plan shall, in the aggregate, be in complete and final satisfaction, settlement and discharge of, and exchange for, such Allowed Claims. The Distributions and deliveries to be made on account of Claims under the Plan shall additionally be in consideration of the release and discharge of any and all Released Claims and Shareholder Released Claims related to or arising from such Claims.

20. Withholding and Reporting Requirements

(i) Withholding Rights. In connection with the Plan, and all instruments or Interests issued in connection therewith and in consideration thereof, any party issuing any instrument or Interest or making any Distribution or other payment described in the Plan shall comply with all applicable withholding and reporting requirements imposed by any U.S. federal, state or local or foreign taxing authority, and all Distributions pursuant to the Plan and all

related agreements shall be subject to any such withholding or reporting requirements to the extent required under applicable law. In the case of a non-Cash Distribution that is subject to withholding, the distributing party may withhold a portion of such distributed property equal in value to the tax to the extent required to be withheld, and either (i) sell such withheld property to generate Cash necessary to pay over the withholding tax (or reimburse the distributing party for any advance payment of the withholding tax), or (ii) pay the withholding tax using its own funds and retain such withheld property. Any amounts withheld pursuant to Section 6.20(a) of the Plan and properly remitted to the applicable Governmental Unit shall be deemed to have been distributed to, and received by, the applicable recipient for all purposes of the Plan. In the event that any Person issues any instrument or Interest or makes any non-Cash Distribution pursuant to the Plan that is subject to withholding tax and such issuing or distributing party has not sold such withheld property to generate Cash to pay the withholding tax, or paid the withholding tax using its own funds and retained such withheld property as described above, such issuing or distributing party has the right, but not the obligation, to not make a Distribution until such Holder has made arrangements reasonably satisfactory to such issuing or disbursing party for payment of any such tax obligations, after which such issuing or disbursing party shall return to such Holder the portion of the property previously withheld.

(ii) Forms. Any party entitled to receive any Cash or other property under the Plan shall, upon request, deliver to the Disbursing Agent, the Master Disbursement Trust, the applicable Creditor Trust, NewCo, the Foundation or such other Person designated by the Plan Administration Trustee (which Person shall subsequently deliver to the Disbursing Agent any applicable IRS Form W-8 or Form W-9 or other forms or documents received), as applicable, a properly executed IRS Form W-9 or Form W-8, as applicable, and any other forms or documents reasonably requested by such party, to reduce or eliminate any withholding required by any U.S. federal, state, local or foreign taxing authority. Except as otherwise provided in the Creditor Trust Documents, as applicable, if any such request is made by such party in accordance with the foregoing, and the Holder fails to comply before the date that is three hundred sixty-five (365) calendar days after the request is made, the amount of such Distribution shall irrevocably revert to the Plan Administration Trust, the Master Disbursement Trust, the applicable Creditor Trust, NewCo or the Foundation, as applicable, and any Claim with respect to such Distribution shall be discharged and forever barred from assertion against such party or its property.

(iii) Tax Liability. Notwithstanding Section 6.20(a) of the Plan, each Holder of a Claim or other Person that receives or is to receive a Distribution pursuant to the Plan shall have the sole and exclusive responsibility for the satisfaction and payment (to the extent not withheld from such Distribution pursuant to Section 6.20(a) of the Plan) of any tax obligations imposed on

such Holder by any Governmental Unit, including income, withholding and other tax obligations, on account of such Distribution.

21. Post-Confirmation Claims

Except as otherwise provided in the applicable Creditor Trust TDP, in the event a Person seeks payment at any time on account of a Channeled Claim as to which no Proof of Claim was filed before the Bar Date and/or for which no motion seeking leave or order granting leave to file a late Proof of Claim was filed or entered before the Confirmation Date, or as to which no Proof of Claim was required to be filed, such Person shall not be entitled to any payment or distribution on account of such Channeled Claim unless such Channeled Claim is held by a Settling Creditor. If such Channeled Claim is held by a Settling Creditor, such Person shall be entitled to seek to recover on such Channeled Claim solely from the Creditor Trust to which such Channeled Claim is or was channeled pursuant to the Master TDP, as determined by the Bankruptcy Court, and any such recovery shall be solely in accordance with and to the extent provided in the Creditor Trust TDP for such Creditor Trust. After the Effective Date, in addition to the Person seeking to assert such Channeled Claim and any Person against which such Channeled Claim is purportedly asserted, only the MDT Trustees, the Creditor Trustees and NewCo shall have standing to participate in any action before the Bankruptcy Court [(or, in the event that such actions are heard before another tribunal, before such tribunal)] in respect of the foregoing. For the avoidance of doubt, nothing in this paragraph is intended or shall be construed to enlarge, amend or modify the provisions of the Bar Date Order, nor is anything in this paragraph intended to derogate from, modify or amend the terms and conditions of any Creditor Trust TDP or the Master TDP or the rights of any MDT Trustee, Creditor Trustee or claims administrator for any Creditor Trust.

F. Procedures for Non-Participating Channeled Claims and Other Disputed Claims

1. Procedures for Non-Participating Channeled Claims and other Disputed Claims Generally

Except as otherwise provided in the Plan, the PAT Agreement, or the Creditor Trust Documents, all Claims against the Debtors that are Non-Participating Channeled Claims or otherwise Disputed as of the Effective Date shall be subject to the claims resolution procedures set forth in the Plan, including Article VII of the Plan. Any Distributions on account of Non-Participating Channeled Claims or other Disputed Claims shall be reserved pending the completion of the Claims resolution process in Article VII of the Plan.

2. Non-Participating Claims Reserves; PAT Disputed Claims Reserves

(i) **Establishment**. On the Effective Date, or as soon as reasonably practicable thereafter, the Plan Administration Trustee and each applicable Creditor Trustee shall, consistent with and subject to section 1123(a)(4) of the Bankruptcy Code, with respect to each applicable Class of Claims against the Debtors, establish the PAT Disputed Claims Reserves or the applicable Non-Participating Claims Reserve(s) for such Class.

(ii) **Funding of PAT Disputed Claims Reserves**. The PAT Disputed Claims Reserves shall be (i) funded on the Effective Date with Effective Date Cash

in an amount determined by the Debtors and reasonably acceptable to the Creditors' Committee, the Governmental Consent Parties and, solely with respect to amounts funded on account of Disputed Other General Unsecured Claims, the Sackler Parties' Representative. Following establishment of the PAT Disputed Claims Reserves, the Plan Administration Trustee shall administer the applicable PAT Disputed Claims Reserve, in each case taking into account any changes in the projected distributions to Holders of the applicable Disputed Claims.

(iii) **Funding of Creditor Trust Non-Participating Claims Reserves**. With respect to the Creditor Trust Non-Participating Claims Reserves other than the Class 4 Non-Participating Claims Reserves, (i) each Creditor Trust PRA Non-Participating Claims Reserve and each Select Private Creditor Trust Non-Participating Claims Reserve will be funded on the Effective Date, and from time to time on or after the Effective Date, by the PRA Estate Distributions to which the Holders of the Non-Participating Channeled Claims in such Class would be entitled should their Claims be Allowed Claims pursuant to the applicable Creditor Trust TDP, and (ii) each Creditor Trust Non-PRA Non-Participating Claims Reserve will be funded from time to time after the Effective Date, in an amount equal to the Non-PRA Estate Distributions to which the Holders of the Non-Participating Channeled Claims in such Class would be entitled should their Claims be Allowed Claims pursuant to the applicable Creditor Trust TDP, in each case as determined by the applicable Creditor Trustee and reasonably acceptable to the Debtors, the Creditors' Committee, the Governmental Consent Parties [and the Sackler Parties' Representative], and (i) with respect to the Class 5 Non-Participating Claims Reserves, the Native American Tribe Group, (ii) with respect to the Class 6 Non-Participating Claims Reserve, the Public School District Claimants, (iii) with respect to the Class 7 Non-Participating Claims Reserve, the Ad Hoc Group of Hospitals, (iv) with respect to the Class 8 Non-Participating Claims Reserve, the Third-Party Payor Group, (v) with respect to the Class 9 Non-Participating Claims Reserve, the ERP Trustee, (vi) with respect to the Class 10(a) Non-Participating Claims Reserve, the NAS Committee, and (vii) with respect to the Class 10(b) Non-Participating Claims Reserves, the Ad Hoc Group of Individual Victims.

(iv) **Funding of Class 4 Non-Participating Claims Reserves**. The Class 4 PRA Non-Participating Claims Reserve and Class 4 Non-PRA Non-Participating Claims Reserve shall be funded by the Governmental Remediation Trust with the Non-Settling States Holdback Distributions and the Non-Settling Subdivisions Holdback Distributions as Distributions are made by the Master Disbursement Trust to the Governmental Remediation Trust, in each case, in accordance with the following requirements:

(1) In the event that a State is a Non-Settling State on the Effective Date, then such State and each Subdivision of such State that has filed a

Proof of Claim will be deemed to hold a Non-Participating Channeled Claim, and (A) a Non-Settling States Holdback Distribution on account of such State and each such Subdivision, that is a PRA Estate Distribution shall be deposited in the Class 4 Creditor Trust PRA Non-Participating Claims Reserve and (B) a Non-Settling States Holdback Distribution on account of such State and each such Subdivision, that is a Non-PRA Estate Distribution shall be deposited in the Class 4 Creditor Trust Non-PRA Non-Participating Claims Reserve. The Non-Settling States Holdback Distribution for the benefit of such Non-Settling State shall be equal to such State's share of Estate Distributions based on the interstate allocation as further described in Governmental Remediation Trust Documents. Any Non-Settling State's share shall be subdivided generally in accordance with the default state-subdivision allocation set forth in the Governmental Entity Shareholder Direct Settlement Agreement as if there was no applicable state-subdivision agreement. The portion of a Non-Settling State's share allocated to its Subdivisions who filed Proofs of Claim shall be further subdivided based on the applicable subdivision metrics developed by the MDL Plaintiffs' Executive Committee.

(2) Subject to Section 7.2(d)(iii) of the Plan, in the event that a State is a Settling State, but one or more of its Subdivisions that filed Proofs of Claim are not Participating Subdivisions, then the amount of the total PRA Estate Distributions and Non-PRA Estate Distributions allocated to such State shall be reduced by an amount equal to the share that a Non-Settling Subdivision would have received under (A) the intrastate allocation agreement that exists between that Settling State and its Subdivisions (if an intrastate allocation agreement exists), (B) the intrastate allocation statute (if an intrastate allocation statute exists), or (C) the default state-subdivision allocation set forth in the Governmental Entity Shareholder Direct Settlement Agreement (if no intrastate allocation agreement or statute exists), with the Non-Settling Subdivision's share calculated based on the applicable subdivision metrics developed by the MDL Plaintiffs' Executive Committee, with the amounts of such reductions deposited, (X) in the case of PRA Estate Distributions, in the Class 4 PRA Non-Participating Claims Reserve and (Y) in the case of Non-PRA Estate Distributions, in the Class 4 Non-PRA Non-Participating Claims Reserve. Non-Settling Subdivisions that have filed Proofs of Claim and whose Claims are or may be Allowed may be entitled to different allocations of Estate Distributions upon such Subdivision becoming a Participating Subdivision.

(3) In the event a Non-Settling Subdivision is located in a Settling State that has a statutory bar against such Non-Settling Subdivision pursuing a Released Claim, such Creditor Trust shall not be required

to reserve any amount on account of the Non-Participating Non-Federal Domestic Governmental Claim held by such Non-Settling Subdivision.

(4) The Class 4 PRA Non-Participating Claims Reserve shall be funded over time from each PRA Estate Distribution and the Class 4 Non-PRA Non-Participating Claims Reserve shall be funded over time from each Non-PRA Estate Distribution, in each case, on account of each such Class 4 Non-Participating Channeled Claim, as applicable, including such amount(s) payable on account of Attorneys' Fees under Section 5.9 of the Plan.

(v) U.S. Federal Income Tax Matters Relating to the Creditor Trust Non-PRA Non-Participating Claims Reserves [and PAT Disputed Claims Reserves]. [Each Creditor Trust Non-PRA Non-Participating Claims Reserve is intended to be treated and shall be reported as an account of the corresponding Creditor Trust, and not as an entity separate from the corresponding Creditor Trust, for U.S. federal income tax purposes, and shall be treated consistently for state and local tax purposes, to the extent applicable. All parties (including the Shareholder Payment Parties, the Debtors, the Foundation, the MDT Trustees, the Plan Administration Trustee, each applicable Creditor Trustee, and Holders of Non-Participating Claims and other Disputed Claims) shall be required to report for tax purposes in a manner consistent with the foregoing. Each applicable Creditor Trustee shall each be responsible for payment, out of the assets of the applicable Creditor Trust Non-PRA Non-Participating Claims Reserve, of any taxes imposed on the applicable Creditor Trust Non-PRA Non-Participating Claims Reserve or its assets.][141]

(vi) U.S. Federal Income Tax Matters Relating to the Creditor Trust PRA Non-Participating Claims Reserve and the Select Private Creditor Trust Non-Participating Claims Reserves. Each Creditor Trust PRA Non-Participating Claims Reserve and each Select Private Creditor Trust Non-Participating Claims Reserve is intended to be treated and shall be reported as a qualified settlement fund for U.S. federal income tax purposes. Pursuant to the Master Shareholder Settlement Agreement, PRA L.P. will timely elect to treat each Creditor Trust PRA Non-Participating Claims Reserve and each Select Private Creditor Trust Non-Participating Claims Reserve as a "grantor trust," pursuant to Section 1.468B-1(k) of the Treasury Regulations, for U.S. federal income tax purposes and, to the extent permitted under applicable law, for state and local tax purposes, for which PRA L.P. is the sole grantor, owner and transferor, and will not revoke such election. All parties (including the Shareholder Payment Parties, the Debtors, the Foundation, the Plan Administration Trustee, each

[141] [**NTD:** subject to ongoing review.]

applicable Creditor Trustee, and Holders of Non-Participating Claims and other Disputed Claims) shall be required to report for tax purposes in a manner consistent with the foregoing. The applicable Creditor Trustee shall be the "administrator," within the meaning of Treasury Regulations section 1.468B-2(k)(3), of each Creditor Trust PRA Non-Participating Claims Reserve and each Select Private Creditor Trust Non-Participating Claims Reserve. PRA L.P. shall be responsible for payment of any taxes imposed on or collected from a Creditor Trust PRA Non-Participating Claims Reserve or a Select Private Creditor Trust Non-Participating Claims Reserve or its respective assets or income.

3. Claim Objections

(i) **Prior to Effective Date**. Prior to the Effective Date, objections to Claims against the Debtors may be interposed and prosecuted by the Debtors and any other party in interest, including, for the avoidance of doubt, any Shareholder Released Party; *provided*, that no Shareholder Released Party shall interpose any objection to a Claim held by a Settling Creditor.

(ii) **PAT Disputed Claims Reserves**. On or after the Effective Date, except as otherwise provided in the Plan or the PAT Agreement, objections to Avrio General Unsecured Claims, Adlon General Unsecured Claims, and Other General Unsecured Claims against the Debtors may be interposed and prosecuted only by the Plan Administration Trustee, provided that with respect to Disputed Other GUC Litigation Claims, such objections may be interposed and prosecuted by any other party in interest, including, for the avoidance of doubt, any Shareholder Released Party. Any objections to Avrio General Unsecured Claims, Adlon General Unsecured Claims, and [Other General Unsecured Claims][142] shall be served on the applicable Holders of such Claims and filed with the Bankruptcy Court (A) on or before one hundred eighty (180) days following the later of (i) the Effective Date and (ii) the date that a Proof of Claim is filed or amended or a Claim is otherwise asserted or amended in writing by or on behalf of the Holder of such Claim or (B) on such later date as may be fixed by the Bankruptcy Court (including upon request by a party in interest, including, for the avoidance of doubt, any Shareholder Released Party).

(iii) **Objections to Non-Participating Channeled Claims**. On or after the Effective Date, except as otherwise provided in the Plan or the applicable Creditor Trust Documents, objections to Non-Participating Channeled Claims may be interposed and prosecuted by the Master Disbursement Trust and any other party in interest, including, for the avoidance of doubt, the applicable Creditor Trustee or any Shareholder Released Party, and the

[142] [**NTD**: subject to ongoing review.]

Bankruptcy Court shall retain exclusive jurisdiction to the greatest extent permitted by applicable law to hear and determine such objections.

(iv) **Proceedings on Objections to Creditor Trust Channeled Claims other than in Class 4.** In connection with any objection to a Non-Participating Channeled Claim other than a Non-Participating Channeled Claim in Class 4, any judgment entered (i) as to the validity of such Claim shall constitute a binding determination that such Claim is either Allowed or Disallowed; and (ii) as to the amount of such Claim shall not be binding for purposes of Distribution, which shall instead be determined in accordance with Section 7.7(b) of the Plan and the applicable Creditor Trust Documents. The Bankruptcy Court (or any other court of competent jurisdiction in connection with such an objection) may, at its discretion, decline to enter any judgment as to the amount of a Non-Participating Channeled Claim.

(v) **Proceedings on Objections to Creditor Trust Channeled Claims in Class 4**. In connection with any objection to a Non-Participating Channeled Claim in Class 4, any judgment entered (i) as to the validity of such Claim shall constitute a binding determination that such claim is either Allowed or Disallowed; and (ii) shall not determine the amount of such Claim for purposes of Distribution, which shall instead be determined in accordance with Section 7.7(c) of the Plan. The Bankruptcy Court (or any other court of competent jurisdiction in connection with such an objection) may, at its discretion, decline to enter any judgment as to the amount of a Non-Participating Channeled Claim.

(vi) **Omnibus Objections to Non-Participating Channeled Claims**. On or after the Effective Date, notwithstanding anything to the contrary in Bankruptcy Rule 3007, any party in interest, including, for the avoidance of doubt, the Creditor Trustee for the applicable Creditor Trust or any Shareholder Released Party, may object to more than one Non-Participating Channeled Claim consistent with the *Omnibus Claims Objection Procedures Approved in the Bankruptcy Court's Corrected Order Approving (I) Omnibus Claims Objection Procedures, (II) Omnibus Claims Settlement Procedures and (III) Omnibus Claims Hearing Procedures* [D.I. 2878] (the "**Omnibus Claims Objection Order**") as if (solely for purposes of such procedures) such party in interest were the Debtors. Any such omnibus objection shall be governed by the Omnibus Claims Hearing Procedures set forth in the Omnibus Claims Objection Order.

(vii) **Joint Hearings on Common Issues of Law or Fact**. To the extent that multiple pending objections to Non-Participating Channeled Claims in the same Class (including when brought as an omnibus objection pursuant to Section 7.3(f) of the Plan) raise common issues of law or fact, including for the avoidance of doubt issues of fact as to the Debtors' or other parties' alleged conduct, the Bankruptcy Court may, to the extent practicable and consistent with applicable law, schedule joint hearings in respect of such

common issues, including joint evidentiary hearings as to issues of fact. For the avoidance of doubt, Section 7.3(g) of the Plan shall apply notwithstanding differences in the law governing Non-Participating Channeled Claims to which this Section applies.

4. No Distribution Pending Allowance.

Except as otherwise expressly provided in the Plan or the PAT Agreement, if any portion of any Claim in any Class in the Plan, including any Avrio General Unsecured Claims, Adlon General Unsecured Claims, or Other General Unsecured Claims is Disputed or Non-Participating, no payment or Distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim or Non-Participating Claim becomes an Allowed Claim.

5. Estimation of Claims.

Subject in all respects to Section 7.12 of the Plan, the Debtors (before the Effective Date), and the Plan Administration Trustee (on or after the Effective Date), or any party in interest (including, for the avoidance of doubt, any Shareholder Released Party) may, at any time, request that the Bankruptcy Court estimate, pursuant to section 502(c) of the Bankruptcy Code, any Disputed Avrio General Unsecured Claims, Disputed Adlon General Unsecured Claims or Disputed Other General Unsecured Claims that the Bankruptcy Court has jurisdiction to estimate in accordance with the Bankruptcy Code or other applicable law, regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim at any time during litigation concerning any objection to any such Claim, including during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates such a Disputed Claim, such estimated amount shall constitute either the Allowed amount of such Claim, the amount used to determine the PAT Disputed Claims Reserves or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If such estimated amount constitutes a maximum limitation on such Claim, the Plan Administration Trustee or any party in interest (including, for the avoidance of doubt, any Shareholder Released Party) may elect to pursue any supplemental proceeding to object to any ultimate Distribution on account of such Claim.

6. Resolution of Claims.

Subject in all respects to Section 7.12 of the Plan, and except as expressly provided in the Plan, the PAT Agreement, the applicable Creditor Trust Documents, or any order entered by the Bankruptcy Court before the Effective Date, including the Confirmation Order, the MDT Trustees, the Plan Administration Trustee and each applicable Creditor Trustee shall have and retain any and all rights and defenses held by the Debtors with respect to any Claim against the Debtors as of the Petition Date, and, subject in all respects to Section 7.12 of the Plan, shall have the authority to compromise, settle, otherwise resolve or withdraw any objections to such Claims and to compromise, settle or otherwise resolve any Non-Participating Channeled Claims and other Disputed Claims without approval of the Bankruptcy Court; *provided, however*, that no Non-Participating Channeled Claim or other Disputed Claim may be resolved as contemplated in Section 7.6 of the Plan without the consent of the corresponding Creditor Trustee or Plan

Administration Trustee, as applicable. Subject to the applicable Creditor Trust Documents, if the Master Disbursement Trust, the Plan Administration Trustee or the applicable Creditor Trustee, as applicable, and a Holder of a Non-Participating Channeled Claim or other Disputed Claim are unable to reach a settlement on the Non-Participating Channeled Claim or other Disputed Claim within [●] of the Effective Date, such Non-Participating Channeled Claim or other Disputed Claim shall be submitted to the Bankruptcy Court for resolution consistent with Article VII of the Plan. For the avoidance of doubt, nothing in Section 7.6 of the Plan shall (i) alter the processes for determining Distributions to the Holders of Allowed Channeled Claims set forth in the Plan, any order of the Bankruptcy Court, and the applicable Creditor Trust Documents or (ii) limit the rights and obligations of the Creditor Trustees in connection with such processes.

*7. **Distribution After Allowance.***

(i) **PAT Disputed Claims Reserves**. In accordance with the PAT Agreement, on the first PAT Distribution Date following the date on which a Disputed Avrio General Unsecured Claim, Disputed Adlon General Unsecured Claim or Disputed Other General Unsecured Claim becomes an Allowed Claim, the Disbursing Agent shall remit to the respective PAT Distribution Account, for Distribution to the Holder of such Allowed Claim, the Cash or cash equivalents retained in the applicable PAT Disputed Claims Reserve in an amount equal to any amount that would have been distributed to the Holder of such Claim from the Effective Date through and including the PAT Distribution Date if such Claim had been Allowed as of the Effective Date, net of any costs and expenses, including taxes (if any), of or related to the applicable PAT Disputed Claims Reserve. Each Holder of a Disputed Avrio General Unsecured Claim, Disputed Adlon General Unsecured Claim and Disputed Other General Unsecured Claim that ultimately becomes an Allowed Claim shall have recourse only to the undistributed Cash held in the applicable PAT Disputed Claims Reserve for satisfaction of such Holders' Allowed Claim and shall have no recourse against any Protected Party or any Assets previously distributed on account of any Allowed Claim. No distribution from a PAT Disputed Claims Reserve or otherwise shall be made on account of any Disputed Claim unless such Disputed Claim is Allowed by a Final Order.

(ii) **Creditor Trust Non-Participating Claims Reserves**. With respect to the Creditor Trust Non-Participating Claims Reserves other than the Class 4 Non-Participating Claims Reserves, in accordance with the applicable Creditor Trust Documents, following the date on which a Non-Participating Channeled Claim becomes an Allowed Claim, each applicable Creditor Trust shall distribute to the Holder of such Allowed Claim the Cash or cash equivalents retained in the applicable Creditor Trust Non-Participating Claims Reserve(s) in an amount equal to any Estate Distribution amount that would have been distributed to the Holder of such Claim from the Effective Date through and including the applicable distribution date if such Claim had been Allowed as of the Effective Date pursuant to the applicable Creditor Trust TDP, net of any costs and expenses, including taxes (if any),

of or related to the applicable Non-Participating Claims Reserve, and shall be entitled to receive its pro rata share of Estate Distributions as a Holder of an Allowed Claim in its applicable Class if and when such distribution is made, pursuant to the applicable Creditor Trust TDP. For the avoidance of doubt, nothing herein shall entitle the Holder of a Non-Participating Claim, regardless of Allowance, to any share of the Shareholder Direct Settlement Portion. Each Holder of a Non-Participating Channeled Claim that ultimately becomes an Allowed Claim shall have no recourse against any Protected Party or any Assets previously distributed on account of any Allowed Claim.

(iii) **Class 4 Non-Participating Claims Reserves**. Upon the Allowance of a Non-Participating Channeled Claim in Class 4, (i) the Governmental Remediation Trust shall distribute from the Class 4 Non-Participating Claims Reserves to the holder of such Allowed Claim an amount equal to the Estate Distribution the Holder of such Claim would have received if such Claim was an Allowed Class 4 Claim on the Effective Date, less (A) any costs, expenses, and fees (including taxes, if any) of or related to the Class 4 Non-Participating Claims Reserves and (B) any costs, expenses, and fees incurred by the Governmental Remediation Trust, the Master Disbursement Trust, the Debtors, or any Released Party (to the extent not already claimed or paid to or on behalf of any Released Party out of the Direct Claim Settlement Retained Payment Amounts or the Special Operating Reserve) arising out of, in relation to, or in connection with litigating or in any way resolving any objection to that Class 4 Claim, and (ii) the Holders of such Claim shall be entitled to receive further Estate Distributions pursuant to Article VI of the Plan.

8. ***Disallowance of Non-Participating Channeled Claims and Other Disputed Claims.***

(i) **PAT Disputed Claims Reserves**

(1) Upon Disallowance of a Disputed Avrio General Unsecured Claim, Disputed Adlon General Unsecured Claim or Disputed Other General Unsecured Claim other than Disputed Other GUC Litigation Claims, in whole or in part, the Plan Administration Trustee shall (i) first, reallocate all amounts reserved for distribution on account of such Disallowed Claim or the Disallowed portion thereof (the "**Disallowed Claim Distribution**") to Holders of then Allowed and Disputed Claims in the applicable Class and (ii) second, distribute the Disallowed Claim Distribution that has been so reallocated to each Holder of an Allowed Claim in such Class and allocate to the PAT Disputed Claims Reserve for such Class, *pro rata*, in accordance with clause (i) of this sentence.

(2) Upon Disallowance of a Disputed Other GUC Litigation Claim, any amounts held on account of such Disputed Other GUC Litigation Claim shall be transferred by the Plan Administration Trustee to the PAT Released Claims Reserve and any future distribution that would have been made to the Disputed Other General Unsecured Claims Reserve on account of such Disputed Other GUC Litigation Claim shall be funded directly to the PAT Released Claims Reserve.

(ii) **Creditor Trust Non-Participating Claims Reserves**. Upon Disallowance of a Non-Participating Channeled Claim other than with respect to any Non-Participating Channeled Claims in Class 4: (i) any amounts held in the applicable Creditor Trust PRA Non-Participating Claims Reserve or the applicable Select Private Creditor Trust Non-Participating Claims Reserve on account of such Non-Participating Channeled Claim shall be transferred by the applicable Creditor Trustee from the applicable Creditor Trust PRA Non-Participating Claims Reserve or the applicable Select Private Creditor Trust Non-Participating Claims Reserve directly to the corresponding Released Claims Reserve and any future Distribution that would have been funded to the applicable Creditor Trust PRA Non-Participating Claims Reserve or the applicable Select Private Creditor Trust Non-Participating Claims Reserve on account of such Non-Participating Channeled Claim shall be funded directly to the applicable Released Claims Reserve, and (ii) any amounts held in the applicable Creditor Trust Non-PRA Non-Participating Claims Reserve on account of such Non-Participating Channeled Claim shall be released to the applicable Creditor Trust for distribution pursuant to the applicable Creditor Trust Documents.

(iii) **Class 4 Non-Participating Claims Reserves.** In the event a Non-Participating Channeled Claim in Class 4 is Disallowed: (i) the amount reserved on account of such Claim in the Class 4 PRA Non-Participating Claims Reserve shall be released to the corresponding Released Claims Reserve, and any future Distribution that would have been funded to the Class 4 PRA Non-Participating Claims Reserve on account of such Non-Participating Non-Federal Domestic Governmental Channeled Claim shall be funded directly to the Released Claim Reserve established in the Governmental Remediation Trust, and (ii) the amount reserved on account of such Claim in the Class 4 Non-PRA Non-Participating Claims Reserve shall be released to the Governmental Remediation Trust for distribution pursuant to the Governmental Remediation Trust Documents.

(iv) **Released Claims Reserves**. All amounts funded to the Released Claims Reserves in accordance with Section 7.8 of the Plan shall be administered in accordance with the terms of Article 5 and Exhibit N of the Master Shareholder Settlement Agreement.

9. Allowance of Non-Participating Channeled Claims

(i) If no objection is affirmatively raised to the Allowance of a Non-Participating Channeled Claim (other than a Non-Participating Channeled Claim in Classes 10(a) or 10(b)) within two (2) years of the Effective Date, such claim shall be deemed Allowed and the holder thereof shall be entitled to the Estate Distribution allocated to such Channeled Claim under the applicable TDP. If no objection is affirmatively raised to the Allowance of a Non-Participating Channeled Claim in Classes 10(a) or 10(b) within [one (1) year][143] of the Effective Date, such claim shall be deemed Allowed and the holder thereof shall be entitled to the Estate Distribution allocated to such Channeled Claim (if any) under the applicable TDP. Notwithstanding the foregoing, (i) any Allowance pursuant to Section 7.9(a) of the Plan shall not constitute a determination as to the merits of such Non-Participating Channeled Claim and shall not be used as a basis to assert the merits of such Non-Participating Channeled Claim in any forum, and (ii) any Non-Participating Channeled Claim that is Allowed (pursuant to Section 7.9 of the Plan or otherwise) shall still be subject to, and shall only receive a distribution pursuant to, the applicable TDP.

(ii) For the purposes of Allowance of any Non-Participating Channeled Claim that is not otherwise Disallowed in accordance with the Plan, such Channeled Claim shall be deemed an Allowed Claim (i) pursuant to a settlement or other resolution in accordance with Section 7.6 of the Plan, (ii) pursuant to Section 7.9(a) of the Plan, or (iii) upon entry of a Final Order finding that such Holder has a valid, compensable Channeled Claim, regardless of the allowed amount of such Channeled Claim (and, for the avoidance of doubt, such Holder shall not be required to litigate the allowed amount of its Allowed Claim). Other than as expressly contemplated by the applicable trust distribution procedures, any judgment entered as to the amount of a Non-Participating Channeled Claim shall not be binding for purposes of Distribution, which shall instead be determined in accordance with Sections 7.7(b) and (c) of the Plan. The Bankruptcy Court (or any other court of competent jurisdiction in connection with such an objection) may, at its discretion, decline to enter any judgment as to the amount of a Non-Participating Channeled Claim.

10. Claims Resolution Procedures Cumulative

All of the objection, estimation, settlement and resolution procedures set forth in the Plan with respect to Claims against the Debtors are intended to be cumulative and not exclusive of one another. Claims against the Debtors may be established and subsequently settled, compromised, withdrawn or resolved in accordance with the Plan by any mechanism approved by the Bankruptcy Court.

[143] [**NTD:** subject to ongoing review.]

11. No Postpetition Interest or Penalties on Non-Participating Channeled Claims and other Disputed Claims

Unless otherwise specifically provided for in the Plan or the Confirmation Order or required by applicable bankruptcy law, no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date or to any penalties on any Claim. Interest and penalties shall not accrue or be paid upon any Non-Participating Channeled Claim or other Disputed Claim with respect to the period from the Effective Date to the date a Distribution is made thereon, or on and after such Non-Participating Channeled Claim or other Disputed Claim becomes an Allowed Claim.

12. Shareholder Rights Regarding Settlement and Estimation of Claims

[In consideration of certain compromises made under the Shareholder Settlements, notwithstanding anything to the contrary contained in the Plan, the Confirmation Order, or the other Plan Documents, neither the Debtors, the reorganized Debtors, the Estates, the Plan Administration Trust, the Plan Administration Trustee, any of the Creditor Trusts, any of the Creditor Trustees, nor any representative or successor of any of the foregoing shall be permitted to settle or seek to estimate any Non-Participating Channeled Claim or other Disputed Claim absent the express written consent of the Sackler Parties' Representative, not to be unreasonably withheld, solely to the extent that such settlement or estimation of any such Non-Participating Channeled Claim or other Disputed Claim could be reasonably expected to adversely impact any Shareholder Released Party's defense against or resolution of any claims or Causes of Action asserted or potentially asserted against any Shareholder Released Party [for Covered Conduct] that would have been released pursuant to the Shareholder Direct Claims Release had the Persons asserting or potentially asserting such claims or Causes of Action been Settling Creditors (including because admissions of fact or showings of evidentiary support requisite to effectuation of such settlement or estimation could adversely impact the legal defenses of any Shareholder Released Party); *provided* that no such consent shall be required to the extent that (a) such settlement or estimation of such Non-Participating Channeled Claim or other Disputed Claim is sought in an amount not exceeding $[1,000,000], (b) such settlement or estimation of such Non-Participating Channeled Claim or other Disputed Claim would include no non-monetary conditions on the part of any Debtor, any reorganized Debtor, any Estate, the Plan Administration Trust, the Plan Administration Trustee, any Creditor Trust, any Creditor Trustee, or any representative or successor of any of the foregoing, and (c) the total aggregate amount of Non-Participating Channeled Claims or other Disputed Claims or formerly Non-Participating Channeled Claims or other Disputed Claims that have been settled or estimated do not exceed $[10,000,000]. Whether or not the Debtors, the reorganized Debtors, the Estates, the Plan Administration Trust, the Plan Administration Trustee, any of the Creditor Trusts, any of the Creditor Trustees, or any representative or successor of any of the foregoing settles or estimates (or seeks to settle or estimate) any Non-Participating Channeled Claim or other Disputed Claim, in no event shall any Shareholder Released Parties be considered the privies of any of the foregoing for purposes of preclusion principles or otherwise.][144]

[144] [**NTD:** subject to ongoing review.]

G. Executory Contracts and Unexpired Leases.

1. Assumption and Rejection of Executory Contracts and Unexpired Leases

(i) As of and subject to the occurrence of the Effective Date, all executory contracts and unexpired leases to which any Debtor is a party, subject to the terms of Section 8.4 of the Plan, shall be deemed assumed by the applicable Debtor and, except with respect to any contract or lease held by a Transferred Debtor, assigned to NewCo or its designee, except for any executory contract or unexpired lease that (i) has previously been assumed or rejected pursuant to a Final Order of the Bankruptcy Court, (ii) is specifically identified on the Schedule of Rejected Contracts, (iii) is the subject of a separate assumption or rejection motion filed by the Debtors under section 365 of the Bankruptcy Code pending on the Confirmation Date, (iv) is the subject of a pending Contract Dispute or (v) is being otherwise treated pursuant to the Plan. The Debtors reserve the right to modify the treatment of any particular executory contract or unexpired lease pursuant to the Plan [with the reasonable consent to the Governmental Consent Parties]. Furthermore, notwithstanding anything to the contrary in the Plan, the Debtors may alter, amend, modify or supplement the Schedule of Rejected Contracts and assume, assume and assign or reject executory contracts and unexpired leases at any time prior to the Effective Date or, with respect to any executory contract or unexpired lease subject to a Contract Dispute that is resolved after the Effective Date, within thirty (30) days following entry of a Final Order of the Bankruptcy Court resolving such Contract Dispute.

(ii) Subject to the occurrence of the Effective Date, the payment of any applicable Cure Amount and the resolution of any Contract Dispute, the entry of the Confirmation Order shall constitute approval of the rejections, assumptions and assumptions and assignments provided for in the Plan pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated in the Plan or provided in a separate order of the Bankruptcy Court, rejections, assumptions and assumptions and assignments of executory contracts and unexpired leases pursuant to the Solicitation Procedures Order and the Plan are effective as of the Effective Date. Each executory contract and unexpired lease assumed pursuant to the Plan or by order of the Bankruptcy Court shall vest in and be fully enforceable by the applicable Debtor or NewCo, in each case in accordance with its terms, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law.

(iii) Unless otherwise provided in the Plan (including Section 8.4 of the Plan) or by separate order of the Bankruptcy Court, each executory contract or unexpired lease that is assumed or assumed and assigned shall include any and all modifications, amendments, supplements, restatements or other

agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument or other document is listed in an Assumption Notice.

(iv) Except as otherwise expressly set forth on an Assumption Notice, any contracts, engagement letters, retention agreements, and similar arrangements, in each case between the Debtors and any attorneys, accountants, financial advisors, investment bankers or similar professionals, representatives or advisors, shall not be treated under the Plan as executory contracts subject to assumption, assumption and assignment, or rejection. Counterparties to any such contracts, engagement letters, retention agreements and similar arrangements were required to file Proofs of Claim by the General Bar Date, and any Allowed Claims relating thereto shall be treated as Other General Unsecured Claims or Co-Defendant Claims, as applicable.

2. Determination of Contract Disputes and Deemed Consent

(i) The Debtors shall serve Assumption Notices in accordance with the Solicitation Procedures Order. If a counterparty to an executory contract or unexpired lease receives an Assumption Notice, but such executory contract or unexpired lease is not listed therein, the proposed Cure Amount for such executory contract or unexpired lease shall be deemed to be zero dollars ($0).

(ii) Any counterparty to an executory contract or unexpired lease shall have the time prescribed in the Solicitation Procedures Order to object to (i) the Cure Amount identified on the Assumption Notice, (ii) adequate assurance of future performance by the applicable Debtor, NewCo or its assignee (within the meaning of section 365 of the Bankruptcy Code) and (iii) any other matter pertaining to assumption or assumption and assignment of such executory contract or unexpired lease on the terms set forth in the Plan and such Assumption Notice.

(iii) To the extent a Contract Dispute is asserted in an objection filed in accordance with the procedures set forth in the Assumption Notice, such Contract Dispute shall be heard by the Bankruptcy Court at the Confirmation Hearing. Following resolution of a Contract Dispute by Final Order of the Bankruptcy Court, the applicable executory contract or unexpired lease shall be deemed assumed or assumed and assigned effective as of the Effective Date, subject to the Debtors' right to reject such executory contract or unexpired lease at any time prior to the Effective Date or, if any Contract Dispute is resolved after the Effective Date, within thirty (30) days following entry of such Final Order of the Bankruptcy Court resolving the applicable Contract Dispute.

(iv) To the extent a Contract Dispute has not been resolved prior to the Effective Date, the Debtors shall establish the Disputed Cure Claims Reserve. Any amounts in the Disputed Cure Claims Reserve remaining after the resolution of all Disputed Cure Claims and the payment of all Cure Amounts with respect to Allowed Cure Claims for contracts and leases to be assumed or assumed and assigned shall be applied in accordance with Section 5.14(c) of the Plan.

(v) To the extent an objection is not timely filed and properly served on the Debtors with respect to a Contract Dispute, then the counterparty to the applicable contract or lease shall be deemed to have assented to (i) the Cure Amount proposed by the Debtors and (ii) the assumption or assumption and assignment of such contract or lease on the terms set forth in the Plan and the Assumption Notice, notwithstanding any provision of the applicable contract or lease that (A) prohibits, restricts or conditions the transfer or assignment of such contract or lease or (B) terminates or permits the termination of such contract or lease as a result of any direct or indirect transfer or assignment of the rights of the Debtors under such contract or lease or a change in the ownership or control as contemplated by the Plan, and shall forever be barred and enjoined from asserting such objection against the Debtors or terminating or modifying such contract or lease on account of transactions contemplated by the Plan.

(vi) With respect to payment of any Cure Amounts or resolution of Contract Disputes, none of the Debtors, the Plan Administration Trustee, NewCo or any Transferred Debtor shall have any obligation to recognize or deal with any party other than the non-Debtor party to the applicable executory contract or unexpired lease, even if such non-Debtor party has sold, assigned or otherwise transferred its Cure Claim.

3. Payments Related to Assumption of Contracts and Leases

(i) Subject to resolution of any Contract Dispute, any Cure Claim shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Plan Administration Trust from the Priority Claims Reserve or the Disputed Cure Claims Reserve, as applicable, or NewCo in the ordinary course of business upon assumption thereof.

(ii) Assumption or assumption and assignment of any executory contract or unexpired lease pursuant to the Plan, or otherwise, shall result in the full release and satisfaction of any Claims or defaults, subject to satisfaction of the Cure Amount, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time before the effective date of assumption or assumption and assignment. Any Proofs of Claim filed with respect to an executory contract or unexpired lease that has

been assumed shall be deemed Disallowed and expunged, without further notice, or action, order or approval of the Bankruptcy Court or any other Person.

4. Co-Defendant Contracts

Except as otherwise provided in the Plan or agreed by any counterparty and the Debtors (with the consent (not to be unreasonably withheld, conditioned or delayed) of the Governmental Consent Parties, and after consultation with the Creditors' Committee), the assumption of any contract or lease under the Plan shall (a) release any Causes of Action on account of any and all terms or provisions of such contract or lease solely to the extent such terms or provisions create an obligation of any party thereto (or any assignee thereof), or give rise to a right in favor of any non-Debtor under any MDT Insurance Policy or any other insurance policy of any Protected Party, for the indemnification or reimbursement of any Person for costs, losses, damages, fees, expenses or any other amounts whatsoever relating to or arising from any actual or potential opioid-related litigation or dispute, whether accrued or unaccrued, asserted or unasserted, existing or hereinafter arising, based on or relating to, or in any manner arising from, in whole or in part, Opioid-Related Activities or other conduct occurring prior to the Effective Date; and (b) constitute a release by each party of each other counterparty (and any assignee thereof or successor thereto) and by each non-Debtor party of all Insurance Companies, in each case, from any and all Causes of Action and other rights of recovery arising under or relating to such indemnification and reimbursement rights to the extent relating to any conduct occurring prior to the Effective Date, and an agreement by each non-Debtor counterparty to release any and all Co-Defendant Claims held by such party and to channel, in accordance with the Channeling Injunction, all Channeled Claims arising under or relating to such contract, including any such Claims that might otherwise be elevated to administrative status through assumption of such contract or lease. On the Effective Date, (x) all Co-Defendant Claims arising under or related to any such assumed or assumed and assigned contract or lease shall be released and discharged with no consideration on account thereof, and all Proofs of Claim in respect thereof shall be deemed expunged, without further notice, or action, order or approval of the Bankruptcy Court or any other Person and (y) all Channeled Claims arising under or related to any such assumed or assumed and assigned contract or lease shall be channeled in accordance with the Channeling Injunction. For the avoidance of doubt, unless otherwise agreed by the counterparty to any assumed or assumed and assigned contract or lease, the foregoing shall not release or otherwise modify any term or provision of such contract or lease to the extent of any indemnification or reimbursement rights (i) accruing after the Effective Date for conduct occurring after the Effective Date, (ii) for any amounts, if any, due to a Co-Defendant as a result of the New York Opioid Stewardship Act (2018 N.Y. Sess. Laws, ch. 57, pt. NN 7 (codified at N.Y. Pub. Health Law § 3323 and N.Y. State Fin. Law § 97-aaaaa)) or (iii) for any Co-Defendant Surviving Pre-Effective Date Claim. Notwithstanding the release, satisfaction, expungement and extinguishment of Co-Defendant Claims, a Co-Defendant retains its Co-Defendant Defensive Rights, which include the ability to recover from Persons that are not Protected Parties or from any insurance policies that are not Purdue Insurance Policies or other insurance policies of Protected Parties. The counterparty to such contract or lease and all other applicable Persons shall be bound by the terms set forth in Section 8.4 of the Plan.

5. Rejection Claims

In the event that the rejection of an executory contract or unexpired lease by any of the Debtors in the Plan results in damages to the other party or parties to such contract or lease, any Claim for such damages shall be forever barred and shall not be enforceable against the Debtors or their Estates, properties or interests in property, unless a Proof of Claim is filed with the Bankruptcy Court and served upon the Debtors no later than thirty (30) days after the entry of the order of the Bankruptcy Court (including the Confirmation Order) authorizing the rejection of such executory contract or unexpired lease. Any such Claim shall be classified in accordance with the classification of Claims set forth in Article III of the Plan, including that any such Claims that constitute Co-Defendant Claims shall be classified as such. The Confirmation Order shall constitute the Bankruptcy Court's authorization of the rejection of all the leases and contracts identified in the Schedule of Rejected Contracts.

6. Compensation and Benefit Plans

Except with respect to any Benefit Plans for which the Debtors have received approval of the Bankruptcy Court to reject or terminate on or before the Effective Date or that are subject to a pending motion to reject or terminate as of the Confirmation Hearing, all Benefit Plans shall be deemed to be, and shall be treated as, executory contracts under the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code and shall be assumed by applicable Debtors and, unless held by a Transferred Debtor, assigned to NewCo (or one of its Subsidiaries).

7. Purdue Pension Plan

The Purdue Pension Plan has approximately 3,200 participants. PPLP is the contributing sponsor of the Purdue Pension Plan. The Debtors that are members of the contributing sponsor's controlled-group within the meaning of 29 U.S.C. §§ 1301(a)(13), (14) are jointly and severally liable with respect to the Purdue Pension Plan. Further, any non-debtor members of the contributing sponsor's controlled-group are also jointly and severally liable with respect to the Purdue Pension Plan.

On or prior to the Effective Date, the Debtors shall have commenced a standard termination of the Purdue Pension Plan pursuant to 29 U.S.C. § 1341 and any standard termination costs, other liabilities, or obligations remaining thereunder as of the Effective Date shall be assumed and payable by NewCo.

NewCo or its wholly owned subsidiary will assume the Purdue Pension Plan to the extent the standard termination and PBGC audit, pursuant to 29 U.S.C. § 1303, has not been completed for the Purdue Pension Plan prior to the Effective Date. Specifically, upon the Effective Date, NewCo or its wholly owned subsidiary shall be deemed to have assumed the Purdue Pension Plan (to the extent the standard termination and PBGC audit has not been completed prior to the Effective Date) and all liabilities and assets thereunder and shall comply with all applicable statutory provisions of ERISA and the IRC, including, but not limited to, satisfying the minimum funding standards pursuant to 26 U.S.C. §§ 412, 430, and 29 U.S.C. §§1082, 1083; paying the PBGC premiums in accordance with 29 U.S.C. §§ 1306 and 1307; administering the Purdue Pension Plan in accordance with its terms and the provisions of ERISA and the IRC, and

completing the standard termination under 29 U.S.C. § 1341 (and NewCo reserves all rights thereunder).

Notwithstanding any provision in the Plan to the contrary, no provision contained in the Plan, the Confirmation Order, the Bankruptcy Code (including section 1141 thereof), or any other document filed in the Debtors' bankruptcy cases shall be construed as discharging, releasing, exculpating or relieving any Person (other than the Liquidating Debtors) from any fiduciary duties or liabilities under Title I of ERISA with respect to the Purdue Pension Plan. PBGC and the Purdue Pension Plan shall not be enjoined or precluded from enforcing such fiduciary duties or liabilities under Title I of ERISA as a result of any of the provisions of the Plan, the Confirmation Order, the Bankruptcy Code or any other document filed in the Debtors' bankruptcy cases. The PBGC and the Debtors agree that all Proofs of Claim filed by the PBGC shall be deemed to be withdrawn, with prejudice, as of the Effective Date.

8. Insurance Policies

Notwithstanding anything to the contrary in the Plan, the Plan Documents, the Disclosure Statement or the Confirmation Order:

(i) nothing in the Plan, the Plan Documents, the Disclosure Statement or the Confirmation Order shall terminate or otherwise reduce the coverage under any D&O Insurance Policy with respect to conduct occurring on or prior to the Effective Date, and, after the Effective Date, all directors, officers, managers, authorized agents and employees of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled to the full benefits of any applicable D&O Insurance Policy for the full term of such policy, including but not limited to any extension of coverage after the end of such policy period if an extended reporting period has been purchased, in accordance with the terms thereof, subject to (i) any release or assignment of rights by certain Shareholder Released Parties pursuant to the Shareholder Settlements and (ii) with respect to D&O Insurance Policies that are MDT Insurance Policies, the provisions of paragraph (b) of Section 8.8 of the Plan.

(ii) after the Effective Date, in consideration of the Estate Releases and Shareholder Releases in favor of each Released Party and Shareholder Released Party that is an individual insured under any MDT Insurance Policy:

(1) each such Released Party or Shareholder Released Party (A) will fully cooperate with the Master Disbursement Trust in connection with the settlement of claims or rights under such MDT Insurance Policy, including but not limited to as set forth in Section 8.8(b)(i) of the Plan, and (B) shall be deemed to consent to the release of any claims or rights held by such Released Party or Shareholder Released Party against and under such MDT Insurance Policy in the event that the Master Disbursement Trust has otherwise obtained

settlement terms that it deems acceptable in its sole discretion with the same effect as if such Released Party or Shareholder Released Party had executed such settlement agreement, and without further consideration to such Released Party or Shareholder Released Party from the insurance settlement proceeds or otherwise in respect of such settlement;

(2) no such Released Party or Shareholder Released Party (other than a Sackler Family Member) that was a director, officer, manager, authorized agent or employee of the Debtors who served in such capacity at any time prior to the Petition Date shall be entitled to submit a claim under any MDT Insurance Policy for anything other than reimbursement of attorneys' fees and related expenses incurred in connection with such individual's cooperation with, or in connection with the defense of such individual with respect to, any investigation, prosecution and/or litigation involving conduct relating to the Debtors or the Debtors' business or property or any defense of the Releases or the Channeling Injunction; and

(3) no such Shareholder Released Party (other than a current or former director, officer, manager, authorized agent or employee that is not a Sackler Family Member, each of whom is subject to paragraph (ii) of Section 8.8(b) of the Plan) shall be entitled to submit a claim under any MDT Insurance Policy other than in accordance with the Shareholder Settlements.

(iii) on and after the Effective Date, all Purdue Insurance Policies (other than the MDT Insurance Policies) shall be deemed to be, and shall be treated as, executory contracts under the Plan, and shall be assumed pursuant to sections 105 and 365 of the Bankruptcy Code by the applicable Debtor, and such Purdue Insurance Policies shall vest, and/or the Purdue Insurance Rights (other than the MDT Insurance Rights) associated therewith shall vest, as applicable, in NewCo, the applicable Transferred Debtor or the Plan Administration Trust, as applicable, in accordance with the NewCo Transfer Agreement and the PAT Agreement and continue in full force and effect in accordance with their respective terms such that the applicable recipients of the Purdue Insurance Policies (other than the MDT Insurance Policies) and the Purdue Insurance Rights (other than the MDT Insurance Rights) shall become and remain liable in full for and shall satisfy, to the extent required under applicable law, any prospective premiums, deductibles, self-insured retentions and any other amounts or obligations arising in any way out of the receipt of payment from an Insurance Company in respect of the Purdue Insurance Policies (other than the MDT Insurance Policies); and

(iv) solely with respect to Purdue Insurance Policies that are not MDT Insurance Policies, the automatic stay of section 362(a) of the Bankruptcy Code and

the injunctions set forth in the Plan, if and to the extent applicable, shall be deemed lifted without further order of this Bankruptcy Court, solely to permit (i) claimants with valid workers' compensation claims or direct action claims against Insurance Companies under applicable non-bankruptcy law to proceed with their claims; and (ii) Insurance Companies to administer, handle, defend, settle and/or pay, in the ordinary course of business and without further order of this Bankruptcy Court, (A) workers' compensation claims, (B) claims where a claimant asserts a direct claim against an Insurance Company under applicable non-bankruptcy law, or an order has been entered by this Bankruptcy Court granting a claimant relief from the automatic stay or the injunctions set forth in the Plan to proceed with its claim, and (C) all costs in relation to each of the foregoing.

9. Reservation of Rights

(i) Neither the exclusion nor the inclusion by the Debtors of any contract or lease on any exhibit, schedule or other annex to the Plan or in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is or is not an executory contract or unexpired lease or that the Debtors have any liability thereunder.

(ii) Except as explicitly provided in the Plan, nothing in the Plan shall waive, excuse, limit, diminish or otherwise alter any of the Estate Causes of Action under any executory or non-executory contract or unexpired lease.

(iii) Nothing in the Plan shall increase, augment or add to any of the duties, obligations, responsibilities or liabilities of the Debtors under any executory or non-executory contract or unexpired or expired lease, including the Purdue Insurance Policies.

(iv) If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of its assumption under the Plan, the Debtors shall have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

H. Conditions Precedent to the Occurrence of the Effective Date

1. Conditions Precedent to Effective Date

The Effective Date shall not occur unless all of the following conditions precedent have been satisfied:

(i) the Confirmation Order shall have been entered by the Bankruptcy Court, and shall not be subject to any stay and shall not have been modified or vacated on appeal;

(ii) the Plan Documents shall have been approved of or accepted by all applicable Persons in accordance with the respective consent rights under the Plan, and shall have been filed, executed and delivered, as applicable, and the conditions precedent contained therein shall have been satisfied or waived in accordance with the terms thereof, except with respect to such conditions that by their terms shall be satisfied substantially simultaneously with or after consummation of the Plan;

(iii) the DOJ Resolution (including, for the avoidance of doubt, the entry of a judgment of conviction in strict accordance with the Plea Agreement and the payment in full of the DOJ Forfeiture Payment) shall have been consummated or will be consummated substantially simultaneously with consummation of the Plan;

(iv) the NewCo Operating Agreement shall have been executed and shall be in compliance with the DOJ Resolution, the NewCo Transferred Assets shall have vested in NewCo (or one or more of its Subsidiaries) in accordance with the NewCo Transfer Agreement and the NewCo Managers shall have been appointed;

(v) the MDT Agreement shall have been executed, the MDT Transferred Assets shall have vested, or will vest simultaneously with the consummation of the Plan, in the Master Disbursement Trust in accordance therewith and the MDT Trustees shall have been appointed;

(vi) the Creditor Trust Documents shall have been executed and the Creditor Trustees shall have been appointed;

(vii) the Public Entity Settlements other than the Public School District Shareholder Direct Settlement shall have been consummated or will be consummated substantially simultaneously with consummation of the Plan, including (i) the payment in full of the Initial Public Creditor Trust Distributions and (ii) the issuance of the MDT Interests to the Public Creditor Trusts;

(viii) the Foundation Bylaws shall have been adopted, the Foundation Trustees shall have been appointed and the NewCo Interest shall have been issued, or will be issued simultaneously with consummation of the Plan to the Foundation;

(ix) the Private Entity Settlements other than the Opt-Out Class Action Settlements shall have been consummated or will be consummated substantially simultaneously with consummation of the Plan, including: (i) with respect to the Creditor Trusts that are not the subject of Opt-Out Class Actions, the payment in full of the Initial Private Creditor Trust Distributions to such Creditor Trusts, (ii) the issuance of the MDT Claims (in the case of Creditor Trusts that are the subject of Opt-Out Class Actions,

to the extent that the applicable Opt-Out Class Action Settlement has been consummated) and (iii) the execution of any Plan Documents required to be executed in connection with the foregoing;

(x) with respect to the Creditor Trusts that are the subject of Opt-Out Class Actions, payment in full of the Initial Private Creditor Trust Distributions to such Creditor Trusts, or, to the extent that the applicable Opt-Out Class Action Settlement has not been consummated, the placement of the Shareholder Direct Settlement Portion of the Initial Private Creditor Trust Distributions for such Creditor Trusts into the applicable Class Action Escrow Account;

(xi) each Shareholder Settlement Agreement other than the Opt-Out Class Action Settlements shall have been executed and all amounts required to be paid thereunder on the Effective Date shall have been received, and all of the conditions precedent to the effectiveness of each Shareholder Settlement Agreement other than the Opt-Out Class Action Settlements shall have been satisfied or waived in accordance with the terms of such Shareholder Settlement Agreement;

(xii) the Ratepayer Mediation Participants Stipulation shall have been approved by a Final Order of the Bankruptcy Court;

(xiii) the PAT Agreement shall have been executed, the PAT Assets shall have vested, or will vest simultaneously with the consummation of the Plan, in the Plan Administration Trust in accordance therewith and the Plan Administration Trustee shall have been appointed;

(xiv) each of the PAT Reserves, the Claims Reserves, the Professional Fee Escrow Account the Special Operating Reserve and the PAT Distribution Accounts shall have been fully funded, or will be funded simultaneously with the consummation of the Plan, and each of the other payments and Distributions of Effective Date Cash described in Sections 5.14(a) and (b) of the Plan shall have been made or will be made substantially simultaneously with consummation of the Plan;

(xv) the Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings and documents that are necessary to implement and effectuate the Plan;

(xvi) all Professional Fee Claims shall have been paid in full or amounts sufficient to pay such Claims after the Effective Date shall have been placed in the Professional Fee Escrow Account, or shall be otherwise contained in a professional fee retainer, pending approval by the Bankruptcy Court;

(xvii) the Debtors shall have implemented the Restructuring Transactions, or shall implement the Restructuring Transactions simultaneously with the

consummation of the Plan, in a manner consistent in all material respects with the Plan;

(xviii) the Bankruptcy Court shall have confirmed that the Bankruptcy Code authorizes the transfer and vesting of the MDT Transferred Assets, notwithstanding any terms of the Purdue Insurance Policies or provisions of non-bankruptcy law that any Insurance Company may otherwise argue prohibits such transfer and vesting;

(xix) the DOB shall have been appointed in accordance with Section 5.13(c) of the Plan;

(xx) all Liens granted as contemplated by the Plan and any documents included in the Plan Supplement shall have been approved by the Bankruptcy Court;

(xxi) the Debtors shall have Effective Date Cash sufficient to pay the effective date fixed payments as provided in Section 5.14(a) of the Plan in full in cash; and

(xxii) all other actions, documents and agreements necessary to implement and effectuate the Plan shall have been effected or executed.

2. Waiver of Conditions Precedent

Each of the conditions precedent to the occurrence of the Effective Date (other than the condition precedent set forth in Section 9.1(i) of the Plan) may be waived by the Debtors; provided that (a) with respect to any condition precedent, the waiver of which would materially and adversely affect the entitlements of any Class of Claims (or any Creditor Trust to which such Claims shall be channeled) represented by any of the Supporting Claimants, the waiver of such condition precedent shall also require the consent (not to be unreasonably withheld, conditioned or delayed) of the applicable Supporting Claimants representing such materially and adversely affected Class of Claims, it being understood that the waiver of the condition precedent set forth in Section 9.1(i) of the Plan materially and adversely affects the Class of Claims and the Creditor Trust entitled to the applicable Initial Private Creditor Trust Distribution and/or MDT Claim, (b) the waiver of the conditions precedent set forth in Sections 9.1(a), (b) (solely with respect to any Plan Document over which the Creditors' Committee has a consent right set forth in the Plan), (e), (f), (i), (j), (k), (l), (m), (n), (p) (solely with respect to Professional Fee Claims by Professional Persons retained by the Creditors' Committee), (q), (r), (s), and (u) of the Plan shall also require the consent of the Creditors' Committee (which consent shall not be unreasonably withheld, delayed or conditioned), (c) the waiver of the conditions precedent set forth in Sections 9.1(a), (b) (solely with respect to any Plan Document over which the Governmental Consent Parties have a consent right set forth in the Plan), (d), (e), (f), (g), (i), (n), (q), (r), (s), and (u) of the Plan shall also require the consent of the Governmental Consent Parties (which consent shall not be unreasonably withheld, delayed or conditioned) and (d) the waiver of the conditions precedent set forth in Sections 9.1(a), (b) (solely with respect to any Plan Document over which the Sackler Parties' Representative has a consent right set forth in the Master Shareholder Settlement Agreement), (e), (g), (i), (j), (k), (m), (n) and (q) of the Plan shall also require the consent of the

Sackler Parties' Representative (which consent shall not be unreasonably withheld, delayed or conditioned).

3. Frustration of Conditions Precedent

Notwithstanding anything to the contrary in the Plan, if the failure to satisfy any condition precedent to the Effective Date set forth in Section 9.1 of the Plan was primarily caused by the action of any party (or such party's failure to act), then (i) such party's consent shall not be required for the Debtors' waiver of such condition and (ii) such party shall not be entitled to prevent or delay the Effective Date by asserting that such condition has not been satisfied.

I. Effect of Confirmation

1. Binding Effect

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, and subject to the occurrence of the Effective Date, on and after the entry of the Confirmation Order, the provisions of the Plan and the Plan Documents shall bind every Holder of a Claim against or Interest in any Debtor and every Holder of a Channeled Claim and inure to the benefit of, and be binding on, any such Holder's respective successors and assigns, regardless of whether any Claim or Interest of such Holder is Impaired under the Plan or whether such Holder has accepted the Plan.

2. Discharge of Claims against and Interests in the Debtors

Upon the Effective Date and in consideration of the Distributions to be made under the Plan, except as otherwise provided in the Plan or in the Confirmation Order, each Holder (as well as any trustee or agent on behalf of such Holder) of a Claim or Interest and any successor, assign and affiliate of such Holder shall be deemed to have forever waived, released and discharged the Debtors (other than the Liquidating Debtors), to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights and liabilities that arose prior to the Effective Date. Except as otherwise provided in the Plan, upon the Effective Date, all such Holders of Claims against or Interests in the Debtors, and their successors, assigns and affiliates, shall be forever precluded and enjoined, pursuant to sections 105, 524 and 1141 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against, or terminated Interest in, any Debtor. Pursuant to section 1141(d)(3) of the Bankruptcy Code, confirmation of the Plan will not discharge the Liquidating Debtors; *provided* that, upon confirmation of the Plan and the occurrence of the Effective Date, Holders of Claims against and Interests in the Debtors may not seek or receive any payment or other Distribution from, or seek recourse against, the Debtors or their Estates or, to the extent set forth in the Plan, any other Protected Party, except as expressly provided in the Plan. The Co-Defendant Defensive Rights shall not be waived, released or discharged and all Co-Defendant Defensive Rights are preserved, as provided in Section 10.18 of the Plan.

3. Pre-Confirmation Injunctions, Stays, Stipulations and Discovery Orders

(i) Unless otherwise provided in the Plan, all injunctions and stays arising under or entered during the Chapter 11 Cases, whether under section 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the

Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

(ii) Notwithstanding paragraph (a) of Section 10.3 of the Plan, on the Effective Date, without further action by or order of the Bankruptcy Court:

(1) any and all obligations of the Shareholder Released Parties arising under the Case Stipulation shall terminate and the Case Stipulation shall be withdrawn, vacated and superseded by the Confirmation Order solely with respect to paragraphs 15, 17, 19, 22 and 25 of the Case Stipulation, and solely as such paragraphs apply to any Shareholder Released Party; provided that, for the avoidance of doubt, the terms of such paragraphs shall continue in full force and effect with respect to all other parties (if applicable), and all other provisions of the Case Stipulation shall remain in full force and effect, in each case, unless otherwise provided by the Plan;

(2) any and all obligations of any Shareholder Released Party arising under paragraph I of the voluntary injunction set forth in Appendix I to the Preliminary Injunction (and any predecessors or successors of the Preliminary Injunction) shall terminate, and the Preliminary Injunction shall be withdrawn, vacated and superseded by the Confirmation Order solely with respect to paragraph I of the voluntary injunction set forth in Appendix I; provided that, for the avoidance of doubt, all other provisions of the Preliminary Injunction shall remain in full force and effect, unless otherwise provided by the Plan; and

(3) any and all obligations of any Person arising under any subpoenas issued pursuant to any of Order Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9016 Authorizing Examination of Third Parties [D.I. 992] (as amended by the Amended Order Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9016 Authorizing Examination of Third Parties [D.I. 1008]), the Order Pursuant to Rules 2004 and 9016 of the Federal Rules of Bankruptcy Procedure Authorizing Examinations of Certain Financial Institutions [D.I. 1143], the Order Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9016 Authorizing Examinations of and Document Production by Third Parties [D.I. 1340] and the Order Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9016 Authorizing Examination of Certain Former Debtor Executives, Separately Represented Debtor Personnel, and Norton Rose Fulbright Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9006 [D.I. 1788] shall terminate.

(iii) Any and all information shared or produced by any Shareholder Released Party pursuant to the agreements or orders referenced in the foregoing paragraph (b) of Section 10.3 of the Plan, including any such information also shared with Persons not party to the Case Stipulation shall remain subject to the confidentiality terms under which it was shared, including any information that was designated under the Protective Order (or confidentiality agreement that was superseded by the Protective Order), which such information shall remain confidential under the terms of the Protective Order unless such information, materials or documents are included in the Public Document Repository in accordance with the Plan and the Master Shareholder Settlement Agreement. Names or other identifying information of investments or specific third-party counterparties or advisors with whom or with which a Shareholder Released Party has or had a third-party investment, advisory or business relationship that was disclosed in documents or information produced by a Shareholder Released Party and designated Outside Professional Eyes Only Information under the Protective Order shall retain such designation and be protected accordingly.

(iv) Except as provided in the PI TDP, nothing in the Plan shall either (i) excuse any Person from compliance with any legislative, judicial or administrative subpoena, any civil investigative demand or any request for information made in the course of a government investigation; or (ii) limit any right of any Person with respect to compliance with any legislative, judicial or administrative subpoena, any civil investigative demand or any request for information made in the course of a government investigation.

4. Injunction against Interference with Plan

Subject to Section 12.4 of the Plan, upon entry of the Confirmation Order, all Holders of Claims against or Interests in the Debtors, Holders of Channeled Claims, Releasing Parties, Released Parties, Shareholder Released Parties and other parties in interests shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan and the Plan Documents. Section 10.4 of the Plan shall be included in the Confirmation Order.

5. Plan Injunction

(i) Except as otherwise provided in the Plan or in the Confirmation Order, as of the entry of the Confirmation Order but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors are, with respect to any such Claim or Interest, permanently enjoined after the entry of the Confirmation Order from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative or other forum) against or affecting, directly or indirectly, a Debtor or an Estate or the property of any of the foregoing, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned

in this clause (i) or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including any prejudgment attachment), collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order against a Debtor or an Estate or its property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this clause (ii) or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against a Debtor or an Estate or any of its property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned in this clause (iv) or any property of any such transferee or successor; (v) acting or proceeding in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan; and (vi) commencing or continuing, in any manner or in any place, any action that does not comply, or is inconsistent, with the provisions of the Plan; *provided, however*, that nothing contained in the Plan shall preclude such Persons who have held, hold or may hold Claims against or Interests in a Debtor or an Estate from exercising their rights, or obtaining benefits, pursuant to, and consistent with, the terms of the Plan and the Plan Documents.

(ii) All Persons, including all governmental, tax and regulatory authorities, lenders, trade creditors, dealers, customers, employees, litigation claimants and other creditors holding Claims, Liens, Interests, charges, encumbrances and other interests of any kind or nature whatsoever, including rights or Claims based on any successor or transferee liability, against or in a Debtor, the NewCo Transferred Assets, the MDT Transferred Assets or the PAT Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or noncontingent, known or unknown), arising under or out of, in connection with, or in any way relating to the Debtors, the NewCo Transferred Assets, the MDT Transferred Assets, the PAT Assets, the operation of the NewCo Transferred Assets prior to the Effective Date or the Restructuring Transactions are forever barred, estopped and permanently enjoined from asserting against the Released Parties, their respective successors and assigns, their property, the NewCo Transferred Assets, the MDT Transferred Assets or the PAT Assets, any Released Claim or any other Cause of Action the assertion of which does not comply with or is inconsistent with the provisions of the Plan, including, without limitation, by: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative or other forum) against or affecting, directly or indirectly, a Released Party, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this clause (i) or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including any prejudgment attachment), collecting or otherwise

recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order against a Released Party, or any direct or indirect transferee of any property of, or direct or indirect successor-in-interest to, any of the foregoing Persons mentioned in this clause (ii) or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing any encumbrance of any kind or asserting any Released Claims in any manner, directly or indirectly, against a Released Party or any of its property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned in this clause (iii) or any property of any such transferee or successor; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan.

6. Releases

(i) Releases by Debtors.

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties before and during the Chapter 11 Cases to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the Debtors and their Estates from any and all Causes of Action, including any derivative claims asserted or assertible by or on behalf of any Debtor or any of their Estates and including any claims that any Debtor or any of their Estates, or that any other Person or party claiming under or through any Debtor or any of their Estates, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Debtor or any of their Estates or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, based on or relating to, or in any manner arising from, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, the Foundation and any other newly-formed Persons that shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Releases set forth in Section 10.6(a) of the Plan.

Notwithstanding anything in the Plan to the contrary, (x) nothing in the Plan shall release any Excluded Claim and (y) nothing in Section 10.6(a) of the Plan shall (A) release

any contractual Estate Cause of Action or any Estate Cause of Action that is commercial in nature and, in each case, unrelated to either the Chapter 11 Cases or the subject matter of the Pending Opioid Actions; *provided* that, with respect to the Settling Co-Defendants, only Estate Surviving Pre-Effective Date Claims shall be retained and not released, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan, *provided*, *however*, that the foregoing shall not apply to any Holder of a Co-Defendant Claim solely with respect to such Co-Defendant Claim, (C) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements, or (D) release any Claim or right to disgorge, recoup or recover compensation under the orders authorizing the Key Employee Plans or the orders with respect to the *Motion of Debtors for Entry of an Order Authorizing (I) Debtors to (A) Pay Pre-Petition Wages, Salaries, Employee Benefits and Other Compensation and (B) Maintain Employee Benefits Programs and Pay Related Administrative Obligations, (II) Employees and Retirees to Proceed with Outstanding Workers' Compensation Claims and (III) Financial Institutions to Honor and Process Related Checks and Transfers* [D.I. 6].

(ii) Releases by Releasing Parties.

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties before and during the Chapter 11 Cases to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the Releasing Parties from any and all Causes of Action, including, without limitation, any Estate Cause of Action and any claims that any Releasing Party, or that any other Person or party claiming under or through any Releasing Party, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Releasing Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, (A) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (ii) the Estates, (iii) the Chapter 11 Cases, or (iv) Covered Conduct and (B) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor.

Without limiting the foregoing: (A) the foregoing releases include any Cause of Action of a Releasing Party that has been or may be asserted against any Released Party, by such Releasing Party (whether or not such party has brought such action or proceeding) in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) (x) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (I) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (II) the Estates, (III) the Chapter 11 Cases, or (IV) Covered Conduct

and (y) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor; and (B) the parties intend that these releases (including the term "Released Claims") be broad and interpreted so as to give the Released Parties the broadest possible release of any liability relating in any way to the Released Claims.

For the avoidance of doubt and notwithstanding anything to the contrary in the Plan or the Confirmation Order, the releases set forth in Section 10.6(b) of the Plan, and all references to "Releasing Parties" as used in the Plan, of the Plan shall not apply to (i) Holders of Claims who do not opt-in to the releases through their applicable ballots, (ii) Holders of Claims whose releases will be governed solely and exclusively by a Direct Claims Shareholder Settlement Agreement and (iii) Holders of Non-Federal Domestic Governmental Claims, whose releases shall be governed solely and exclusively by the Governmental Entity Shareholder Direct Settlement Agreement.[145] For the avoidance of doubt and notwithstanding anything to the contrary in the Plan, none of the releases, injunctions, or other terms contained in the Plan or the Confirmation Order shall expand, limit, alter, or otherwise affect any releases, waivers, or disclaimers of liability or other terms contained in any of the Direct Claims Shareholder Settlement Agreements.

[To the extent that, on or after the Effective Date, any Releasing Party negotiates and enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization (whether individually or as a class of creditors), the Releasing Party will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind against the Released Parties substantially equivalent to that required from the Shareholder Released Parties in Section 10.7(b)(iii)(A) of the Plan, or a release from such Non-Released Party in favor of the Released Parties (in a form equivalent to Section 10.6(b)) of the Plan of any Claim-Over. Each Releasing Party acknowledges and agrees that it shall take reasonable steps to enforce such agreement related to indemnification and contribution, and any other agreement related to indemnification and contribution from a prior opioid settlement, in each case as applicable, for the benefit of the and the Released Parties.][146]

Notwithstanding anything in the Plan to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) Co-Defendants (including, for the avoidance of doubt, Settling Co-Defendants) shall not be Released Parties for purposes of Section 10.6(b) of the Plan; and (z) nothing in Section 10.6(b) of the Plan shall (A) release any Non-Opioid Excluded Claims, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and

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[145] **The Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, remain subject to ongoing negotiations. The releases in the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, may differ from those provided for in Section 10.6(b) of the Plan. The rights of all parties to the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, are fully reserved.**

[146] [**NTD:** subject to ongoing review.]

resolution of such Claim solely in accordance with the Plan, *provided*, *however*, that the foregoing shall not apply to any Holder of a Co-Defendant Claim solely with respect to such Co-Defendant Claim, or (C) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements.

Notwithstanding anything in the Plan to the contrary, but subject to the MDT Insurer Injunction and the Settling MDT Insurer Injunction, the Debtors shall not be released from liability for any Claim (other than any Co-Defendant Claim) that is or may be covered by any Purdue Insurance Policy; *provided* that recovery for any such Claim, including by way of settlement or judgment, shall be limited to the available proceeds of such Purdue Insurance Policy (and any extra-contractual liability of the Insurance Companies with respect to the Purdue Insurance Policies), and no Person or party shall execute, garnish or otherwise attempt to collect any such recovery from any assets other than the available proceeds of the Purdue Insurance Policies. The Debtors shall be released automatically from a Claim described in this paragraph upon the earlier of (x) the abandonment of such Claim and (y) such a release being given as part of a settlement or resolution of such Claim, and shall be released automatically from all Claims described in this paragraph upon the exhaustion of the available proceeds of the Purdue Insurance Policies (notwithstanding the nonoccurrence of either event described in the foregoing clauses (x) and (y)).

(iii) Releases by Debtors of Holders of Claims.

As of the Effective Date, all Holders of Channeled Claims (excluding, in all respects, any Excluded Party, Shareholder Release Snapback Party or MDT Insurer) are hereby released by the Debtors and their Estates from any and all Causes of Action for any Claim in connection with, or arising out of, (i) the administration of the Chapter 11 Cases; the negotiation and pursuit of the Restructuring Transactions, the Plan, the Master Disbursement Trust, the Creditor Trusts (including the trust distribution procedures and the other Creditor Trust Documents) and the solicitation of votes with respect to, and confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration of the Plan and the property to be distributed under the Plan; and the wind-up and dissolution of the Liquidating Debtors and the transactions in furtherance of any of the foregoing or (ii) such Holder's participation in the Pending Opioid Actions. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, the Foundation and any other newly-formed Persons that shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Releases set forth in Section 10.6(c) of the Plan.

As of the Effective Date, all Holders of PI Channeled Claims (excluding, in all respects, any Excluded Party, Shareholder Release Snapback Party or MDT Insurer) are hereby released by the Debtors and their Estates from any and all Causes of Action for any Claim in connection with, or arising out of, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past,

present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases, including, in each case, without limitation, any act, conduct, omission, event, transaction, occurrence, injury, damage, or continuing condition in any way relating to the foregoing.

Notwithstanding anything in the Plan to the contrary, (x) nothing in the Plan shall release any Excluded Claim and (y) nothing in Section 10.6(c) of the Plan shall (A) release any contractual Estate Cause of Action or any Estate Cause of Action that is commercial in nature and, in each case, unrelated to either the Chapter 11 Cases or the subject matter of the Pending Opioid Actions, *provided* that, with respect to the Settling Co-Defendants, only Estate Surviving Pre-Effective Date Claims shall be retained and not released, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan, *provided*, *however*, that the foregoing shall not apply to any Holder of a Co-Defendant Claim solely with respect to such Co-Defendant Claim, (C) release any claim or right arising in the ordinary course of the Debtors' or NewCo's business, including, without limitation, any such claim with respect to taxes or (D) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements.

7. Shareholder Releases

(i) Releases by Debtors.

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Shareholder Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (z) of the last paragraph of Section 10.7(a) of the Plan, by the Debtors and their Estates from any and all Causes of Action, including any Estate Causes of Action asserted or assertible by or on behalf of any Debtor or any of their Estates and including any claims that any Debtor or any of their Estates, or that any other Person or party claiming under or through any Debtor or any of their Estates, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Debtor or any of their Estates or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, based on or relating to, or in any manner arising from, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, the Foundation and any other newly-formed Persons that shall be

continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Shareholder Releases set forth in Section 10.7(a) of the Plan.

Notwithstanding anything in the Plan to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) nothing in Section 10.7(a) of the Plan shall be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements and the Separation Agreements; and (z) upon the filing of a Notice of Shareholder Release Snapback, (A) the Shareholder Releases set forth in Section 10.7(a) of the Plan shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to all members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, (B) the *status quo ante* shall be restored in all respects for the Debtors and the Master Disbursement Trust with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, and (C) the Master Disbursement Trust shall be deemed to have received and accepted all of the rights with respect to any member of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, in each case, that the Debtors and their Estates had prior to the Effective Date and that the Master Disbursement Trust would have pursuant to the transfer of the MDT Shareholder Rights to the Master Disbursement Trust if the Shareholder Releases of Section 10.7(a) of the Plan had never been granted, which rights the Debtors and their Estates shall be deemed to have irrevocably transferred, granted and assigned to the Master Disbursement Trust; *provided* that, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the Shareholder Releases shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Shareholder Released Parties other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties.

(ii) Releases by Releasing Parties.

(i) As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Shareholder Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (y) of the last paragraph of Section 10.7(b) of the Plan, by the Releasing Parties from any and all Causes of Action, including, without limitation, any Estate Cause of Action and any claims that any Releasing Party, or that any other Person or party claiming under or through any Releasing Party, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Releasing Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, (A) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (ii) the Estates, (iii) the Chapter 11 Cases, or (iv) Covered Conduct and (B) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor.

Without limiting the foregoing: (A) the foregoing releases include any Cause of Action of a Releasing Party that has been or may be asserted against any Shareholder Released Party, by such Releasing Party (whether or not such party has brought such action or proceeding) in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) (x) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (I) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (II) the Estates, (III) the Chapter 11 Cases, or (IV) Covered Conduct and (y) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor; and (B) the parties intend that these releases (including the term "Shareholder Released Claims") be broad and interpreted so as to give the Shareholder Released Parties the broadest possible release of any liability relating in any way to the Shareholder Released Claims.

For the avoidance of doubt and notwithstanding anything to the contrary in the Plan or the Confirmation Order, the releases set forth in Section 10.7(b) of the Plan , and all referenced to "Releasing Parties" as used in the Plan, shall not apply to (i) Holders of Claims who do not opt-in to the releases through their applicable ballots, (ii) Holders of Claims whose releases will be governed solely and exclusively by a Direct Claims Shareholder Settlement Agreement and (iii) Holders of Non-Federal Domestic Governmental Claims, whose releases shall be governed solely and exclusively by the Governmental Entity Shareholder Direct Settlement Agreement.[147] For the avoidance of doubt and notwithstanding anything to the contrary in the Plan, none of the releases, injunctions, or other terms contained in the Plan or the Confirmation Order shall expand, limit, alter, or otherwise affect any releases, waivers, or disclaimers of liability or other terms contained in any of the Direct Claims Shareholder Settlement Agreements.

[147] **The Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, remain subject to ongoing negotiations. The releases in the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement**

(ii) [In addition to granting the foregoing release, any Releasing Party represented by counsel agrees not to waive any conflict of interest that may arise for any such counsel by virtue of the clients of such counsel participating in any Shareholder Settlement.][148]

[(iii) (A) No Shareholder Released Party shall seek to recover for amounts paid under Master Shareholder Settlement Agreement and the Plan based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, health care practitioner; *provided* that a Shareholder Released Party shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it.

(B) To the extent that, on or after the Effective Date, any Releasing Party negotiates and enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization (whether individually or as a class of creditors), the Releasing Party will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind against the Shareholder Released Parties substantially equivalent to that required from the Shareholder Released Parties in Section 10.7(b)(iii)(A) of the Plan, or a release from such Non-Released Party in favor of the Shareholder Released Parties (in a form equivalent to Section 10.7(b) of the Plan) of any Claim-Over. Each Releasing Party acknowledges and agrees that it shall take reasonable steps to enforce such agreement related to indemnification and contribution, and any other agreement related to indemnification and contribution from a prior opioid settlement, in each case as applicable, for the benefit of the Shareholder Released Parties.

(C) In the event that any Releasing Party obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Party that does not contain a prohibition like that described in Section 10.7(b)(iii)(B) of the Plan or any Releasing Party files a Non-Party Covered Conduct Claim against a Non-Released Party in bankruptcy or a Releasing Party is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section 10.7(b)(iii)(B) of the Plan, and such Non-Released Party asserts a Claim-Over against a Shareholder Released Party, the Shareholder Released Party shall be relieved of the prohibition in Section 10.7(b)(iii)(B) of the Plan with respect to that Non-Released Party and that Releasing Party and the Sackler Parties' Representative shall take the following actions to ensure that the Shareholder Released Parties do not pay more with respect to Covered Conduct to Releasing Parties or to Non-Released Parties than the amounts owed under the Plan and the Master Shareholder Settlement Agreement by Shareholder Payment Groups:

Agreement, may differ from those provided for in Section 10.7 of the Plan . The rights of all parties to the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, are fully reserved.

[148] [**NTD:** subject to ongoing review.]

(i) The Sackler Parties' Representative shall notify that Releasing Party of the Claim-Over within sixty (60) calendar days of when it becomes aware of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date, whichever is later;

(ii) The Sackler Parties' Representative and that Releasing Party shall meet and confer concerning the means to hold Shareholder Released Parties harmless and ensure that they are not required to pay more with respect to Covered Conduct than the amounts owed by the Shareholder Payment Groups under Plan and the Master Shareholder Settlement Agreement;

(iii) That Releasing Party and the Sackler Parties' Representative shall take steps sufficient and permissible under the law of the state of the Releasing Party to hold Shareholder Released Parties harmless from the Claim-Over and ensure Shareholder Released Parties are not required to pay more with respect to Covered Conduct than the amounts owed by the Shareholder Payment Groups under Plan and the Master Shareholder Settlement Agreement. Such steps may include, where permissible:

Filing of motions to dismiss or such other appropriate motion by the Sackler Parties' Representative or Shareholder Released Parties and supported by that Releasing Party, in response to any claim filed in litigation or arbitration;

(1) Reduction of that Releasing Party's Claim and any judgment it has obtained or may obtain against such Non-Released Party by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount that Releasing Party has obtained, may obtain, or has authority to control from such Non-Released Party;

(2) Placement into escrow of funds paid by the Non-Released Parties such that those funds are available to satisfy the Claim-Over;

(3) Return of monies paid by Shareholder Payment Groups to that Releasing Party under Plan and the Master Shareholder Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Party to satisfy the Claim-Over;

(4) Payment of monies to Shareholder Released Parties by that Releasing Party to ensure they are held harmless from such Claim-Over, up to the amount that Releasing Party has obtained, may obtain, or has authority to control from such Non-Released Party;

(5) Credits to Shareholder Payment Groups under the Plan and the Master Shareholder Settlement Agreement to reduce the overall amounts to be paid under Plan and the Master Shareholder Settlement Agreement such that they are held harmless from the Claim-Over; and

(6) Such other actions as that Releasing Party and Shareholder Payment Parties, the Sackler Parties' Representative may devise to hold Shareholder Released Parties harmless from the Claim-Over.

(iv) The actions taken pursuant to paragraph (III) must, in combination, ensure that Shareholder Payment Groups are not required to pay more with respect to Covered Conduct than the amounts owed by them to such Releasing Party under the Plan and the Master Shareholder Settlement Agreement.

(D) To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section 10.7(b)(iii)(C) of the Plan shall extend solely to a Non-Party Covered Conduct Claim against a clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. The Sackler Parties' Representative shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Party asserts a Claim-Over arising out of contractual indemnity against it.][149]

(iv) Notwithstanding anything in the Plan to the contrary, (x) nothing in Section 10.7(b) of the Plan shall (A) release any Excluded Claims or (B) be construed to impair in any way the rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements and (y) upon the filing of a Notice of Shareholder Release Snapback, (A) the Shareholder Releases set forth in Section 10.7(b) of the Plan shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to all members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties and (B) the status quo ante shall be restored in all respects for the Releasing Parties with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties; provided that, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the Shareholder Releases shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Shareholder Released Parties other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties.

(iii) Releases by Shareholder Released Parties.

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Reciprocal Releasees shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (z) of the last paragraph of Section 10.7(c) of the Plan, by the Shareholder Released Parties from any and all Causes of Action, including any derivative claims asserted or assertible by or on behalf of the Debtors or their Estates and including any claims that any Shareholder Released Party, or that any other Person or party claiming under or through

[149] [**NTD:** subject to ongoing review.]

any Shareholder Released Party, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Shareholder Released Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, based on or relating to, or in any manner arising from, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases.

Notwithstanding anything in the Plan to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) nothing in Section 10.7(c) of the Plan shall be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements, and the Separation Agreement, and including the rights of any Shareholder Released Party that is a current or former director, officer or employee of the Debtors but is not a Sackler Family Member relating to plan treatment of any Claims held by such party; and (z) upon the filing of a Notice of Shareholder Release Snapback and the commencement or continuation of any action or proceeding against a member of a Breaching Shareholder Family Group or a Designated Shareholder Released Party by any Reciprocal Releasee, (A) the releases set forth in Section 10.7(c) of the Plan of any Reciprocal Releasee that has commenced or continued any such action shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties and (B) the *status quo ante* shall be restored in all respects for the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties with respect to any Reciprocal Releasee that has commenced or continued any such litigation; *provided* that, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the releases set forth in Section 10.7(c) of the Plan shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Reciprocal Releasees, and shall be binding on, and enforceable against, all other Shareholder Released Parties, including any members of the Breaching Shareholder Family Group with respect to any Reciprocal Releasee that has not commenced any such litigation.

8. Channeling Injunction

In order to supplement the injunctive effect of the Plan Injunction, the Estate Releases and the Shareholder Releases set forth in Sections 10.5, 10.6 and 10.7 of the Plan, the Confirmation Order shall provide for the following permanent injunction to take effect as of the Effective Date:

(i) Terms. In order to preserve and promote the settlements contemplated by and provided for in the Plan and to supplement, where necessary, the injunctive effect of the Plan Injunction, the Estate Releases and the

Shareholder Releases described in Sections 10.5, 10.6 and 10.7 of the Plan, and pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court under section 105(a) of the Bankruptcy Code, all Persons that have held or asserted, that hold or assert or that may in the future hold or assert any Channeled Claim shall be permanently and forever stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payments, satisfaction, recovery or judgment of any form from or against any Protected Party with respect to any Channeled Claim, including:

(1) commencing, conducting or continuing, in any manner, whether directly or indirectly, any suit, action or other proceeding, in each case, of any kind, character or nature, in any forum in any jurisdiction with respect to any Channeled Claims, against or affecting any Protected Party, or any property or interests in property of any Protected Party with respect to any Channeled Claims;

(2) enforcing, levying, attaching, collecting or otherwise recovering, by any means or in any manner, either directly or indirectly, any judgment, award, decree or other order against any Protected Party or against the property of any Protected Party with respect to any Channeled Claims;

(3) creating, perfecting or enforcing, by any means or in any manner, whether directly or indirectly, any Lien of any kind against any Protected Party or the property of any Protected Party with respect to any Channeled Claims;

(4) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, whether directly or indirectly, in respect of any obligation due to any Protected Party or against the property of any Protected Party with respect to any Channeled Claims; and

(5) taking any act, by any means or in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents, with respect to any Channeled Claims.

(ii) **Reservations**. Notwithstanding anything to the contrary in Section 10.8 of the Plan or the Confirmation Order, this Channeling Injunction shall not stay, restrain, bar or enjoin:

(1) the rights of Holders of Channeled Claims to the treatment afforded them under the Plan and the Plan Documents, including the rights of Holders of Channeled Claims to assert such Channeled Claims solely in accordance with Section 6.21 of the Plan, the Master TDP

and the Creditor Trust TDPs, in each case whether or not there are funds to make Distributions in respect of such Channeled Claims and whether or not such rights entitle such Holders to any Distributions;

(2) the rights of Persons to assert any claim, debt, litigation or liability for payment of Creditor Trust Operating Expenses solely against the applicable Creditor Trust;

(3) the rights of Persons to assert any claim, debt or litigation against any Excluded Party;

(4) the rights of the Master Disbursement Trust to pursue and enforce the MDT Shareholder Rights, the MDT Insurance Rights and the MDT Causes of Action;

(5) the rights of the parties to the LRP Agreement to enforce the terms thereof in accordance with the Plan;

(6) the Creditor Trusts from enforcing their respective rights against the Master Disbursement Trust under the Plan and the MDT Documents; or

(7) the Master Disbursement Trust and the Plan Administration Trust from enforcing its rights against NewCo under the Plan.

(iii) **Notice of Shareholder Release Snapback**. Upon the filing of a Notice of Shareholder Release Snapback, the Channeling Injunction shall terminate, be rescinded and have no application, without further order of the Bankruptcy Court, to any suit, action or other proceeding, in each case, of any kind, character or nature, brought against any member of the Breaching Shareholder Family Group and any Designated Shareholder Released Party; *provided*, *however*, that the extension of time provided by Section 10.9(a) of the Plan shall continue in effect in accordance with its terms; *provided further* that, for the avoidance of doubt, notwithstanding the termination and rescission pursuant to Section 10.8(c) of the Plan, the Channeling Injunction shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Protected Parties, including all other Shareholder Released Parties, other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties; and *provided further* that, in the event of the filing of a Notice of Shareholder Release Snapback, any determination made in the claims resolution process in accordance with Section 7.6 of the Plan will not be binding against any party.

(iv) **Modifications**. Except as expressly set forth in paragraph (c) of Section 10.8 of the Plan, there can be no modification, dissolution or termination of the Channeling Injunction, which shall be a permanent injunction.

(v) **Non-Limitation of Channeling Injunction**. Except as expressly set forth in paragraphs (b) and (c) of Section 10.8 of the Plan, nothing in the Plan, the MDT Documents or the Creditor Trust Documents shall be construed in any way to limit the scope, enforceability or effectiveness of the Channeling Injunction issued in connection with the Plan.

(vi) Bankruptcy Rule 3016 Compliance. The Debtors' compliance with the requirements of Bankruptcy Rule 3016 shall not constitute an admission that the Plan provides for an injunction against conduct not otherwise enjoined under the Bankruptcy Code.

9. Tolling of Shareholder Released Claims; Violations of Shareholder Releases and Channeling Injunction.

(i) **Tolling of Shareholder Released Claims**. If applicable law, an order in any proceeding or an agreement fixes a period for commencing or continuing an action or proceeding based on a Shareholder Released Claim and such Shareholder Released Claim is released pursuant to the Shareholder Releases or such action or proceeding is enjoined by the Channeling Injunction, then such period does not expire with respect to such Shareholder Released Claim with respect to the Master Disbursement Trust (or the MDT Trustees) or the Releasing Parties until the latest of (i) the end of such period; (ii) with respect to the applicable Shareholder Family Group and any Designated Shareholder Released Party, two hundred twenty-five (225) days after the filing of a Notice of Shareholder Release Snapback with respect to such Shareholder Family Group; (iii) with respect to the applicable Shareholder Family Group and any Designated Shareholder Released Party, when such Shareholder Family Group fulfills its payment obligations under the Shareholder Settlement Agreements; and (iv) with respect to the applicable Shareholder Released Party that is a Subsidiary (as defined in the Master Shareholder Settlement Agreement) of a Shareholder Payment Party, two hundred twenty-five (225) days after the reinstatement of any Estate Cause of Action against such Shareholder Released Party pursuant to Section 10.19 of the Plan.

(ii) **Violations of Shareholder Releases and Channeling Injunction**. In the event that any Person takes any action that a Shareholder Released Party believes violates the Shareholder Releases or Channeling Injunction as it applies to any Shareholder Released Party, such Shareholder Released Party shall be entitled to make an emergency application to the Bankruptcy Court for relief, and may proceed by contested matter rather than by adversary proceeding. The Bankruptcy Court shall have jurisdiction and authority to enter final orders in connection with any dispute over whether an action violates the Shareholder Releases or Channeling Injunction. Upon determining that a violation of the Shareholder Releases or Channeling Injunction has occurred, the Bankruptcy Court, in its discretion, may award any appropriate relief against such violating Person, including, but not

limited to, (i) disgorgement from the violating Person of any funds, assets or other value received, directly or indirectly, pursuant to the Plan or Plan Documents (including fees and expenses paid pursuant to the Plan or Plan Documents on account of legal or other advisory services rendered to or for the benefit of the violating Person); (ii) the termination of any rights of the violating Person to receive any funds, assets or other value pursuant to the Plan or Plan Documents; (iii) the reduction of any payments owed by any Shareholder Released Parties under the Shareholder Settlement Agreements to the violating Person in an amount equal to the amount of disgorgement ordered from, or the reduction of future payments ordered to be made to, or on account of, the violating Person (subject to the right of the violating Person to request that any amounts actually disgorged from such violating Person offset any reduction of future payments ordered to be made to, or on account of, such violating Person); (iv) an admonition, reprimand or censure of, or citation of contempt by, the violating Person and its counsel; (v) a fine or penalty paid into the Bankruptcy Court; (vi) a bond or other security in an amount equal to any financial obligation ordered by the Bankruptcy Court in respect of the violation; (vii) an appropriate sanction on any attorney or law firm responsible for the violation; (viii) injunctive relief to prevent future violations by the Person or its counsel; and (ix) attorney and other professional fees incurred by any Shareholder Released Party arising from the violation. The provision of any one form of relief shall not preclude the provision of any other form of relief.

10. MDT Insurer Injunction.

(i) **Terms**. In accordance with section 105(a) of the Bankruptcy Code, upon the occurrence of the Effective Date, all Persons that have held or asserted, that hold or assert or that may in the future hold or assert any Claim based on, arising under or attributable to an MDT Insurance Policy shall be, and hereby are, permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery on account of any such Claim based on, arising under or attributable to an MDT Insurance Policy from or against any MDT Insurer, including:

(1) commencing, conducting or continuing, in any manner, any action or other proceeding of any kind (including an arbitration or other form of alternate dispute resolution) against any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy;

(2) enforcing, attaching, levying, collecting or otherwise recovering, by any manner or means, any judgment, award, decree or other order against any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy;

(3) creating, perfecting or enforcing in any manner any Lien of any kind against any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy;

(4) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, whether directly or indirectly, against any obligation due to any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy; and

(5) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan applicable to any Claim based on, arising under or attributable to an MDT Insurance Policy.

(ii) **Reservations**. The provisions of this MDT Insurer Injunction shall not preclude the Master Disbursement Trust from pursuing any Claim based on, arising under or attributable to an MDT Insurance Policy, or any other claim that may exist under any MDT Insurance Policy against any MDT Insurer, or enjoin the rights of the Master Disbursement Trust to prosecute any action based on or arising from the MDT Insurance Policies or the rights of the Master Disbursement Trust to assert any claim, debt, obligation, cause of action or liability for payment against an MDT Insurer based on or arising from the MDT Insurance Policies. The provisions of this MDT Insurer Injunction are not issued for the benefit of any MDT Insurer, and no such insurer is a third-party beneficiary of this MDT Insurer Injunction. This MDT Insurer Injunction shall not enjoin, impair or affect (i) any claims between or among MDT Insurers that are not Settling MDT Insurers; (ii) the rights of current and former directors, officers, employees and authorized agents of the Debtors that are not Sackler Family Members that are preserved under the Plan; or (iii) the terms of the Master Shareholder Settlement Agreement with respect to the MDT Shareholder Insurance Rights. For the avoidance of doubt, with respect to a Person that purports to be insured under any MDT Insurance Policy, the MDT Insurer Injunction shall enjoin only derivative claims and rights. Nothing in the Plan shall determine whether any Claim or right under any MDT Insurance Policy is either derivative or direct, or otherwise would be disallowed or subordinated under the Bankruptcy Code, which determination shall be made, as necessary, to the extent such Claim or right is not otherwise released under the Plan, in accordance with applicable law.

(iii) **Modifications**. To the extent the MDT Trustees make a good faith determination that some or all of the MDT Insurance Proceeds are substantially unrecoverable by the Master Disbursement Trust, the Master Disbursement Trust shall have the sole and exclusive authority at any time,

upon written notice to any affected MDT Insurer, to terminate, reduce or limit the scope of this MDT Insurer Injunction with respect to any MDT Insurer; provided that any termination, reduction, or limitation of the MDT Insurer Injunction (A) shall apply in the same manner to all beneficiaries of the Creditor Trusts that are MDT Beneficiaries and (B) shall comply with any procedures set forth in the MDT Agreement.

(iv) **Non-Limitation of MDT Insurer Injunction**. Except as set forth in paragraphs (b) and (c) of Section 10.10 of the Plan, nothing in the Plan, the MDT Documents or the Creditor Trust Documents shall be construed in any way to limit the scope, enforceability or effectiveness of the MDT Insurer Injunction issued in connection with the Plan.

11. Settling MDT Insurer Injunction.

(i) **Terms**. In accordance with section 105(a) of the Bankruptcy Code, upon the occurrence of the Effective Date, all Persons that have held or asserted, that hold or assert or that may in the future hold or assert any Claim based on, arising under or attributable to an MDT Insurance Policy shall be, and hereby are, permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery on account of any such Claim based on, arising under or attributable to an MDT Insurance Policy from or against any Settling MDT Insurer, solely to the extent that such Settling MDT Insurer has been released from such Claim under such MDT Insurance Policy pursuant to an MDT Insurance Settlement, including:

(1) commencing, conducting or continuing, in any manner any action or other proceeding of any kind (including an arbitration or other form of alternate dispute resolution) against any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy;

(2) enforcing, attaching, levying, collecting or otherwise recovering, by any manner or means, any judgment, award, decree or other order against any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy;

(3) creating, perfecting or enforcing in any manner any Lien of any kind against any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy;

(4) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, whether directly

or indirectly, against any obligation due to any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy; and

(5) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan applicable to such Claim based on, arising under or attributable to such MDT Insurance Policy.

(ii) **Reduction of Insurance Judgments**. Any right, Claim or cause of action that an Insurance Company may have been entitled to assert against any Settling MDT Insurer but for the Settling MDT Insurer Injunction, if any such right, Claim or cause of action exists under applicable non-bankruptcy law, shall become a right, Claim or cause of action solely as a setoff claim against the Master Disbursement Trust and not against or in the name of the Settling MDT Insurer in question. Any such right, Claim or cause of action to which an Insurance Company may be entitled shall be solely in the form of a setoff against any recovery of the Master Disbursement Trust from that Insurance Company, and under no circumstances shall that Insurance Company receive an affirmative recovery of funds from the Master Disbursement Trust or any Settling MDT Insurer for such right, Claim or cause of action. In determining the amount of any setoff, the Master Disbursement Trust may assert any legal or equitable rights the Settling MDT Insurer would have had with respect to any right, Claim or cause of action.

(iii) **Modifications**. There can be no modification, dissolution or termination of the Settling MDT Insurer Injunction, which shall be a permanent injunction.

(iv) **Non-Limitation of Settling MDT Insurer Injunction**. Except as set forth in paragraphs (b) and (c) of Section 10.11 of the Plan, nothing in the Plan, the MDT Documents or the Creditor Trust Documents shall be construed in any way to limit the scope, enforceability or effectiveness of the Settling MDT Insurer Injunction issued in connection with the Plan.

12. Exculpation

To the maximum extent permitted by applicable law, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from: any Cause of Action for any Claim in connection with, or arising out of, the administration of the Chapter 11 Cases; the negotiation and pursuit of the Disclosure Statement (including any information provided, or statements made, in the Disclosure Statement or omitted therefrom), the Restructuring Transactions, the Plan, the Master Disbursement Trust (including the Master TDP and the MDT Agreement), the Creditor Trusts (including the Creditor Trust TDPs and the other Creditor Trust Documents) and the solicitation of votes for, and confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration of the Plan and the property to be

distributed under the Plan; and the wind-up and dissolution of the Liquidating Debtors and the transactions in furtherance of any of the foregoing, in each case other than Causes of Action arising out of, or related to, any act or omission of an Exculpated Party that is a criminal act or constitutes fraud, gross negligence or willful misconduct. This exculpation shall be in addition to, and not in limitation of, all other Releases, indemnities, exculpations and any other applicable law or rules protecting such Exculpated Parties from liability. For the avoidance of doubt, Section 10.12 of the Plan shall not exculpate or release any Exculpated Party with respect to any act or omission of such Exculpated Party prior to the Effective Date that is later found to be a criminal act or to constitute fraud, gross negligence or willful misconduct, including findings after the Effective Date. Notwithstanding anything in the Plan to the contrary, nothing in the Plan shall release any Causes of Action that may be asserted against any Excluded Party.

13. Injunction Related to Releases and Exculpation

To the maximum extent permitted under applicable law, the Confirmation Order shall permanently enjoin the commencement or prosecution by any Person, whether directly, derivatively or otherwise, of any Causes of Action released pursuant to the Plan, including, without limitation, the Causes of Action released or exculpated in the Plan and with respect to any Claims, Interests, Liens, other encumbrances or liabilities that are subject to Sections 5.3(b), 5.4(c) or 5.6(b) of the Plan (but, for the avoidance of doubt, excluding any Excluded Claims).

14. Subordinated Claims

The allowance, classification and treatment of all Claims and Interests and the respective Distributions and treatments in respect thereof under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, sections 509(c), 510(a), 510(b) or 510(c) of the Bankruptcy Code or otherwise. Pursuant to sections 509(c) and 510 of the Bankruptcy Code or otherwise, the Debtors reserve the right to reclassify any Allowed Claim or Allowed Interest in accordance with any contractual, legal or equitable subordination relating thereto.

15. Preservation of Causes of Action and Reservation of Rights

As of the Effective Date, (a) the Master Disbursement Trust shall have the right to prosecute any and all MDT Causes of Action, (b) the Plan Administration Trust shall have the right to prosecute any and all Retained Causes of Action relating to and necessary for the administration of Claims against the Debtors (other than Channeled Claims) or the other responsibilities of the Plan Administration Trustee in accordance with the PAT Agreement, (c) each Creditor Trust shall have the right to prosecute any and all Retained Causes of Action relating to and necessary for the administration of the applicable Channeled Claims in accordance with the applicable Creditor Trust TDP and (d) NewCo shall have the right to prosecute any and all Retained Causes of Action constituting NewCo Transferred Assets. Pursuant to section 1123(b) of the Bankruptcy Code, except as expressly provided in Sections 10.5 through 10.13 of the Plan, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any Causes of Action that the Debtors had immediately before the Effective Date on behalf of the Estates or of themselves in accordance with any provision of the Bankruptcy

Code or any applicable nonbankruptcy law, including but not limited to any actions specifically enumerated in the Schedule of Retained Causes of Action. Subject to Sections 10.5 through 10.13 of the Plan, all such Causes of Action shall be transferred to the Master Disbursement Trust, the Plan Administration Trust, the applicable Creditor Trust or NewCo, as applicable, which shall have, retain, reserve and be entitled to assert all such Causes of Action in accordance with the Plan as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights with respect to any Claim or Interest may be asserted after the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

16. Ipso Facto and Similar Provisions Ineffective

Any term of any policy, contract or other obligation applicable to a Debtor shall be void and of no further force or effect with respect to any Debtor to the extent such policy, contract, or other obligation is conditioned on, creates an obligation of any Debtor as a result of, or gives rise to a right of any Person based on any of the following: (a) the insolvency or financial condition of a Debtor; (b) the commencement of the Chapter 11 Cases; (c) the confirmation or consummation of the Plan, including any change of control that shall occur as a result of such consummation; or (d) the Restructuring Transactions.

17. No Successor Liability

Except as otherwise expressly provided in the Plan and the Confirmation Order, each of NewCo, the Foundation, the Master Disbursement Trust, the Plan Administration Trust and the Creditor Trusts (a) is not, and shall not be deemed to assume, agree to perform, pay or otherwise have any responsibilities for any liabilities or obligations of the Debtors or any other Person relating to or arising out of the operations or the Assets of the Debtors on or prior to the Effective Date, (b) is not, and shall not be, a successor to the Debtors by reason of any theory of law or equity or responsible for the knowledge or conduct of any Debtor prior to the Effective Date and (c) shall not have any successor or transferee liability of any kind or character.

18. Co-Defendant Defensive Rights.

Except as provided in the MDT Insurer Injunction, the Settling MDT Insurer Injunction or clause (ii) of the penultimate sentence of Section 10.18 of the Plan, notwithstanding anything to the contrary in Article X of the Plan or in the Plan as it currently exists or as it might be further amended, the Confirmation Order or any order entered in connection with the Plan (or the Plan as amended) (or any such order, as amended, modified or supplemented), or any supplement to the Plan (or the Plan as amended), nothing contained in the Plan or any of the foregoing documents or orders (including, without limitation, the classification, treatment, allowance, disallowance, release, bar, injunction, Channeling Injunction or any other provision of the Plan or the Plan as amended with respect to, impacting, affecting, modifying, limiting, subordinating, impairing, in any respect, a Co-Defendant Claim), will release, bar, enjoin, impair, alter, modify, amend, limit, prohibit, restrict, reduce, improve or enhance any Co-Defendant Defensive Rights of any Holder of a Co-Defendant Claim or Excluded Party as such rights exist or might in the future exist under applicable non-bankruptcy law. Nothing in the Plan, any of the Plan Documents or in the Confirmation Order shall preclude, operate to or have the effect of, impairing any Holder of a Co-Defendant Claim or Excluded Party from asserting in any proceeding any and all Co-Defendant

Defensive Rights that it has or may have under applicable law. Nothing in the Plan, any of the Plan Documents or the Confirmation Order shall be deemed to waive any Co-Defendant Defensive Rights, and nothing in the Chapter 11 Cases, the Plan, any of the Plan Documents or the Confirmation Order may be used as evidence of any determination regarding any Co-Defendant Defensive Rights, and under no circumstances shall any Person be permitted to assert issue preclusion or claim preclusion, waiver, estoppel or consent in response to the assertion of any Co-Defendant Defensive Rights. Section 10.18 of the Plan shall be included in the Confirmation Order. Co-Defendant Defensive Rights (i) may be used to offset, set-off, recoup, allocate or apportion fault, liability, or damages, or seek judgment reduction or otherwise defend against any Cause of Action brought by any Person against the Holder of any Co-Defendant Claim or the Excluded Party based in whole or in part on Opioid-Related Activities and (ii) shall in no case be used to seek or obtain any affirmative monetary recovery from any Protected Party or any Asset of any Protected Party (including from any Purdue Insurance Policy or any other insurance policy of a Protected Party) on account of any Released Claim or Shareholder Released Claim. The foregoing does not constitute a release of any Co-Defendant's Class 14 Claim or any other Excluded Party's Class 11(c) Claim.

19. Reinstatement of Certain Shareholder Released Claims

As set forth in the Shareholder Settlement Agreements, if any Shareholder Released Party that is a Subsidiary (as defined in the Master Shareholder Settlement Agreement) of a Shareholder Payment Party voluntarily or involuntarily becomes subject to an insolvency, bankruptcy, reorganization, winding-up, administration, dissolution, composition or similar proceeding, upon election by notice from the Sackler Parties' Representative, with the consent of the Master Disbursement Trust, any Estate Causes of Action against such Shareholder Released Party that were previously held by the Debtors and that were released pursuant to Section 10.7(a) of the Plan shall be reinstated in full (and the Shareholder Release provided under Section 10.7(a) of the Plan shall be deemed null and void with respect thereto, and the Channeling Injunction shall terminate, be rescinded and have no application with respect thereto) and the Master Disbursement Trust, in its sole discretion and upon receipt of an advance for fees and expenses provided by the Shareholder Released Parties in an amount determined by the Master Disbursement Trust in its sole discretion (which advance shall be repaid to the extent not used), shall utilize commercially reasonable efforts to maximize the value of any such Estate Causes of Action in such insolvency or liquidation proceeding, and any recovery shall be treated in accordance with the terms as set forth in the Shareholder Settlement Agreements.

20. Special Provisions for United States

(i) As to the United States, notwithstanding anything contained in the Plan or Confirmation Order to the contrary [(except Section 5.2(i) of the Plan and in respect of the United States-PI Claimant Medical Expense Claim Settlement]), including but not limited to Article X of the Plan, nothing in the Plan or Confirmation Order [(except Section 5.2(i) of the Plan and in respect of the United States-PI Claimant Medical Expense Claim Settlement)] shall:

(1) limit or expand the scope of discharge, release or injunction permitted to debtors under the Bankruptcy Code. The discharge, release, and injunction provisions contained in the Plan and Confirmation Order are not intended and shall not be construed to bar the United States from, subsequent to the Confirmation Order, pursuing any police or regulatory action, or any criminal action;

(2) discharge, release, exculpate, impair or otherwise preclude: (A) any liability to the United States that is not a "claim" within the meaning of section 101(5) of the Bankruptcy Code; (B) any Claim of the United States arising on or after the Effective Date; (C) any liability of the Debtors under police or regulatory statutes or regulations to the United States as the owner, lessor, lessee or operator of property that such Entity owns, operates or leases after the Effective Date; or (D) any liability to the United States, including but not limited to any liabilities arising under the IRC, the environmental laws, the criminal laws, the civil laws or common law, of any Person, including any Released Parties, Shareholder Released Parties or any Exculpated Parties, in each case, other than the Debtors; *provided, however*, that the foregoing shall not (x) limit the scope of discharge granted to the Debtors under sections 524 and 1141 of the Bankruptcy Code, (y) diminish the scope of any exculpation to which any Person is entitled under section 1125(e) of the Bankruptcy Code or (z) change the treatment of the DOJ Forfeiture Judgment Claim pursuant to Section 2.3 of the Plan or the treatment of the Federal Government Unsecured Claims pursuant to Section 4.3 of the Plan;

(3) enjoin or otherwise bar the United States from asserting or enforcing, outside the Bankruptcy Court, any liability described in the preceding clause (2); *provided, however*, that the non-bankruptcy rights and defenses of all Persons with respect to (A)-(D) in clause (2) are likewise fully preserved;

(4) affect any valid right of setoff or recoupment of the United States against any of the Debtors; *provided, however*, that the rights and defenses of the Debtors with respect thereto are fully preserved (other than any rights or defenses based on language in the Plan or the Confirmation Order that may extinguish setoff or recoupment rights);

(5) divest any court, commission or tribunal of jurisdiction to determine whether any liabilities asserted by the United States are discharged or otherwise barred by the Confirmation Order, the Plan or the Bankruptcy Code; *provided, however*, that the Bankruptcy Court shall retain jurisdiction as set forth in and pursuant to the terms of the Plan to the extent permitted by law; or

(6) be deemed to (A) determine the tax liability of any Person, including but not limited to the Debtors, (B) have determined the federal tax treatment of any item, distribution or Entity, including the federal tax consequences of the Plan or Confirmation Order, or (C) expressly expand or diminish the jurisdiction of the Bankruptcy Court to make determinations as to federal tax liability and federal tax treatment under the Bankruptcy Code and 28 U.S.C. §§ 157, 1334.

For the avoidance of doubt, the Channeling Injunction set forth in Section 10.8 of the Plan does not apply to the rights and causes of action protected by Section 10.20 of the Plan.

(ii) Notwithstanding anything to the contrary in the Plan, nothing in the Plan, the Confirmation Order, the Shareholder Settlement Agreements or any other document filed in connection with the Plan shall release claims held by the United States of America against the Shareholder Released Parties; *provided* that, for the avoidance of doubt, nothing in the Plan, Confirmation Order, the Shareholder Settlement Agreements or any other document filed in connection with the Plan shall limit the releases contained in the Settlement Agreement between the United States of America and Purdue Pharma L.P., executed on October 21, 2020, or the Settlement Agreement between the United States of America and Dr. Richard Sackler, David Sackler, Mortimer D.A. Sackler, Kathe Sackler, and the Estate of Jonathan Sackler, executed on October 21, 2020.

(iii) Several of the Debtors are parties to the various following agreements with the Secretary of the Department of Health and Human Services under which the Debtors owe rebates to third parties:

(1) The Medicare Coverage Gap Discount Program Agreement is established under 42 U.S.C. §§ 1395w-l14A, 1395w-153 and is required should manufacturers wish to have coverage for their products under Medicare Part D. Under the Medicare Coverage Gap Discount Program Agreement, manufacturers agree to reimburse Medicare Part D plan sponsors for certain Coverage Gap discounts the plans provide to Medicare beneficiaries in the Part D coverage gap. The Centers for Medicare & Medicaid Services require that a new entity that seeks to assume a Medicare Coverage Gap Discount Program Agreement enter into a novation agreement with the Centers for Medicare & Medicaid Services with respect to the transfer of such agreement. The Debtors that have entered into Medicare Coverage Gap Discount Program Agreements with the Secretary are: Purdue Pharma L.P. (P1180) and Rhodes Pharmaceuticals L.P. (P1281);

(2) The Medicaid Drug Rebate Program, established under section 1927 of the Social Security Act, requires manufacturers to enter into

National Drug Rebate Agreements with the Secretary for the coverage and payment of a manufacturer's covered outpatient drugs. Under the Medicaid Drug Rebate Program, if a manufacturer has entered into and has in effect a National Drug Rebate Agreement, Medicaid covers and pays for all of the drugs of that manufacturer dispensed and paid for under the state plan, and in return manufacturers pay applicable rebates to the states. The Debtors that have National Drug Rebate Agreements and the labeler codes associated with the National Drug Rebate Agreements are as follows: Rhodes Pharmaceuticals L.P. (42858), Purdue Pharma L.P. (59011), and Adlon Therapeutics L.P. (72912);

(3) Manufacturers with National Drug Rebate Agreements must also comply with the Drug Pricing Program under section 340B of the Public Health Service Act, 42 U.S.C. § 256b, and have Pharmaceutical Pricing Agreements with the Secretary of the Department of Health and Human Services. Under the Pharmaceutical Pricing Agreements, manufacturers agree to charge a price for covered outpatient drugs that will not exceed the average manufacturer price decreased by a rebate percentage. The Debtors that have Pharmaceutical Pricing Agreements and the labeler codes associated with such agreements are as follows: Rhodes Pharmaceuticals L.P. (42858), Purdue Pharma L.P. (59011), and Adlon Therapeutics L.P. (72912); and

(4) The Medicare Coverage Gap Discount Program Agreements, the Medicaid National Drug Rebate Agreements and the Pharmaceutical Pricing Agreements identified above provide that, in the event of a transfer of ownership, such agreements are automatically assigned to the new owner and all terms and conditions of such agreements remain in effect as to the new owner. Accordingly, notwithstanding anything contained in the Plan or the Confirmation Order which may be to the contrary, the Debtors shall assume such agreements pursuant to section 365 of the Bankruptcy Code, and upon the Effective Date, the Medicare Coverage Gap Discount Program Agreements, the Medicaid National Drug Rebate Agreements and the Pharmaceutical Pricing Agreements identified above shall be assigned to NewCo. NewCo, as the new owner, will assume the obligations of the Debtors who are parties under such agreements from and after the Effective Date, and to fully perform all the duties and responsibilities that exist under such agreements in accordance with their terms, including the payment of discounts owed to Part D Plan sponsors or payment of rebates owed to states and wholesalers for quarters prior to the Effective Date. For the avoidance of doubt, NewCo shall be liable for any outstanding rebates or discounts owed to third parties (and any applicable interest thereon) arising prior to the Effective Date, as well as any

penalties associated with noncompliance by the Debtors with the Medicare Coverage Gap Discount Program Agreements, the Medicaid National Drug Rebate Agreements and the Pharmaceutical Pricing Agreements identified above prior to the Effective Date.

(iv) Notwithstanding anything to the contrary in the Plan, nothing in the Plan, the Confirmation Order, the Shareholder Settlement Agreements or any other document filed in connection with the Plan shall bind the United States in any application of statutory, or associated regulatory, authority grounded in Title 19 of the Social Security Act, 42 U.S.C. § 1396-1 et seq. (the "Medicaid Program") or in section 1115 of Title 11 of the Social Security Act. The United States is neither enjoined nor in any way prejudiced in seeking recovery of any funds owed to the United States under the Medicaid Program.

J. Retention of Jurisdiction

1. Retention of Jurisdiction

(i) The Bankruptcy Court shall retain exclusive jurisdiction of all matters arising under, arising out of or related to the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(1) to hear and determine applications for the assumption or rejection of executory contracts and unexpired leases and any Disputed Cure Claims or Disputed Claims in respect of rejection damages resulting therefrom;

(2) to hear and determine any motions, adversary proceedings, applications, contested matters and other litigated matters pending on, or commenced after, entry of the Confirmation Order;

(3) to hear and resolve any disputes arising from or related to (A) any orders of the Bankruptcy Court still in effect granting relief under Bankruptcy Rule 2004 or (B) any protective orders entered by the Bankruptcy Court in connection with the foregoing (including the Protective Order);

(4) to ensure that Distributions to Holders of Allowed Claims are accomplished as provided in the Plan and the Confirmation Order;

(5) to consider Claims or the allowance, classification, priority, compromise, estimation or payment of any Claim, including any Administrative Claim or, solely to the extent provided in the Master TDP and/or the applicable Creditor Trust TDP, any Channeled Claim;

(6) to enter, implement or enforce such orders as may be appropriate in the event that the Confirmation Order is, for any reason, stayed, reversed, revoked, modified or vacated;

(7) to issue and enforce injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court;

(8) to hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(9) to hear and determine all Professional Fee Claims;

(10) to resolve disputes concerning any reserves with respect to Non-Participating Channeled Claims and other Disputed Claims or the administration thereof;

(11) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Confirmation Order, any transactions or payments in furtherance of the Plan or the Confirmation Order or any agreement, instrument or other document governing, or related to, any of the foregoing, including the Plan Documents;

(12) to take any action and issue such orders, including any such action or orders as may be necessary after entry of the Confirmation Order or the occurrence of the Effective Date, as may be necessary to construe, enforce, implement, execute and consummate the Plan, including any release (including, but not limited to, the United States-PI Claimant Medical Expense Claim Releases), exculpation or injunction provisions set forth in the Plan, or to maintain the integrity of the Plan following the occurrence of the Effective Date;

(13) to hear and determine any other matters related to the Chapter 11 Cases and not inconsistent with the Bankruptcy Code or title 28 of the United States Code;

(14) to hear, determine and resolve disputes arising in connection with the interpretation, implementation or enforcement of the Plan or Confirmation Order;

(15) to resolve any disputes concerning whether a Person had sufficient notice of the Chapter 11 Cases, the Disclosure Statement, any solicitation conducted in connection with the Chapter 11 Cases, any Bar Date established in the Chapter 11 Cases or any deadline for responding or objecting to a Cure Amount, in each case, for the purpose of determining whether a Claim or Interest is discharged under the Plan or for any other purpose;

(16) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Shareholder Settlement Agreements, the Public Entity Settlements and the Private Entity Settlements;

(17) to hear and determine disputes arising in connection with the MDT Claims or operations of the Master Disbursement Trust or the actions of the MDT Trustees;

(18) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Creditor Trust Documents, and to hear and determine disputes concerning violations of the Confirmation Order or the use of funds from the Creditor Trusts in a manner inconsistent with the applicable Creditor Trust Documents; provided that, with respect to the Governmental Remediation Trust and the Tribe Trust, such jurisdiction shall be concurrent and not exclusive to the extent set forth in the Governmental Remediation Trust Documents and the Tribe Trust Documents, respectively, as in effect on the Effective Date;

(19) to hear and resolve any disputes arising from or related to (A) Liens, collateral, or other forms of credit protections that are granted or otherwise effected pursuant to the Shareholder Settlement Agreements, the Public Entity Settlements and the Private Entity Settlements or (B) any other attempt by any Person to seek orders of attachment, Liens, or collateral involving any Assets, in full or in part, of the Shareholder Released Parties;

(20) to determine such other matters, and for such other purposes, as may be provided in the Confirmation Order;

(21) to hear and determine all matters relating to the Plan Settlements, to the extent permitted under applicable law; and

(22) to enter a final decree closing each of the Chapter 11 Cases.

(ii) The Bankruptcy Court shall retain concurrent, rather than exclusive, jurisdiction of all matters arising under, arising out of or related to the Chapter 11 Cases and the Plan to, among other things, hear and determine matters concerning state, local and federal taxes in accordance with

sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of taxes under section 505(b) of the Bankruptcy Code), and to hear and resolve or recommend resolution of disputes related to the MDT Insurance Rights.

(iii) Notwithstanding anything in Article XI of the Plan to the contrary, the resolution of Channeled Claims against the Debtors and the forum in which such resolution shall be determined shall be governed by, and in accordance with, Section 6.21 of the Plan, the Master TDP and the Creditor Trust TDPs, if applicable.

(iv) By consenting to the treatment provided by the Plan or otherwise supporting the Plan, no State or Tribe shall be construed to have waived any claim of Sovereign Immunity that it may have in any other action or proceeding, including any action or proceeding occurring after the Effective Date.

(v) Nothing in Article XI of the Plan shall be construed to alter the jurisdiction of a court in which an Opt-Out Class Action is pending or was adjudicated in respect of such Opt-Out Class Action.

(vi) As of the earlier of the Effective Date or the expiration of the Preliminary Injunction, all Persons are permanently enjoined from commencing, conducting, or continuing, directly or indirectly, any litigation or prosecution of an Estate Cause of Action (including in any proceeding in a judicial, arbitral, administrative, or other forum). Any Person seeking to commence, conduct, or continue litigation or prosecution of a Cause of Action against a Shareholder Released Party or a Released Party may, but is not required to, seek a prior determination in the Bankruptcy Court that a Cause of Action is not an Estate Cause of Action. If any Person commences, conducts or continues litigation or prosecution of such Cause of Action without a prior determination by the Bankruptcy Court, the Person against which such Cause of Action was asserted, and the Master Disbursement Trust or NewCo, shall be entitled to make an emergency application to the Bankruptcy Court for a determination that such Cause of Action is an Estate Cause of Action and that the injunction in Section 11.1(f) of the Plan has been violated. In either event, the determination whether or not a Cause of Action is an Estate Cause of Action shall be based on an appropriate evidentiary record, and the only Persons with standing to be heard shall be: (i) the Person seeking to bring such Cause of Action; (ii) the Person or entity against which such Cause of Action would be or has been brought; or (iii) the Debtors, the Creditors' Committee, the PAT, each Governmental Consent Party, the Master Disbursement Trust or NewCo. Upon determining that a violation of the injunction has occurred, damages may be awarded in the amount of attorneys' fees and other litigation costs and expenses incurred by the Person against which the Estate Cause of Action was brought or who is otherwise seeking to enforce the injunction, including in connection with litigation or prosecution of the Estate Cause of Action

and in connection with enforcing the injunction in Section 11.1(f) of the Plan subject to the discretion of the Bankruptcy Court. Without limiting the foregoing, the Bankruptcy Court, in its discretion, also may award any additional appropriate relief against a violating Person and may award any sanctions against any other Person engaging in otherwise sanctionable conduct in connection with the enforcement of the injunction in Section 11.1(f) of the Plan.

K. Miscellaneous Provisions

1. Exemption from Certain Transfer Taxes

To the maximum extent permitted pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property under the Plan pursuant to (a) the issuance, distribution, transfer or exchange of any debt, equity security or other interest in the Debtors, (b) the Restructuring Transactions, (c) the creation, modification, consolidation, termination, refinancing and/or recording of any mortgage, deed of trust or other security interest, or the securing of additional indebtedness by such or other means, or (d) the making, assignment, recording or surrender of any lease or sublease, or the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including any deeds, bills of sale or other assignments or instruments of transfer, or assignments executed in connection with any disposition of Assets contemplated by the Plan (including transfers of Assets to and by the Debtors, the Plan Administration Trust, NewCo, the Foundation, the Master Disbursement Trust and the Creditor Trusts) shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles tax, transfer tax (including real estate transfer tax), mortgage tax or mortgage recording tax, sales or use tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee or other similar tax or governmental assessment, and the appropriate federal, state, provincial or local government officials or agents shall forego collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

2. Dates of Actions to Implement Plan

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day but shall be deemed to have been completed as of the required date.

3. Amendments

(i) **Plan Modifications**. This Plan may be amended, modified or supplemented by the Debtors in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court; *provided* that (i) any such amendment, modification or supplement shall be reasonably acceptable to the Governmental Consent Parties; *provided further* that any such

amendment, modification or supplement that expands the scope of the Releases or modifies any provision relating to the MDT Insurance Policies (including the scope thereof) or the transfer of the MDT Insurance Rights shall be acceptable to the Governmental Consent Parties, (ii) any such amendment, modification or supplement shall be reasonably acceptable to the Creditors' Committee to the extent that it (A) relates to the MDT Insurance Rights, (B) modifies Section 5.9 of the Plan as it relates to payment of the attorneys' fees and costs of Holders of Hospital Claims, Third-Party Payor Claims, or PI Claims, the Ad Hoc Group of Individual Victims, the Ratepayer Mediation Participants or the NAS Committee, (C) modifies the Creditors' Committee's consent rights under the Plan, (D) expands the scope of the Releases or (E) materially and adversely affects the treatment of Holders of Hospital Claims, Third-Party Payor Claims, PI Claims, ER Physician Claims or Other General Unsecured Claims (it being understood that (x) any reduction in the amount of any Initial Private Creditor Trust Distribution, the PI Trust Obligation or any Private Creditor Trust's MDT Claim, (y) any elimination of any consent rights in favor of such Holders or (z) any modification to Section 5.2, 5.6 or 5.7 of the Plan to the extent such modification relates to the Master Disbursement Trust or a Private Creditor Trust shall constitute such a material and adverse effect), and (iii) any such amendment, modification or supplement shall be acceptable to the Sackler Parties' Representative with respect to the Specified Shareholder Provisions and, to the extent set forth in the Master Shareholder Settlement Agreement, reasonably acceptable to the Sackler Parties' Representative with respect to modification of terms relating to the rights, obligations, or interests of the Shareholder Released Parties; *provided* that solely with respect to the Creditor Trust Documents, such consent shall only apply to the extent set forth in the Master Shareholder Settlement Agreement. In addition, after the Confirmation Date, as long as such action does not materially and adversely affect the treatment of Holders of Allowed Claims pursuant to this Plan, the Debtors may remedy any defect or omission or reconcile any inconsistencies in this Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes or effects of this Plan, and any Holder of a Claim or Interest that has accepted this Plan shall be deemed to have accepted this Plan as amended, modified or supplemented.

(iii) Certain Technical Amendments. Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court; *provided*, *however*, that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims and Interests under the Plan.

4. Revocation or Withdrawal of Plan

The Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date as to any or all of the Debtors; *provided* that each Debtor shall be entitled to revoke the Plan only in full and not in part. If, with respect to a Debtor, the Plan has been revoked or withdrawn prior to the Effective Date, or if confirmation or the occurrence of the Effective Date as to such Debtor does not occur on the Effective Date, then, with respect to such Debtor: (a) the Plan and the Plan Documents shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts and unexpired leases effected by the Plan and any document or agreement executed pursuant to the Plan (including the Plan Documents) shall be deemed null and void; and (c) nothing contained in the Plan shall (i) constitute a waiver or release of any Claim by or against, or any Interest in, such Debtor or any other Person, (ii) prejudice in any manner the rights of such Debtor or any other Person, or (iii) constitute an admission of any sort by any Debtor or any other Person; provided that any provisions under the Shareholder Settlement Agreements that are expressly contemplated to survive revocation or reversal of the Plan shall survive.

5. Payment of Statutory Fees

All fees payable under section 1930 of chapter 123 of title 28 of the United States Code shall be paid on or before the Effective Date by the Debtors. After the Effective Date, the Plan Administration Trust shall assume liability for and shall pay, or cause to be paid, any and all quarterly fees owed to the U.S. Trustee when due in accordance with applicable law, and shall continue to file, or cause to be filed, with the Bankruptcy Court quarterly reports to show the calculation of such fees for the Debtors' Estates. Each of the Debtors shall remain obligated to pay quarterly fees to the U.S. Trustee until such Debtor's Chapter 11 Case is closed, dismissed or converted to a case under chapter 7 of the Bankruptcy Code.

6. Severability

(i) Notwithstanding anything else contained in the Plan, (i) the Plan provisions effectuating the Releases provided by the Debtors, their Estates, and the Releasing Parties and the Channeling Injunction (A) are integrated with and integral to all other provisions of the Master Shareholder Settlement Agreement, the Plan and the Plan Documents, (B) are not and shall not be severable from the remainder of the Master Shareholder Settlement Agreement, the Plan or the Plan Documents and (C) shall not be excised or modified other than in accordance with the Plan and the Master Shareholder Settlement Agreement and (ii) if the Plan provisions effectuating the Releases provided by the Debtors, their Estates, and the Releasing Parties and the Channeling Injunction are deemed null, void, illegal or unenforceable, then the terms, provisions, covenants and restrictions of the Master Shareholder Settlement Agreement and the Plan shall be void and shall not remain in force or effect, except as specifically and expressly stated otherwise in the Master Shareholder Settlement Agreement or the Plan, or

as specifically and expressly agreed in writing by all parties to the Master Shareholder Settlement Agreement.

(ii) If, prior to entry of the Confirmation Order, any term or provision of the Plan that is not related to the Master Shareholder Settlement Agreement or the Releases provided by the Debtors, their Estates, and the Releasing Parties and the Channeling Injunction is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation by the Bankruptcy Court, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with Section 12.6 of the Plan, is valid and enforceable pursuant to its terms.

(iii) The impact of any modification, reversal, or vacatur of the Confirmation Order, the Plan, or the Shareholder Settlements following the Effective Date will be governed by the Master Shareholder Settlement Agreement.

7. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent that a Plan Document provides otherwise, the rights, duties and obligations arising under the Plan and the Plan Documents shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the principles of conflicts of laws thereof (other than section 5-1401 and section 5-1402 of the New York General Obligations Law).

8. Immediate Binding Effect

Subject only to Bankruptcy Rules 3020(e), 6004(h) and 7062, as applicable, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Documents shall be immediately effective and enforceable and deemed binding upon and inure to the benefit of the Debtors, the other Protected Parties, all Holders of Claims against or Interests in the Debtors, all Holders of Channeled Claims, all Releasing Parties and each of their respective successors and assigns.

9. Successors and Assigns

The rights, benefits and obligations of any Person named or referred to **in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrat**or, successor or permitted assign, if any, of each such Person.

10. Entire Agreement

On the Effective Date, the Plan, the Plan Supplement and the Confirmation Order shall supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings and representations concerning such documents, all of which have become merged and integrated into the Plan.

11. Computing Time

In computing any period of time prescribed or permitted by the Plan, unless otherwise set forth in the Plan or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

12. Exhibits to Plan

All exhibits, schedules, supplements and appendices to the Plan (including the Plan Supplement) are incorporated into and are part of the Plan as if set forth in full in the Plan.

13. Notices

All notices, requests and demands to or upon the Debtors shall be in writing (including by facsimile transmission) and, unless otherwise provided the Plan, shall be deemed to have been duly given or made only when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Attn: Marshall S. Huebner, Benjamin S. Kaminetzky, Eli J. Vonnegut, Christopher S. Robertson, Joshua Y. Sturm and Abraham Bane.

Counsel to the Debtors
and Debtors in Possession

After the occurrence of the Effective Date, the Plan Administration Trustee shall have authority to send a notice to Entities providing that, to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entities must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002; *provided*, *however*, that the U.S. Trustee need not file such a renewed request and shall continue to receive documents without any further action being necessary. After the occurrence of the Effective Date, the Debtors and the Plan Administration Trustee are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to the U.S. Trustee and those Entities that have filed such renewed requests.

14. Dissolution of the Creditors' Committee

On the Effective Date, the Creditors' Committee will dissolve; provided, however, that following the Effective Date, the Creditors' Committee shall continue in existence and have standing and a right to be heard for the following limited purposes: (a) applications, and any relief

related thereto, for compensation by Professional Persons and requests for allowance of fees and/or expenses under section 503(b) of the Bankruptcy Code, (b) any appeals of, or related to, the Confirmation Order or (c) any other appeal to which the Creditors' Committee is a party. Upon the dissolution of the Creditors' Committee, the Creditors' Committee, each of its members (including each officer, director, employee or agent thereof) and its respective Professional Persons will cease to have any duty, obligation or responsibility arising from, or related to, the Chapter 11 Cases and shall be released and discharged from all rights and duties from, or related to, the Chapter 11 Cases.

15. Reservation of Rights

Except as otherwise provided in the Plan, the Plan shall be of no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the filing of the Plan, any statement or provisions of the Plan or the taking of any action by the Debtors with respect to the Plan shall be, or deemed to be, an admission or waiver of any rights of the Debtors with respect to any Claim or Interest prior to the Effective Date.

ARTICLE V

VOTING REQUIREMENTS; ACCEPTANCE AND CONFIRMATION OF THE PLAN

A. General

The following is a brief summary of the confirmation process for the Plan. Individuals, partnerships, corporations, joint ventures, trusts, governmental units and Native American Tribes holding a prepetition Claim or interest (an "**Interest**") as defined in section 101(16) of the Bankruptcy Code against the Debtors (such holders of Claims or Interests, "**Holders of Claims or Interests**") are encouraged to review the relevant provisions of the Bankruptcy Code and/or consult their own attorneys.

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan.

Section 1129 of the Bankruptcy Code requires that, in order to confirm the Plan, the Bankruptcy Court must make a series of findings concerning the Plan and the Debtors, including that (i) the Plan has classified Claims in a permissible manner; (ii) the Plan complies with applicable provisions of the Bankruptcy Code; (iii) the Plan has been proposed in good faith and not by any means forbidden by law; (iv) the disclosure required by section 1125 of the Bankruptcy Code has been made; (v) the Plan has been accepted by the requisite votes of holders of Claims (except to the extent that cramdown is available under section 1129(b) of the Bankruptcy Code); (vi) the Plan is feasible and confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors unless such liquidation or reorganization is proposed in the Plan; (vii) the Plan is in the "best interests" of all holders of Claims in an impaired Class by providing to such holders on account of their Claims property of a value, as of the Effective Date, that is not less than the amount that such holders would receive or retain in a chapter 7 liquidation, unless each holder of a Claim in such Class has accepted the Plan; and (viii)

all fees payable under section 1930 of chapter 123 of title 28 of the United States Code shall be paid on or before the Effective Date by the Debtors. After the Effective Date, the Plan Administration Trust shall assume liability for and shall pay, or cause to be paid, any and all quarterly fees owed to the U.S. Trustee when due in accordance with applicable law, and shall continue to file, or cause to be filed, with the Bankruptcy Court quarterly reports to show the calculation of such fees for the Debtors' Estates. Each of the Debtors shall remain obligated to pay quarterly fees to the U.S. Trustee until such Debtor's Chapter 11 Case is closed, dismissed or converted to a case under chapter 7 of the Bankruptcy Code. The Debtors believe that the Plan satisfies section 1129 of the Bankruptcy Code.

B. Parties in Interest Entitled to Vote

Pursuant to the Bankruptcy Code, only Classes of Claims that are "impaired" (as defined in section 1124 of the Bankruptcy Code) under the Plan are entitled to vote to accept or reject the Plan. A Class is impaired if the legal, equitable, or contractual rights to which the Claims of that Class entitled the holders of such Claims are modified, other than by curing defaults and reinstating the Claims. Classes that are not impaired are not entitled to vote on the Plan and are conclusively presumed to have accepted the Plan. In addition, Classes that receive no distributions under the Plan are not entitled to vote on the Plan and are deemed to have rejected the Plan.

C. Classes Impaired and Entitled to Vote Under the Plan

The following table designates the Classes of Claims against and Interests in the Debtors and specifies which Classes are (i) Impaired and Unimpaired under the Plan, (ii) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code, and (iii) deemed to accept or reject the Plan:

Class	Type of Claim or Interest	Impairment	Entitled to Vote
Class 1	Secured Claims	Unimpaired	No (Presumed to Accept)
Class 2	Other Priority Claims	Unimpaired	No (Presumed to Accept)
Class 3	Federal Government Unsecured Claims	Impaired	Yes
Class 4	Non-Federal Domestic Governmental Claims	Impaired	Yes
Class 5	Tribe Claims	Impaired	Yes
Class 6	Public School Claims	Impaired	Yes
Class 7	Hospital Claims	Impaired	Yes
Class 8	Third-Party Payor Claims	Impaired	Yes
Class 9	ER Physician Claims	Impaired	Yes
Class 10(a)	NAS PI Claims	Impaired	Yes
Class 10(b)	Non-NAS PI Claims	Impaired	Yes
Class 11(a)	Avrio General Unsecured Claims	Unimpaired	No (Presumed to Accept)
Class 11(b)	Adlon General Unsecured Claims	Unimpaired	No (Presumed to Accept)
Class 11(c)	Other General Unsecured Claims	Impaired	Yes

Class 12	Intercompany Claims	Unimpaired or Impaired	No (Presumed to Accept or Deemed to Reject)
Class 13	Shareholder Claims	Impaired	No (Deemed to Reject)
Class 14	Co-Defendant Claims	Impaired	No (Deemed to Reject)
Class 15	Other Subordinated Claims	Impaired	No (Deemed to Reject)
Class 16	PPLP Interests	Impaired	No (Deemed to Reject)
Class 17	PPI Interests	Impaired	No (Deemed to Reject)
Class 18	Intercompany Interests	Unimpaired or Impaired	No (Presumed to Accept or Deemed to Reject)

In general, if a Claim or Interest is unimpaired under a plan, section 1126(f) of the Bankruptcy Code deems the holder of such Claim or Interest to have accepted the plan, and thus, the holders of Claims in such unimpaired Classes are not entitled to vote on the plan. Because Classes 1, 2, 11(a) and 11(b) are unimpaired under the Plan, the holders of Claims and Interests in these Classes are not entitled to vote.

In general, if the holder of an impaired Claim or impaired Interest will not receive any distribution under a plan in respect of such Claim or Interest, section 1126(g) of the Bankruptcy Code deems the holder of such Claim or Interest to have rejected the plan, and thus the holders of Claims in such Classes are not entitled to vote on the plan. The holders of Claims and Interests in Classes 13, 14, 15, 16, and 17 are conclusively presumed to have rejected the Plan and are therefore not entitled to vote.

Holders of Interests in Classes 12 and 18 are either conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code or are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, such Holders are not entitled to vote to accept or reject the Plan.

D. Voting Procedures and Requirements

The Bankruptcy Court can confirm the Plan only if it determines that the Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code. One of these technical requirements is that the Bankruptcy Court find, among other things, that the Plan has been accepted by the requisite votes of all Classes of impaired Claims and Interests unless approval will be sought under section 1129(b) of the Bankruptcy Code in spite of the nonacceptance by one or more such Classes.

If you have any questions about (i) the procedures for voting your Claim or with respect to the packet of materials that you have received or (ii) the amount of your Claim, please contact the Debtors' Solicitation Agent at (844) 217-0912 (domestic toll-free) or (347) 859-8093 (if calling from outside the United States or Canada). If you wish to obtain (at no charge) an additional copy of the Plan, this Disclosure Statement, or other solicitation documents, you can obtain them from the Debtors' Solicitation Agent by: (a.) calling (844) 217-0912 (U.S./Canada, toll-free) or +1 (347) 859-8093 (international, toll); (b.) visiting the Debtors' restructuring website at: https://restructuring.ra.kroll.com/purduepharma/;

(c.) writing to Purdue Pharma Ballot Processing, c/o Kroll Restructuring Administration LLC, 850 Third Avenue, Suite 412, Brooklyn, NY 11232; and/or (d.) emailing purduepharmainfo@kroll.com (with a reference to "Purdue Pharma Solicitation Inquiry" in the subject line) and request paper copies of the corresponding materials.

1. Ballots

Pursuant to Bankruptcy Rule 3017(c), [May 12, 2025] shall be the record date for purposes of determining which holders of Claims are entitled to receive solicitation packages and, where applicable, vote on the Plan (the "**Voting Record Date**"). Accordingly, only holders of record as of the Initial Voting Record Date that are otherwise entitled to vote under the Plan.

In voting for or against the Plan, please use (i) only the Ballot sent to you with this Disclosure Statement or (ii) the online electronic ballot portal. If you are a holder of a Claim in Classes 3, 4, 5, 6, 7, 8, 9, 10(a), 10(b) and 11(c) and did not receive a Ballot, if your Ballot is damaged or lost or if you have any questions concerning voting procedures, please contact your attorney or the Solicitation Agent at (844) 217-0912 (U.S./Canada, toll-free) or +1 (347) 859-8093 (international, toll) or by email at purduepharmaballots@kroll.com (with a reference to "Purdue Pharma Solicitation Inquiry" in the subject line), as applicable.

In addition, the Debtors intend to seek approval for an attorney representing four or more holders of Claims in certain Classes to submit the votes of such clients through a single master ballot (a "**Master Ballot**") so long as such attorney follows specified procedures associated therewith. An attorney electing to utilize such procedure will be required to collect and record the votes of such clients through customary and accepted practices, or obtain authority to procedurally cast such clients' votes. If your attorney has indicated that your vote will be submitted by Master Ballot, but you prefer to vote by means of an individual Ballot, you may contact the Solicitation Agent at (844) 217-0912 (U.S./Canada, toll-free) or +1 (347) 859-8093 (international, toll) or by email at purduepharmaballots@kroll.com (with a reference to "Purdue Pharma Solicitation Inquiry" in the subject line).

2. Submitting Ballots

If you are entitled to vote to accept or reject the Plan, you should read carefully, complete and submit your Ballot in accordance with the instructions below.

For your vote to be counted, your Ballot (or the Master Ballot including your vote) must be properly completed, signed, and returned so that it is actually received by the Solicitation Agent, Kroll Restructuring Administration LLC, by no later than the Voting Deadline (as defined in the Solicitation Order), unless such time is extended in writing by the Debtors. If your Ballot (or the Master Ballot including your vote) is not received by the Solicitation Agent on or before the Voting Deadline, and such Voting Deadline is not extended by the Debtors as noted above, your vote will not be counted. Ballots must be delivered to the Solicitation Agent at the appropriate address listed below:

If by E-Ballot:	**If by standard mail, overnight courier or hand delivery:**

Visit https://restructuring.ra.kroll.com/purduepharma and click on the "Submit E-Ballot" link. For your E-Ballot log-in credentials and further detail, please see your Ballot.	Purdue Pharma Ballot Processing c/o Kroll Restructuring Administration LLC 850 Third Avenue, Suite 412 Brooklyn, NY 11232 If you plan to hand deliver your Ballot to Kroll's office, please email purduepharmaballots@kroll.com at least twenty-four (24) hours in advance to arrange delivery.

Ballots will not be accepted by telecopy, facsimile, email, or other electronic means of transmission (other than by E-Ballot). Furthermore, Master Ballots may only be submitted to the Solicitation through the E-Ballot portal referenced above.

The method of delivery of Ballots to the Solicitation Agent is at the risk of each holder of a Claim, and such delivery will be deemed made only when the original Ballot (or Master Ballot including your vote) is actually received by the Solicitation Agent. In all cases, sufficient time should be allowed to assure timely delivery. Any unsigned Ballot will not be counted in determining the acceptance or rejection of the Plan; *provided* that a Ballot or Master Ballot cast via the Solicitation Agent's online "E-Balloting" portal or pursuant to the solicitation procedures will be deemed signed. No Ballot should be sent to the Debtors, the Debtors' agents (other than the Solicitation Agent), or the Debtors' financial or legal advisors, and if so sent, and not otherwise properly and timely delivered to the Solicitation Agent, will not be counted. If no holders of Claims in a particular Class that is entitled to vote on the Plan vote to accept or reject the Plan, then such Class shall be deemed to accept the Plan.

If you are a holder of a Claim in Classes 6, 7, 8, 9 or 10 and are represented by an attorney who represents four or more clients that may hold Claims in Classes 6, 7, 8, 9 or 10, you may be eligible to have your attorney vote to accept or reject the Plan on your behalf via Master Ballot. In such case, your attorney will be required to collect and record your vote through customary and accepted practices, or obtain authority to procedurally cast your vote. In the event that your attorney votes to accept or reject the Plan on your behalf via Master Ballot and you also submit an individual ballot to accept or reject the Plan, your individual ballot will control over any duplicate vote on the Master Ballot.

3. Voting of Disputed Claims

The Plan shall provide that if any party in interest with appropriate standing has filed an objection to a Claim (such claim, a "**Disputed Claim**"), such Disputed Claim is temporarily disallowed, except as otherwise provided in a stipulation, settlement, or other agreement filed by the Debtors or as ordered by the Court prior to or concurrent with entry of an order confirming the Plan, including pursuant to an order on any motion with the Court for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such claim for voting purposes filed regarding such Claim that is timely filed pursuant to procedures established by the Bankruptcy Court; *provided* that if the objection seeks to reclassify or reduce the allowed amount of such Claim, then such Claim is temporarily allowed for voting purposes in the reduced amount and/or as reclassified, except as otherwise provided in a stipulation, settlement, or other agreement filed by the Debtors

or as may be otherwise ordered by the Court prior to or concurrent with entry of an order confirming the Plan.

E. Acceptance of the Plan

As a condition to confirmation of the Plan, the Bankruptcy Code requires that each class of impaired claims vote to accept a plan, except under certain circumstances. *See* "*Confirmation Without Necessary Acceptances; Cramdown*" below. A class of claims or interests that is unimpaired under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is impaired unless the plan (i) leaves unaltered the legal, equitable, and contractual rights to which the claim or interest entitles the holder of such claim or interest or (ii) cures any default, reinstates the original terms of the obligation, and does not otherwise alter the legal, equitable, or contractual rights to which the claim or interest entitles the holder of such claim or interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by an impaired class as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class. Only those holders that are eligible to vote and that actually vote to accept or reject the plan are counted for purposes of determining whether these dollar and number thresholds are met. Thus, a class of claims will have voted to accept a plan only if two-thirds in amount and a majority in number that actually vote cast their ballots in favor of acceptance. Under section 1126(d) of the Bankruptcy Code, a class of interests has accepted a plan if holders of such interests holding at least two-thirds in amount that actually vote have voted to accept the plan. Holders of claims or interests who fail to vote are not counted as either accepting or rejecting a plan.

In addition to this voting requirement, section 1129 of the Bankruptcy Code requires that a plan be accepted by each holder of a claim or interest in an impaired class or that the plan otherwise be found by a court to be in the best interests of each holder of a claim or interest in such class. *See* "Best Interests Test" below. Moreover, each impaired class must accept the plan for the plan to be confirmed without application of the "fair and equitable" and "unfair discrimination" tests set forth in section 1129(b) of the Bankruptcy Code discussed below. *See* "*Confirmation Without Necessary Acceptances; Cramdown*" below.

F. Confirmation Without Necessary Acceptances; Cramdown

In the event that any impaired class of claims or interests does not accept a plan, a debtor nevertheless may move for confirmation of the plan. A plan may be confirmed, even if it is not accepted by all impaired classes, if the plan has been accepted by at least one impaired class of claims and the plan meets the "cramdown" requirements set forth in section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code requires that a court find that a plan (i) "does not discriminate unfairly" and (ii) is "fair and equitable," with respect to each non-accepting impaired class of claims or interests. Here, because holders of Claims and Interests in Classes 13, 14, 15, 16, and 17 are deemed to reject the Plan, the Debtors will seek confirmation of the Plan from the Bankruptcy Court by satisfying the "cramdown" requirements set forth in section 1129(b) of the Bankruptcy Code. The Debtors believe that such requirements are satisfied, as no

holder of a Claim or Interest junior to those in Classes 13, 14, 15, 16, and 17 will receive any property under the Plan.

A plan "does not discriminate unfairly" if (i) the legal rights of a non-accepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are similar to those of the non-accepting class and (ii) no class receives payments in excess of that which it is legally entitled to receive for its claims or interests. The Debtors believe that, under the Plan, all impaired Classes of Claims and Interests are treated in a manner that is consistent with the treatment of other Classes of Claims and Interests that are similarly situated, if any, and no class of Claims or Interests will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims or Allowed Interests in such Class. Accordingly, the Debtors believe that the Plan does not discriminate unfairly as to any impaired Class of Claims or Interests.

The Bankruptcy Code provides a non-exclusive definition of the phrase "fair and equitable." In order to determine whether a plan is "fair and equitable," the Bankruptcy Code establishes "cramdown" tests for secured creditors, unsecured creditors, and equity holders, as follows:

1. Secured Creditors. Either (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred Cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the "indubitable equivalent" of its allowed secured claim, or (iii) subject to section 363(k) of the Bankruptcy Code, the property securing the claim is sold free and clear of liens, with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (i) or (ii) above.

2. Unsecured Creditors. Either (i) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

3. Equity Interests. Either (i) each holder of an equity interest will receive or retain under the plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled or the value of the interest or (ii) the holder of an interest that is junior to the non-accepting class will not receive or retain any property under the plan.

As discussed above, the Debtors believe that the distributions provided under the Plan satisfy the "fair and equitable" standard, where required.

AS EXPLAINED ABOVE, THE BANKRUPTCY CODE CONTAINS PROVISIONS FOR CONFIRMATION OF A PLAN EVEN IF IT IS NOT ACCEPTED BY ALL CLASSES. THESE SO-CALLED "CRAMDOWN" PROVISIONS ARE SET FORTH IN SECTION 1129(B) OF THE BANKRUPTCY CODE, WHICH PROVIDES THAT A PLAN CAN BE CONFIRMED EVEN IF IT HAS NOT BEEN ACCEPTED BY ALL IMPAIRED CLASSES OF CLAIMS AND

INTERESTS AS LONG AS, AMONG OTHER THINGS, AT LEAST ONE IMPAIRED CLASS OF NON-INSIDER CLAIMS HAS VOTED TO ACCEPT THE PLAN.

G. Classification

The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims (excluding administrative claims) against, and equity interests in, a debtor into separate classes based upon their legal nature. Pursuant to section 1122 of the Bankruptcy Code, a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Debtors believe that the Plan classifies all Claims and Interests in compliance with the provisions of the Bankruptcy Code because valid business, factual and legal reasons exist for separately classifying the various Classes of Claims and Interests created under the Plan. Accordingly, the classification of Claims and Interests in the Plan complies with section 1122 of the Bankruptcy Code.

ARTICLE VI

FEASIBILITY AND BEST INTERESTS OF CREDITORS

A. Best Interests Test

As noted above, even if a plan is accepted by the holders of each class of claims and interests, the Bankruptcy Code requires a court to determine that such plan is in the best interests of all holders of claims or interests that are impaired by that plan and that have not accepted the plan. The "best interests" test (the "**Best Interests Test**"), as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the Plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if the debtor were liquidated under chapter 7, a court must first determine the aggregate dollar amount that would be generated from a debtor's assets if its chapter 11 cases were converted to chapter 7 cases under the Bankruptcy Code. To determine if a plan is in the best interests of each impaired class, the present value of the distributions from the proceeds of a liquidation of the debtor's unencumbered assets and properties, after subtracting the amounts attributable to the costs, expenses and administrative claims associated with a chapter 7 liquidation, must be compared with the value offered to such impaired classes under the plan. If the hypothetical liquidation distribution to holders of claims or interests in any impaired class is greater than the distributions to be received by such parties under the plan, then such plan is not in the best interests of the holders of claims or interests in such impaired class.[150]

[150] To the extent relevant for purposes of the Best Interest Test, the Liquidation Analysis assumes that, in a chapter 7 scenario, Holders of Claims and Interests and other non-Debtor Persons would retain their direct claims, if any, against the Shareholder Released Parties. Section III.AA(2)(ii)(c) above contains a discussion of the value of such claims in a chapter 7 scenario.

B. Liquidation Analysis

Amounts that a holder of Claims or Interests in an impaired class would receive in a hypothetical chapter 7 liquidation are discussed in the liquidation analysis of the Debtors prepared by the Debtors' management with the assistance of its advisors (the "**Liquidation Analysis**"), which is attached hereto as **Appendix C**.

As described in the Liquidation Analysis, underlying the analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtors' management and advisors, are inherently subject to significant uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis is based on assumptions with regard to liquidation decisions and circumstances that are subject to change. Accordingly, the values reflected in the Liquidation Analysis might not be realized if the Debtors were, in fact, to undergo a liquidation.

This Liquidation Analysis is solely for the purposes of (i) providing "adequate information" under section 1125 of the Bankruptcy Code to enable the holders of Claims and Interests entitled to vote under the Plan to make an informed judgment about the Plan and (ii) providing the Bankruptcy Court with appropriate support for the satisfaction of the "Best Interests Test" pursuant to section 1129(a)(7) of the Bankruptcy Code, and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors or any of their affiliates.

The Debtors do not intend to and do not undertake any obligation to update or otherwise revise the Liquidation Analysis to reflect events or circumstances existing or arising after the date the Liquidation Analysis is initially filed or to reflect the occurrence of unanticipated events. Therefore, the Liquidation Analysis may not be relied upon as a guarantee or other assurance of the actual results that will occur.

In deciding whether to vote to accept or reject the Plan, holders of Claims must make their own determinations as to the reasonableness of any assumptions underlying the Liquidation Analysis and the reliability of the Liquidation Analysis.

C. Application of the Best Interests Test

The Debtors believe that, based on the Liquidation Analysis, the Plan satisfies the Best Interests Test. As the Plan and the Liquidation Analysis attached hereto as **Appendix C** indicate, Confirmation of the Plan will provide each holder of an Allowed Claim in an impaired class with an equal or greater recovery than the value of any distributions if the Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code.

D. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires, as a condition to the confirmation of the Plan ("**Confirmation**"), that the Bankruptcy Court finds that Confirmation is not likely to be followed by the liquidation of the Debtors or the need for further financial reorganization, unless such liquidation is contemplated by the Plan. For purposes of demonstrating that the Plan meets

this "feasibility" standard, the Debtors' management has prepared the financial projections, as set forth in **Appendix D** (the "**Financial Projections**").

The Debtors have prepared the Financial Projections solely for the purpose of providing "adequate information" under section 1125 of the Bankruptcy Code to enable the holders of Claims entitled to vote under the Plan to make an informed judgment about the Plan and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors.

In addition to the cautionary notes contained elsewhere in this Disclosure Statement and in the Financial Projections, it is underscored that the Debtors make no representation as to the accuracy of the Financial Projections or their or NewCo's ability to achieve the projected results. Many of the assumptions on which the Financial Projections are based are subject to significant uncertainties. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the financial results. Therefore, the actual results achieved throughout the Projection Period (as defined in the Financial Projections) may vary from the Financial Projections, and the variations may be material. All holders of Claims in the impaired classes are urged to examine carefully all of the assumptions on which the Financial Projections are based in connection with their evaluation of, and voting on, the Plan.

Based upon the Financial Projections, the Debtors believe that they will be able to make all distributions and payments under the Plan and that confirmation of the Plan is not likely to be followed by liquidation of NewCo or the need for further restructuring.

ARTICLE VII

SECURITIES LAW MATTERS

This Disclosure Statement was not approved by the SEC or any state regulatory authority. Neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or statements contained herein, and any representation to the contrary is unlawful.

The Plan provides for the offer, issuance, and distribution of interests in the Creditor Trusts and the Master Disbursement Trust (collectively, the "**Trust Interests**"). The Debtors believe any and all Trust Interests and the right to receive distributions on account of the Trust Interests will not constitute "securities" as defined in section 2(a)(1) of the Securities Act, section 101(49) of the Bankruptcy Code, and applicable state and local securities laws, and will be exempt from registration under the Securities Act, all rules and regulations promulgated thereunder, and any applicable state or local securities laws and regulations. The Trust Interests will not be evidenced by any certificate, security, receipt, or in any other form or manner whatsoever, except as maintained on the books and records of the applicable trust. Further, the Trust Interests shall not be listed for trading on any national securities exchange.

If it is determined that the Trust Interests, the right to receive distributions on account of Trust Interests constitute "securities," the Debtors believe that the issuance and distribution of the

Trust Interests satisfies the requirements of section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state and local securities laws.

To the extent the Trust Interests, the right to receive distributions on account of Trust Interests are determined to be "securities" that do not satisfy the requirements of section 1145(a)(1) of the Bankruptcy Code, the Debtors believe that such interests are issuable without registration under the Securities Act under section 4(a)(2) of the Securities Act. Section 4(a)(2) of the Securities Act provides that the issuance of securities by an issuer in transactions not involving any public offering are exempt from registration under the Securities Act.

ARTICLE VIII

CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING

THE PLAN AND ITS IMPLEMENTATION ARE SUBJECT TO CERTAIN RISKS, INCLUDING, BUT NOT LIMITED TO, THE RISK FACTORS SET FORTH BELOW. HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH REFERRED TO OR INCORPORATED BY REFERENCE HEREIN, BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. Risks Associated with the Bankruptcy Process

1. Plan Confirmation

The Debtors can make no assurances that the conditions to confirmation of the Plan will be satisfied or waived or that they will receive the requisite acceptances to confirm the Plan. Further, if the requisite acceptances are not received, the Debtors may seek to accomplish an alternative chapter 11 plan and obtain acceptances to an alternative plan for the Debtors, or otherwise, that may not have the support of the holders of Claims and/or may be required to liquidate these Estates under chapter 7 or 11 of the Bankruptcy Code. There can be no assurance that the terms of any such alternative restructuring arrangement or plan would be similar to or as favorable to Creditors as those proposed in the Plan.

Even if the Debtors receive the requisite acceptances, there is no assurance that the Bankruptcy Court will confirm the Plan. Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met. Moreover, there can be no assurance that modifications to the Plan will not be required for confirmation or that such modifications would not necessitate the resolicitation of votes. If the Plan is not confirmed, it is unclear what distributions holders of Claims ultimately would receive with respect to their Claims in a subsequent plan.

2. Potential Appeals of Confirmation Order

If the Confirmation Order is entered, certain parties may appeal such Order. Any appealing party may seek a stay of judgment with respect to the Confirmation Order, which, if granted by the Bankruptcy Court or the district court with appellate jurisdiction with respect to the Confirmation Order, would maintain the status quo that has existed during the Chapter 11 Cases while an appeal remains pending. Absent the grant of a stay pending appeal (or if applicable conditions to the grant of such a stay, which could include a requirement to post a supersedeas bond, are not satisfied), the Debtors and other parties will have the authority to execute upon and enforce the Confirmation Order so long as the Confirmation Order has not been reversed on appeal. Accordingly, absent a stay pending appeal, the Effective Date may occur, subject to the terms and conditions precedent in the Plan, and the Plan may be substantially consummated during the pendency of the appeal. Upon substantial consummation of the Plan, any appeal of the Confirmation Order may become equitably moot. *See, e.g.*, *In re Chateaugay Corp.*, 10 F.3d 944 (2d Cir. 1993). If any appeal is found not to be equitably moot in its entirety and confirmation of the Plan is reversed on appeal, the form of available relief and the impact of such relief on the post-Effective Date structure contemplated by the Plan is difficult to predict, but such relief could potentially have a materially adverse impact on the timing or amount of distributions contemplated under the Plan.

3. Objections to Classification of Claims

Section 1122 of the Bankruptcy Code requires that the Plan classify Claims against, and Interests in, the Debtors. The Bankruptcy Code also provides that the Plan may place a Claim or Interest in a particular Class only if such Claim or Interest is substantially similar to the other Claims or Interests of such Class. The Debtors believe that all Claims and Interests have been appropriately classified in the Plan.

To the extent that the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Debtors would seek (i) to modify the Plan to provide for whatever classification might be required for confirmation and (ii) to use the acceptances received from any holder of Claims pursuant to this solicitation for the purpose of obtaining the approval of the Class or Classes of which such holder ultimately is deemed to be a member. Any such reclassification of Claims, although subject to the notice and hearing requirements of the Bankruptcy Code, could adversely affect the Class in which such holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required for approval of the Plan. There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and requiring a reclassification, would approve the Plan based upon such reclassification. Except to the extent that modification of classification in the Plan requires resolicitation, the Debtors will, in accordance with the Bankruptcy Code and the Bankruptcy Rules, seek a determination by the Bankruptcy Court that acceptance of the Plan by any holder of Claims pursuant to this solicitation will constitute a consent to the Plan's treatment of such holder, regardless of the Class as to which such holder is ultimately deemed to be a member.

4. Failure to Consummate the Plan

As of the date of this Disclosure Statement, there can be no assurance that the conditions to consummation of the Plan will be satisfied or waived. Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the restructuring completed.

5. The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided for in a chapter 11 plan because of (i) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner, (ii) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (iii) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from the rejection of unexpired leases and other executory contracts in connection with cessation of operations.

6. Risk of Delayed Confirmation or Effective Date

Although the Debtors expect that the Plan will be confirmed on or shortly after the Confirmation Hearing scheduled for [October 27, 2025 at 10:00 a.m. (Prevailing Eastern Time)], there is a risk that confirmation of the Plan will be delayed. The occurrence of the Effective Date is subject to the receipt of all authorizations, consents, regulatory approvals, rulings and documents that are necessary to implement and effectuate the Plan. The governmental approval process could take substantial time after confirmation of the Plan. Any delay in the governmental approval processes, or the failure to obtain such approvals, could prolong the Chapter 11 Cases (or result in a liquidation of the Debtors), and reduce recoveries available to creditors.

7. Plan Releases, Injunctions and Exculpations May Not Be Approved

There can be no assurance that the Plan releases, injunctions and exculpations as provided in Article X of the Plan, will be granted. Failure of the Bankruptcy Court to grant such relief may result in a plan of reorganization that differs from the Plan or the Plan not being confirmed.

8. Channeling Injunction

The Channeling Injunction, which, among other things, bars all persons that have held or asserted, or that hold or assert Channeled Claims or any Released Claims arising out of or related thereto against the Released Parties, is a necessary element of the Plan. There is no guarantee that the validity and enforceability of the Channeling Injunction or the application of the Channeling

Injunction to the Channeled Claims and Released Claims arising out of or related thereto will not be challenged, either before or after Confirmation of the Plan.

9. Insurance Neutrality Provisions

Certain of Debtors' insurers assert that the language in Section 5.11 of the Plan, titled "Insurance Neutrality," does not adequately protect their rights. They have proposed alternative insurance neutrality language to the Debtors, which is filed at Docket No. 2710, Exhibit A, in Case No. 19-23649. Those insurers contend that the language they have proposed is consistent with language in other plans of reorganization that have been confirmed, and confirmation orders that have been entered, in this district, and they further contend that this Court, or a court on appeal, may require that such language be included within the Plan as a condition to confirmation.

10. Credit Risk Attendant to Settlement of Claims Against the Sackler Parties

The Shareholder Settlement Agreements will provide for the Sackler Parties to remit up to $7.0 billion over fifteen years to the Master Disbursement Trust. The Sackler Payment Parties will provide collateral and other forms of credit support to secure the Required Settlement Payments and other obligations of the Sackler Parties under the Shareholder Settlement Agreements, as more fully set forth in the Credit Support Annexes to the Master Shareholder Settlement Agreement. Remedies for breach of the Shareholder Settlement Agreements may include, without limitation, acceleration of the unpaid and unfunded obligations of the defaulting Sackler Parties, voiding the Shareholder Releases provided pursuant to the Plan and Shareholder Settlement Agreements, foreclosure by the Master Disbursement Trust on the collateral provided under the Shareholder Settlement Agreements, enforcement of confessions of judgment by the applicable Sackler Parties admitting the obligations that have come due, and certain other remedies to be mutually agreed. However, some or all of the Sackler Parties may fail to make such payments in whole or in part (or fail to make timely payments) notwithstanding the satisfaction of all conditions to payment in the Shareholder Settlement Agreements and the covenants contained therein. Such an event presents a credit risk to the Master Disbursement Trust and, to the extent the Master Disbursement Trust is not able to collect such unpaid amounts through the enforcement of remedies under the Shareholder Settlement Agreements, could prevent the Master Disbursement Trust from making required or anticipated payments to the Creditor Trusts. Moreover, Required Settlement Payments may be made into escrow or paused, depending on whether the Confirmation Order is modified, reversed or vacated in a manner that materially and adversely affects the rights, interests, or obligations of certain key stakeholders. As such, to the extent the Confirmation Order is modified, reversed or vacated, payments to the Master Disbursement Trust under the Shareholder Settlement Agreements may be deferred and, to the extent the Confirmation Order is not reinstated, the Master Disbursement Trust may not receive payments and previously received amounts may be credited (or amounts held in escrow may be returned) to the Sackler Parties under the Shareholder Settlement Agreements.

11. Recovery on Account of Other General Unsecured Claims Depends on the Aggregate Amount of Allowed Other General Unsecured Claims

The Debtors estimate that, following completion of Claims litigation and related matters, the Other General Unsecured Claim Cash will exceed the aggregate amount of Allowed Other

General Unsecured Claims. This estimate is based on certain assumptions based on a variety of factors. Should these underlying assumptions prove incorrect, the actual Allowed Other General Unsecured Claims may differ from the Debtors' estimates, and such differences could be material. Because distributions to Holders of Other General Unsecured Claims are linked to the value of Allowed Other General Unsecured Claims, any material increase in the amount of Allowed Other General Unsecured Claims in excess of the Other General Unsecured Claim Cash would materially reduce the recovery to Holders of Other General Unsecured Claims under the Plan.

12. Recoveries on Account of Federal Government Unsecured Claims May Impact the Amount of Distributions Made to the Governmental Remediation Trust and the Tribe Trust

Under the terms of the Plan, residual value after satisfying other obligations under the Plan will effectively ultimately be distributed to the Governmental Remediation Trust and the Tribe Trust, in the proportions determined pursuant to the Plan. As a result, the amount of distributions to the Governmental Remediation Trust and the Tribe Trust are linked to, *inter alia*, the amount of distributions on account of the Allowed Federal Government Unsecured Claims. The amount of distributions on account of the Allowed Federal Government Unsecured Claims remains to be agreed with the Holders of such Claims or to be determined pursuant to the Plan. The amount of such distribution that is ultimately made will reduce the amount of distributions to the Governmental Remediation Trust and the Tribe Trust.

B. Risks Associated with the Debtors' and NewCo's Business Operations and Financial Condition

1. NewCo May Not Be Able to Achieve Its Projected Financial Results

Actual financial results may differ materially from the Financial Projections. If the Debtors and/or NewCo do not achieve projected revenue or cash flow levels, NewCo may lack sufficient liquidity to continue operating its business consistent with the Financial Projections after the Effective Date. The Financial Projections represent management's view based on currently known facts and hypothetical assumptions about their future operations; they do not guarantee NewCo's future financial performance.

2. NewCo's Effective Tax Rate May Vary From Projections

The Financial Projections include assumptions as to NewCo's effective tax rate in future years. This assumed tax rate may be higher or lower than NewCo's actual tax rate, which will vary depending upon available tax deductions and changes in statutory tax rates.

3. The Financial Projections Are Subject to Inherent Uncertainty Due to the Numerous Assumptions upon Which They Are Based

The Financial Projections are based on numerous assumptions including, without limitation, the timing, confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of the Debtors and NewCo, general business and economic conditions, and other matters, many of which are beyond the control of the Debtors and some or all of which may not materialize. Particular uncertainties with respect to the Debtors' operations

and financial results arise from the risks and uncertainties relating to, among other things, the following: changes in the demand for the Debtors' pharmaceutical products; legislation and regulations relating to the pharmaceutical industry; operational, permit, and labor factors; fluctuations in the amount of cash the Debtors generate from operations; and numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive, or regulatory nature. Because the actual results achieved throughout the periods covered by the Financial Projections may vary from the projected results, the Financial Projections should not be relied upon as an assurance of the actual results that will occur.

Except with respect to the Financial Projections and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that might occur subsequent to the date hereof. Such events could have a material impact on the information contained in this Disclosure Statement. Neither the Debtors nor NewCo intend to update the Financial Projections. The Financial Projections, therefore, may not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Financial Projections.

4. The Debtors Will Be Subject to the Risks and Uncertainties Associated with the Chapter 11 Cases

For the duration of the Chapter 11 Cases, the Debtors' ability to operate, develop and execute a business plan, and continue as a going concern, will be subject to the risks and uncertainties associated with bankruptcy. These risks include the following: (i) the ability to develop, confirm and consummate the Plan and transactions contemplated thereunder; (ii) the ability to obtain Bankruptcy Court approval with respect to motions filed in the Chapter 11 Cases from time to time; (iii) the ability to maintain relationships with suppliers, vendors, service providers, customers, employees and other third parties; (iv) the ability to maintain contracts that are critical to the Debtors' operations; (v) the ability of third parties to seek and obtain Bankruptcy Court approval to terminate contracts and other agreements with the Debtors; (vi) the ability of third parties to seek and obtain Bankruptcy Court approval to terminate or shorten the exclusivity period for the Debtors to propose and confirm a chapter 11 plan, to appoint a chapter 11 trustee, or to convert the Chapter 11 Cases to chapter 7 proceedings; and (vii) the actions and decisions of the Debtors' creditors and other third parties who have interests in the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

These risks and uncertainties could affect the Debtors' businesses and operations in various ways. For example, negative events associated with the Chapter 11 Cases could adversely affect the Debtors' relationships with suppliers, service providers, customers, employees and other third parties, which in turn could adversely affect the Debtors' operations and financial condition. Also, the Debtors will need the prior approval of the Bankruptcy Court for transactions outside the ordinary course of businesses, which may limit the Debtors' ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the Chapter 11 Cases, the Debtors cannot accurately predict or quantify the ultimate impact of events that occur during the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

5. Certain Claims May Not Be Discharged and May Have a Material Adverse Effect on the Debtors' Financial Condition and Results of Operations

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all Claims that arise prior to the Debtors' filing of their petitions or before confirmation of the plan of reorganization (i) would be subject to compromise and/or treatment under the plan of reorganization, and/or (ii) would be discharged and/or released in accordance with the terms of the plan of reorganization. Any Claims not ultimately discharged or released through a plan of reorganization could be asserted against NewCo and may have an adverse effect on NewCo's financial condition and results of operations.

6. Regulatory Risk

As a manufacturer of controlled substances and prescription products, the Debtors are subject to regulatory oversight by numerous governmental entities. For example, the Debtors must comply with laws, regulations, guidance documents and standards promulgated by the FDA, the DEA, the Department of Health and Human Services (including its Office of Inspector General), the Center for Medicare and Medicaid Services ("**CMS**"), the Environmental Protection Agency, state boards of pharmacy, and state controlled substance authorities. In particular, the Debtors interact with the FDA on a regular basis in connection with, among other things, new drug applications, abbreviated new drug applications and monitoring of production facilities. The Debtors regularly interact with the DEA in connection with controlled substance facility registrations and obtaining quota to manufacture controlled substances. The Debtors also interact with state agencies regarding their manufacturing and selling of controlled substances and pharmaceutical products and the licenses required to engage in these activities. The Debtors are also subject to healthcare fraud and abuse laws, such as the Federal Anti-Kickback Statute, the Federal False Claims Act, and state equivalents thereof.

- If the Debtors fail to comply with applicable federal and state laws and regulations, the Debtors could face substantial enforcement actions, including civil, criminal and administrative penalties including product seizures or injunctions, damages, fines and exclusion from federal or state healthcare programs, and their financial condition and operations could be adversely affected. Although compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, the risks cannot be entirely eliminated. In addition, in order to operate their businesses, the Debtors are required to maintain licenses under the laws of various states, which may be impacted by the DOJ Resolution.

Moreover, continued compliance with prevailing laws and regulations imposes significant financial and operational costs on the Debtors, including because these laws and regulations are subject to ongoing government review and interpretation, which can result in shifts in review protocol, government interpretation, and government implementation. Additionally, governments and regulators may modify existing laws or regulations or impose new ones, which may increase the Debtors' costs of compliance significantly. All of these factors can have material impacts on the Debtors' businesses.

7. The Debtors' Revenues Are Highly Dependent on Medicare, Medicaid, and Commercial Payor Payment Rates

The Debtors' ability to generate revenue relies on the prescribing of their medicines which are reimbursed by commercial managed care and government managed Medicare and Medicaid programs. The Debtors provide discounts and rebates to participating managed care organizations and federal and/or state governments to maintain patient access to their medications. The future revenue of the debtors is highly dependent on the continued formulary coverage from these entities.

Payment rates for Medicaid reimbursable products are set by law and regulation and are therefore beyond the Debtors' ability to control. Prevailing reimbursement for the Debtors' products could be significantly reduced in the future, materially impairing the Debtors' revenue. For example, pursuant to the Debtors' national rebate agreement with the Department of Health and Human Services, Medicaid covers a number of the Debtors' products under a designated rebate program. In accordance with this program, the Debtors are also required to comply with the United States Department of Health and Human Services' 340B Drug Pricing Program (the "**340B Program**"). Moreover, certain products sold by the Debtors could cease to be reimbursed by Medicaid at all. More generally, ongoing healthcare reform efforts, including efforts to curb the costs of prescription medications, also may impact the Debtors' revenues in the future.

The Debtors business also critically relies on contractual agreements with private third party payors, such as insurance companies or pharmacy benefit managers and with the federal government. The Debtors have entered into several contracts with private insurers with commercial and/or Medicare Part D business lines and with the CMS to cover certain of their products, pursuant to which the Debtors agreed to pay the private insurers or their representatives which administer the program or CMS certain rebates related to these programs. Rebate rates required by these payors could change materially depending on a variety of factors, including regulatory changes and cost pressures affecting the commercial payors' own businesses. In particular, commercial payors are highly cost sensitive as a result of the rising cost of healthcare and other macroeconomic factors and may pressure the Debtors to accept higher rebate rates as a result. The future revenues of the debtors is highly dependent on the private commercial payers maintaining the Debtors products on their list of drugs that are given formulary coverage. If formulary coverage is lost it is unlikely to be regained in the future by the debtors.

Additionally, based on its agreement with CMS for Medicaid and relevant statutes, the Debtors must also comply with the Department of Veterans Affairs Federal Supply Schedule, which requires the Debtors to make their products available to federal agencies such as, but not limited to, the Department of Veterans Affairs, Department of Defense, the Coast Guard, Federal Bureau of Prisons and the Public Health Service at deeply discounted prices (collectively, the "**Federal Supply Schedule Programs**"). Because the price the Debtors charge under the Federal Supply Schedule is lower than the wholesale acquisition cost (a base price set by the Debtors in their sole discretion and adjusted from time to time), wholesalers charge back the Debtors for the difference ("**FSS Chargebacks**"). The deeply discounted prices at which the Debtors make their products available under the Federal Supply Schedule Programs (and the resulting FSS Chargebacks owed by the Debtors) are subject to change materially based on the FSS set by the Department of Veterans Affairs, which may adjust such prices based on the rising cost of healthcare and other macroeconomic factors. Failure to comply with the Federal Supply Schedule

Programs may result in substantial fines and penalties and exclusion from other federal programs, which would diminish the Debtors' customer base as well as harm the Debtors' relationship with wholesalers.

All of the foregoing may materially impact the Debtors' performance in ways that may be difficult to predict or mitigate.

8. The Debtors' Revenues Are Highly Dependent on Wholesale Distribution Channels

The Debtors' primary channel for sale of prescription products is through wholesalers (collectively, the "**Distributors**") who distribute these products to retail drugstores, pharmacies, hospitals, long-term care and other mail, retail and non-retail institutions in the United States. These buyers, in turn, dispense these products to patients. If the Distributors refuse to do business with NewCo due to the rejection of their contracts or otherwise, NewCo would lose access to its primary channel for sale of prescription products, which would likely have a material adverse impact on its operations and revenues and make sale of NewCo at a future date more difficult. Although Purdue Pharma and Rhodes together have 40 different customer/distributors for their products, Cardinal, McKesson, and Cencora (formerly Amerisource Bergen) generally account for over 90 percent of their gross sales.

9. The Debtors' Intellectual Property May Be Misappropriated or the Debtors May Be Subject to Infringement Claims

The Debtors rely on intellectual property rights, including licensing arrangements and third-party nondisclosure and assignment agreements, to conduct their businesses. The Debtors' failure to adequately maintain and protect its intellectual property could materially affect the Debtors' intellectual property rights. The Debtors' intellectual property rights could be challenged, invalidated or circumvented by others and may be insufficient in scope and strength to meaningfully protect the Debtors. While the Debtors attempt to protect their intellectual property rights, the Debtors cannot guarantee that they will be successful in defending such rights against third parties who may infringe upon them. Similarly, it is possible that third parties will make claims of infringement against the Debtors, and there is no guarantee that the Debtors will successfully defend or otherwise resolve such claims. Any such claims, even if meritless, could disrupt or impose significant costs on the Debtors' businesses.

C. Miscellaneous Risk Factors and Disclaimers

1. The Financial Information Is Based on the Debtors' Books and Records and, Unless Otherwise Stated, No Audit Was Performed

In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to assure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtors believe that such financial information fairly reflects their financial condition, the Debtors are unable to warrant or represent that the financial information contained in this Disclosure Statement (or any information in any of the exhibits to the Disclosure Statement) is without inaccuracies.

2. Certain Tax Considerations

There are a number of material income tax considerations, risks and uncertainties associated with the consummation of the Plan. Holders of Claims and other interested parties should read carefully the discussion in "*Certain U.S. Federal Income Tax Consequences of the Plan*" below.

3. No Legal or Tax Advice Is Provided by This Disclosure Statement

This Disclosure Statement is not legal advice to any person or Entity. The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each reader should consult its own legal counsel and accountant with regard to any legal, tax and other matters concerning its Claim. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote to accept or reject the Plan or whether to object to Confirmation.

4. No Admissions Made

The information and statements contained in this Disclosure Statement will neither (i) constitute an admission of any fact or liability by any Entity (including the Debtors) nor (ii) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, NewCo, Holders of Allowed Claims or Interests, or any other parties in interest.

5. Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim is, or is not, identified in this Disclosure Statement. The Debtors may seek to investigate, file, and prosecute Claims and may object to Claims after Confirmation and Consummation of the Plan, irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

6. Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Advisors

Counsel to and other advisors retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement and the exhibits to the Disclosure Statement, they have not independently verified the information contained in this Disclosure Statement or the information in the exhibits to the Disclosure Statement.

7. The Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the Debtors have used their reasonable business judgment so that the information provided in this Disclosure Statement and in the Plan is as accurate as possible, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this

Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

8. No Representations Outside This Disclosure Statement Are Authorized

No representations concerning or relating to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure voting Holders' acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by voting Holders in arriving at their decision. Voting Holders should promptly report unauthorized representations or inducements to counsel to the Debtors and the Office of the United States Trustee for the Southern District of New York.

ARTICLE IX

[CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN[151]

A. General

The following discussion summarizes certain material U.S. federal income tax consequences of the implementation of the Plan to the Debtors and to certain U.S. Holders of Claims. This summary does not address the federal income tax consequences to: (i) Holders of Claims who are deemed to have rejected the Plan in accordance with the provisions of section 1126(g) of the Bankruptcy Code; (ii) Holders whose Claims are Unimpaired; (iii) Holders of Federal Government Unsecured Claims; or (iv) purchasers of Claims following the Effective Date. This summary does not discuss the U.S. federal income tax consequences of the Direct Claims Shareholder Settlements or the receipt of any payments in respect thereof.

This summary is based on the IRC, existing and proposed Treasury Regulations, judicial decisions, and published administrative rules and pronouncements of the IRS as in effect on the date of this Disclosure Statement, all of which are subject to change, possibly on a retroactive basis. Any such change could significantly affect the U.S. federal income tax consequences described below. Many of the tax consequences described herein are uncertain. As of the date of this Disclosure Statement, no opinion of counsel or ruling from the IRS has been requested with respect to any of the tax aspects of the Plan. The Plan is not conditioned upon the request for or receipt of a private letter ruling from the IRS. There is no assurance that the IRS would not take a contrary position as to the federal income tax consequences described herein and that a court would not uphold such a position.

This discussion does not address non-U.S., state, local, or territorial tax consequences of the Plan, nor does it purport to address the U.S. federal income tax consequences of the Plan that may be relevant to special classes of taxpayers (e.g., small business investment companies, regulated investment companies, real estate investment trusts, banks and certain other financial institutions, insurance companies, retirement plans, individual retirement accounts and other

[151] [**NTD**: subject to ongoing review.]

tax-deferred accounts, persons that are, or hold Claims through, S corporations, partnerships or other pass-through entities for U.S. federal income tax purposes, persons whose functional currency is not the U.S. dollar, persons who are residents of or otherwise subject to taxation by a U.S. territory or persons who use the accrual method of accounting and report income on an "applicable financial statement" within the meaning of IRC section 451). In addition, this discussion does not address any alternative minimum tax, the "Medicare" tax on unearned income, the Foreign Account Tax Compliance Act, or U.S. federal taxes other than income taxes. This discussion does not address the U.S. federal income tax consequences of the Plan to non-U.S. Holders. Non-U.S. Holders should consult their own tax advisors with respect to the tax consequences of the Plan applicable to them.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Claim that is for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; (iv) a trust, if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all of its substantial decisions, or if the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person; (v) the government of the United States, any state, political subdivision or territory thereof or the District of Columbia; or (vi) any Tribe. As used herein, the term "**non-U.S. Holder**" means a beneficial owner of a Claim that is not a U.S. Holder or a partnership (or other entity or arrangement treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Claims, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. ***If you are a partner in such a partnership holding any Claims, you should consult your own tax advisor.***

THE FOLLOWING SUMMARY IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR TAX PLANNING OR FOR ADVICE BASED UPON THE PARTICULAR CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. EACH HOLDER OF A CLAIM IS URGED TO CONSULT ITS OWN TAX ADVISORS FOR THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES APPLICABLE TO IT UNDER THE PLAN.

B. Consequences to the Debtors

PPLP and most of its subsidiaries are entities that are disregarded as separate from their owners for U.S. federal income tax purposes. Accordingly, the U.S. federal income tax consequences arising under the Plan in respect of PPLP and most of its subsidiaries generally will not be recognized by a Debtor, but will instead be recognized by PPLP's parent, PRA L.P., which is not a Debtor. Because PRA L.P. is treated as a partnership for U.S. federal income tax purposes, the tax consequences arising under the Plan in respect of PPLP and most of its subsidiaries generally are expected to be borne by the beneficial owners of PRA L.P. In addition, certain Debtors are direct or indirect subsidiaries of PPLP and are treated as partnerships for U.S. federal

income tax purposes. The U.S. federal income tax consequences of consummating the Plan with respect to such Debtors generally are expected to be recognized by PRA L.P. and generally borne by the beneficial owners of PRA L.P. Finally, certain Debtors (including PPI) are subject to tax as corporations for U.S. federal income tax purposes and may recognize tax consequences resulting from the consummation of the Plan, as discussed below.

The Plan provides that, on the Effective Date, the Debtors will enter into the Restructuring Transactions. Additional information regarding these transactions will be provided in the Restructuring Steps Memorandum. The tax consequences of the Restructuring Transactions to PPLP and any of its subsidiaries that are disregarded from PRA L.P. are expected to be recognized by PRA L.P. and generally borne by the beneficial owners of PRA L.P. The tax consequences of the Restructuring Transactions to a Debtor that is treated as a corporation for U.S. federal income tax purposes will depend on whether the Debtor is a Transferred Debtor. If a corporate Debtor is a Transferred Debtor, it is generally not expected to transfer its assets that are NewCo Transferred Assets in the Restructuring Transactions and therefore is not expected to recognize any gain or loss with respect to those assets. The transfer by a corporate Debtor that is a Transferred Debtor of any NewCo Transferred Assets or any other assets that is recognized for U.S. federal income tax purposes is expected to generally be taxable, and such Debtor may recognize gain or loss with respect to those assets, if any. If a corporate Debtor is not a Transferred Debtor, the transfer of any of its assets that is recognized for U.S. federal income tax purposes is expected to generally be taxable, and such Debtor may recognize gain or loss with respect to those assets. Any gain or loss upon a taxable transfer by a Debtor of an asset is equal to the difference between the fair market value of the transferred asset and the Debtor's tax basis in such asset. Tax on the resulting gain, if any, may be reduced by the Debtor's available tax attributes or deductions, if any.

C. [Consequences to Holders of Certain Claims[152]

1. Holders of Allowed Non-Federal Domestic Governmental Channeled Claims and Allowed Tribe Channeled Claims (Classes 4 and 5)

The Plan provides that: (i) on the Effective Date, in full and final satisfaction, settlement, release and discharge of the Debtors' obligations in respect of the Non-Federal Domestic Governmental Claims and Tribe Claims, (a) with respect to the Non-Federal Domestic Governmental Claims, the Governmental Remediation Trust shall receive the Initial Governmental Remediation Trust Distribution, the MDT Governmental Remediation Trust Interest and the right to receive 96.7% of the Governmental NewCo Distributable Cash pursuant to Section 5.4(e) of the Plan, and (b) with respect to the Tribe Claims, the Tribe Trust shall receive the Initial Tribe Trust Distribution, the MDT Tribe Interest, and the right to receive 3.3% of the Governmental NewCo Distributable Cash pursuant to Section 5.4(e) of the Plan; and (ii) as of the Effective Date, any and all liability of the Debtors and the other Protected Parties for any and all Non-Federal Domestic Governmental Channeled Claims and Tribe Channeled Claims shall be channeled exclusively to and assumed by the Governmental Remediation Trust and the Tribe Trust, respectively, without further act, deed or court order. For discussion of the tax treatment of the Governmental Remediation Trust and the Tribe Trust, see *"—D. Tax Treatment of NewCo, the Foundation, the*

[152] [**NTD**: subject to ongoing review.]

Master Disbursement Trust and the Creditor Trusts—4. Governmental Remediation Trust" and "*—D. Tax Treatment of NewCo, the Foundation, the Master Disbursement Trust and the Creditor Trusts—5. Tribe Trust*."

The Debtors understand that each U.S. Holder of an Allowed Non-Federal Domestic Governmental Channeled Claim or an Allowed Tribe Channeled Claim is either (i) the government of a U.S. state, territory, the District of Columbia or political subdivision of any of the foregoing, or (ii) a Tribe. The Debtors expect that such holders will not be subject to U.S. federal income tax in respect of the Restructuring Transactions or any subsequent Distributions from the Governmental Remediation Trust or the Tribe Trust.

2. Holders of Allowed Public School Claims (Class 6)

The Plan provides that: (i) on the Effective Date, in full and final satisfaction, settlement, release and discharge of the Debtors' obligations in respect of the Public School Claims, the Public School Trust shall receive (a) the Initial Public Schools Distribution and (b) the MDT Public School Districts Claim; and (ii) as of the Effective Date, any and all liability of the Debtors and the other Protected Parties for any and all Public School Channeled Claims shall be channeled exclusively to and assumed by the Public School Trust without further act, deed or court order and shall be exclusively satisfied by payments from the Public School Trust. The Plan further provides that a portion of the Initial Public Schools Distribution will be paid to the Common Benefit Fund. The Plan further provides that the Public School Trust is intended to be treated as a "qualified settlement fund" for U.S. federal income tax purposes and that no Holder of Claims shall be treated as receiving a distribution for U.S. federal income tax purposes except to the extent such Holder is entitled to receive that distribution directly under the Plan or such distribution is made in satisfaction of an obligation of such Holder.

The Debtors understand that each U.S. Holder of an Allowed Public School Claim is a political subdivision of the government of a U.S. state, territory, or the District of Columbia. The Debtors expect that such Holders will not be subject to U.S. federal income tax in respect of the Restructuring Transactions or any subsequent Distributions from the Public School Trust or any required payments to the Common Benefit Fund.

For a discussion of the tax treatment of the Public School Trust, see "*—D. Tax Treatment of NewCo, the Foundation, the Master Disbursement Trust and the Creditor Trusts—6. Public School Trust*," below.

3. Holders of Allowed Hospital Channeled Claims (Class 7)

The Plan provides that: (i) on the Effective Date, in full and final satisfaction, settlement, release and discharge of the Debtors' obligations in respect of the Hospital Claims, the Hospital Trust shall receive (a) the Initial Hospital Trust Distribution and (b) the MDT Hospital Claim; and (ii) as of the Effective Date, any and all liability of the Debtors and the other Protected Parties for any and all Hospital Channeled Claims shall be channeled exclusively to and assumed by the Hospital Trust without further act, deed or court order and shall be exclusively satisfied by payments from the Hospital Trust. The Plan further provides that a portion of each Distribution from the Hospital Trust will be paid to the Common Benefit Fund. The Plan further provides that

the Hospital Trust is intended to be treated as a "qualified settlement fund" for U.S. federal income tax purposes and that no Holder of a Claim shall be treated as receiving a distribution for U.S. federal income tax purposes except to the extent such Holder is entitled to receive that distribution directly under the Plan or such distribution is made in satisfaction of an obligation of such Holder.

Accordingly, assuming this treatment is respected for U.S. federal income tax purposes, a U.S. Holder of an Allowed Hospital Channeled Claim generally is not expected to be treated as receiving a distribution from the Hospital Trust unless and until the Holder is entitled to receive that distribution directly (or a distribution is made in satisfaction of an obligation of such Holder, including the portion of the distribution to such Holder that is paid to the Common Benefit Fund), and any amounts received or treated as received by a U.S. Holder of an Allowed Hospital Channeled Claim from the Hospital Trust generally are expected to be treated by such Holder as if received directly from PRA L.P. The U.S. federal income tax consequences to a U.S. Holder of an Allowed Hospital Channeled Claim—including whether such Holder may have income or loss on account of distributions it receives in respect of the Claim or payments made in satisfaction of obligations of such Holder (including obligations to pay attorney fees and the portion of the distributions to such Holder that is paid to the Common Benefit Fund) or whether such Holder may be entitled to claim a deduction on account of a distribution that satisfied an obligation of such Holder—generally will depend upon the nature and origin of the Claim and the particular circumstances applicable to such Holder, including whether the Holder has previously claimed deductions or losses for U.S. federal income tax purposes with respect to such Claim. Because the tax consequences under the Plan relevant to U.S. Holders of Allowed Hospital Channeled Claims will depend on facts particular to each Holder, all U.S. Holders of Allowed Hospital Channeled Claims are urged to consult their own tax advisors as to their proper tax treatment under the Plan in light of their particular facts and circumstances.

For a discussion of the tax treatment of the Hospital Trust, see "*—D. Tax Treatment of NewCo, the Foundation, the Master Disbursement Trust and the Creditor Trusts—7. Hospital Trust*," below.

4. Holders of Allowed Third-Party Payor Channeled Claims (Class 8)

The Plan provides that: (i) on the Effective Date, in full and final satisfaction, settlement, release and discharge of the Debtors' obligations in respect of the Third-Party Payor Claims, the TPP Trust shall receive (a) the Initial TPP Distribution and (b) the MDT TPP Claim; and (ii) as of the Effective Date, any and all liability of the Debtors and the other Protected Parties for any and all Third-Party Payor Channeled Claims shall be channeled exclusively to and assumed by the TPP Trust without further act, deed or court order and shall be exclusively satisfied by payments from the TPP Trust. The Plan further provides that a portion of each Distribution from the TPP Trust will be paid to the Common Benefit Fund. The Plan further provides that the TPP Trust is intended to be treated as a "qualified settlement fund" for U.S. federal income tax purposes and that no Holder of a Claim shall be treated as receiving a distribution for U.S. federal income tax purposes except to the extent such Holder is entitled to receive that distribution directly under the Plan or such Distribution is made in satisfaction of an obligation of such Holder. The Plan further provides that certain Holders of Third-Party Payor Channeled Claims will be eligible to receive payments from the TPP LRP Escrow Account pursuant to the LRP Agreement.

Accordingly, assuming this treatment is respected for U.S. federal income tax purposes, with respect to a U.S. Holder of an Allowed Third-Party Payor Channeled Claim's distribution from the TPP Trust, such Holder generally is not expected to be treated as receiving a distribution from the TPP Trust unless and until the Holder is entitled to receive that distribution directly (or a distribution is made in satisfaction of an obligation of such Holder, including the portion of the distribution to such Holder that is paid to the Common Benefit Fund), and any amounts received or treated as received by a U.S. Holder of an Allowed Third-Party Payor Channeled Claim from the TPP Trust generally are expected to be treated by such Holder as if received directly from PRA L.P. or another Sackler Party. The U.S. federal income tax consequences to a U.S. Holder of an Allowed Third-Party Payor Channeled Claim for such Holder's distribution from the TPP Trust—including whether such Holder may have income or loss on account of distributions it receives in respect of the Claim or payments made in satisfaction of obligations of such Holder (including obligations to pay attorney fees and the portion of the distributions to such Holder that is paid to the Common Benefit Fund) or may be entitled to claim a deduction on account of a distribution that satisfied an obligation of such Holder—generally will depend upon the nature and origin of the Claim and the particular circumstances applicable to such Holder, including whether the Holder has previously claimed deductions or losses for U.S. federal income tax purposes with respect to such Claim. The tax treatment of amounts paid to U.S. Holders of an Allowed Third-Party Payor Channeled Claim pursuant to the LRP Agreement will depend in part on circumstances relevant to the nature of such Holder's underlying lien. Because the tax consequences under the Plan relevant to U.S. Holders of Allowed Third-Party Payor Channeled Claims will depend on facts particular to each Holder, all U.S. Holders of Allowed Third-Party Payor Channeled Claims are urged to consult their own tax advisors as to their proper tax treatment under the Plan in light of their particular facts and circumstances.

For discussion of the tax treatment of the TPP Trust, see "*—D. Tax Treatment of NewCo, the Foundation, the Master Disbursement Trust and the Creditor Trusts—8. TPP Trust*," below.

5. Holders of Allowed ER Physician Channeled Claims (Class 9)

The Plan provides that: (i) on the Effective Date, in full and final satisfaction, settlement, release and discharge of the Debtors' obligations in respect of the ER Physician Claims, the ERP Trust shall receive (a) the Initial ERP Trust Distribution and (b) the MDT ERP Claim; and (ii) as of the Effective Date, any and all liability of the Debtors and the other Protected Parties for any and all ER Physician Channeled Claims shall be channeled exclusively to and assumed by the ERP Trust without further act, deed or court order and shall be exclusively satisfied by payments from the ERP Trust. The Plan further provides that a portion of each Distribution from the ERP Trust will be paid to the Common Benefit Fund. The Plan further provides that the ERP Trust is intended to be treated as a "qualified settlement fund" for U.S. federal income tax purposes and that no Holder of Claims shall be treated as receiving a distribution for U.S. federal income tax purposes except to the extent such Holder is entitled to receive that distribution directly under the Plan or such distribution is made in satisfaction of an obligation of such Holder.

Accordingly, assuming this treatment is respected for U.S. federal income tax purposes, a U.S. Holder of an Allowed ER Physician Channeled Claim generally is not expected to be treated as receiving a distribution from the ERP Trust unless and until the Holder is entitled to receive that distribution directly (or a distribution is made in satisfaction of an obligation of such Holder,

including the portion of the distribution to such Holder that is paid to the Common Benefit Fund), and any amounts treated as received by a U.S. Holder of an Allowed ER Physician Channeled Claim from the ERP Trust generally are expected to be treated by such Holder as if received directly from PRA L.P. or another Sackler Party. The U.S. federal income tax consequences to a U.S. Holder of an Allowed ER Physician Channeled Claim—including whether such Holder may have income or loss on account of distributions it receives in respect of the Claim or payments made in satisfaction of obligations of such Holder (including obligations to pay attorney fees and the portion of the distributions to such Holder that is paid to the Common Benefit Fund) or whether such Holder may be entitled to claim a deduction on account of a distribution that satisfied an obligation of such Holder—generally will depend upon the nature and origin of the Claim and the particular circumstances applicable to such Holder, including whether the Holder has previously claimed deductions or losses for U.S. federal income tax purposes with respect to such Claim. Because the tax consequences under the Plan relevant to U.S. Holders of Allowed ER Physician Channeled Claims will depend on facts particular to each Holder, all U.S. Holders of Allowed ER Physician Channeled Claims are urged to consult their own tax advisors as to their proper tax treatment under the Plan in light of their particular facts and circumstances.

For a discussion of the tax treatment of the ERP Trust, see "*—D. Tax Treatment of NewCo, the Foundation, the Master Disbursement Trust and the Creditor Trusts—9. ERP Trust*," below.

6. Holders of Allowed PI Channeled Claims (Classes 10(a) and 10(b))

The Plan provides that: (i) on the Effective Date, in full and final satisfaction, settlement, release and discharge of the Debtors' obligations in respect of the PI Claims, the PI Trust shall receive (a) the Initial PI Trust Distribution, and (b) the MDT PI Claim; (ii) as of the Effective Date, any and all liability of the Debtors and the other Protected Parties for any and all PI Channeled Claims shall be channeled exclusively to and assumed by the PI Trust without further act, deed or court order and shall be exclusively satisfied by payments from the PI Trust; and (iii) (a) distributions in respect of NAS PI Channeled Claims shall be exclusively in the form of distributions from the PI Trust NAS Fund to Holders of Allowed NAS PI Channeled Claims and (b) distributions in respect of Non-NAS PI Channeled Claims shall be exclusively in the form of Distributions from the PI Trust Non-NAS Fund to Holders of Allowed Non-NAS PI Channeled Claims. The Plan further provides that the PI Trust is intended to be treated as a "qualified settlement fund" for U.S. federal income tax purposes and that no Holder of a Claim shall be treated as receiving a distribution for U.S. federal income tax purposes except to the extent such Holder is entitled to receive that distribution directly under the Plan or such distribution is made in satisfaction of an obligation of such Holder. The Plan further provides that LRP Participating TPPs will be eligible to receive payments from the TPP LRP Escrow Account pursuant to the LRP Agreement in respect of certain claims they may hold against Holders of PI Claims and Distributions to Holders of PI Claims. The Plan further provides that a portion of each Distribution from the PI Trust will be paid to the Common Benefit Fund.

Accordingly, assuming this treatment is respected for U.S. federal income tax purposes, a U.S. Holder of an Allowed PI Channeled Claim generally is not expected to be treated as receiving a distribution from the PI Trust unless and until the Holder is entitled to receive that distribution directly (or a distribution is made in satisfaction of an obligation of such Holder, including the portion of the distribution to such Holder that is paid to the Common Benefit Fund). In the case

of a U.S. Holder of an Allowed PI Channeled Claim who is a minor under applicable law for whom the PI Trust places funds in an account, whether the Holder is treated as receiving a distribution from the PI Trust at the time the funds are placed in such account, and whether the Holder (or an eligible parent of the Holder that elects to recognize the income in lieu of the Holder) will be required to recognize income in respect of any interest or other amounts earned by the account, will depend on the terms of that account. Any amounts received or treated as received by a U.S. Holder of an Allowed PI Channeled Claim from the PI Trust generally are expected to be treated by such Holder as if received directly from PRA L.P. or another Sackler Party. The U.S. federal income tax consequences to a U.S. Holder of an Allowed PI Channeled Claim—including (i) whether such Holder may have income or loss on account of distributions it receives in respect of the Claim or payments made in satisfaction of obligations of such Holder (including any obligation to pay attorney fees, the portion of the distributions to such Holder that is paid to the Common Benefit Fund, any obligation relating to payments to Participating Third-Party Payors pursuant to the LRP Agreement, (ii) for a U.S. Holder of a PI Channeled Claim who is a minor, the consequences to the Holder if the PI Trust places funds in an account for the Holder, or (iii) whether such Holder may be entitled to claim a deduction on account of a distribution that satisfied an obligation of such Holder—generally will depend upon the nature and origin of the Claim and the particular circumstances applicable to such Holder. Amounts received or treated as received by a U.S. Holder of an Allowed PI Channeled Claim generally are not expected to be taxable to such Holder for U.S. federal income tax purposes to the extent they represent payment for damages (other than punitive damages) received on account of personal physical injuries or physical sickness, within the meaning of IRC section 104. However, to the extent such payments are attributable to medical expense deductions allowed under IRC section 213 for a prior taxable year, such payments are expected to be taxable as ordinary income to the U.S. Holder. To the extent a payment from the PI Trust is treated as a payment on account of damages in respect of a Claim other than for personal physical injury or physical sickness, whether the payment will be includable in the gross income of the Holder will depend upon the nature and origin of the Claim and the particular circumstances applicable to the Holder, including whether the Holder has previously claimed deductions or losses for U.S. federal income tax purposes with respect to such Claim. Because the tax consequences under the Plan relevant to U.S. Holders of Allowed PI Channeled Claims will depend on facts particular to each Holder, all U.S. Holders of Allowed PI Channeled Claims are urged to consult their own tax advisors as to their proper tax treatment under their particular facts and circumstances.

For a discussion of the U.S. federal income tax treatment of the PI Trust, see "*—D. Tax Treatment of NewCo, the Foundation, the Master Disbursement Trust and the Creditor Trusts—10. PI Trust*" below.

7. Holders of Allowed Other General Unsecured Claims (Class 11(c))

All Other General Unsecured Claims are Disputed. The Plan provides that, except to the extent a Holder of an Allowed Other General Unsecured Claim and the Debtor against which such Claim is asserted agree to different treatment, after the Effective Date upon the Allowance of such Claim in accordance with Article VII of the Plan, each Holder of an Allowed Other General Unsecured Claim shall receive, on account of such Allowed Claim, such Holder's Pro Rata Share of the Other General Unsecured Claim Cash, up to payment in full of such Allowed Claim. The receipt of Cash (or a distribution made in satisfaction of an obligation of such Holder) by a U.S.

Holder of an Allowed Other General Unsecured Claim is expected to be treated as a taxable exchange of such Holder's Claim for Cash. Accordingly, such Holder generally will recognize gain or loss equal to the difference between (i) the Cash received (or deemed received) in exchange for the Claim and (ii) the Holder's adjusted tax basis, if any, in the Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, whether the Claim constitutes a capital asset in the hands of the Holder, whether the Claim was purchased at a discount, whether and to what extent the Claim became worthless in a prior tax year and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim. The deductibility of capital losses is subject to limitations.

If any portion of the Cash received (or deemed received) by a U.S. Holder of an Allowed Other General Unsecured Claim is treated as being received in satisfaction of accrued interest, such amount is expected to be taxable to the U.S. Holder as ordinary interest income (if not previously included in the U.S. Holder's gross income under the Holder's normal method of accounting). Conversely, a U.S. Holder generally will recognize a deductible loss to the extent any accrued interest was previously included in its gross income and is not paid in full. Such loss may be ordinary, but the tax law is unclear on this point.

The Plan provides that it is intended, subject to applicable law, that distributions with respect to an Allowed Other General Unsecured Claim that is treated as a debt instrument for U.S. federal income tax purposes will be allocated first to the principal portion of such Claim (as determined for U.S. federal income tax purposes) and, thereafter, to the remaining portion of such Claim, if any. However, there is no assurance that such allocation would be respected by the IRS for U.S. federal income tax purposes. U.S. Holders of such Claims are urged to consult their own tax advisors regarding the allocation of consideration received (or deemed received) under the Plan, as well as the deductibility of any accrued but unpaid interest and the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income for U.S. federal income tax purposes.

D. [Tax Treatment of NewCo, the Foundation, the Master Disbursement Trust and the Creditor Trusts[153]

1. NewCo

The Plan provides that the NewCo Managers shall cause NewCo to timely elect to be treated as a corporation for U.S. federal income tax purposes effective as of the date immediately succeeding the Effective Date. Consequently, NewCo will be subject to corporate-level federal income tax (currently at a rate of 21%) on its net income (including any income earned by an entity disregarded as separate from NewCo).

As discussed above at "*—B. Consequences to the Debtors*," the Restructuring Transactions are expected to be treated as taxable asset transfers. As a result, NewCo is expected to have an initial tax basis in the assets it acquires from the Debtors (including any such assets acquired by any entity disregarded as separate from NewCo) equal to their respective fair market values as of

[153] [**NTD**: subject to ongoing review.]

the Effective Date and will generally be entitled to deductions for amortization and depreciation with respect to its tax basis in certain of its assets, including patents and other intangible property.

Any Transferred Debtors that are treated as corporations for U.S. federal income tax purposes will generally be subject to tax in the same manner as NewCo except they generally will have the same tax basis in their assets as they had before the Effective Date.

2. Foundation

The Plan provides that the Foundation is intended to be formed as a corporation and treated as an exempt organization under IRC section 501(c)(4) for U.S. federal income tax purposes, and the following discussion assumes that this treatment is respected.

The Foundation generally will not be subject to U.S. federal income tax on its net income. However, the Foundation may be subject to U.S. federal income tax on any unrelated business taxable income ("UBTI") it realizes, depending on how it is treated for U.S. federal income tax purposes. UBTI is equal to the gross income derived from any unrelated trade or business regularly carried on by an exempt organization, less certain allowable deductions that are directly connected with the carrying on of such trade or business. However, UBTI generally excludes certain specified types of income, including interest, dividends or gains from the sale, exchange or other disposition of property other than inventory or property held primarily for sale to customers in the ordinary course of a trade or business. The Foundation is not expected to realize any UBTI as a result of holding the NewCo Interest or receiving Foundation Distributable Cash, but it is possible that the Foundation could recognize UBTI as a result of other activities or certain types of investments that it may enter into after the Effective Date. To the extent that the Foundation is subject to tax on UBTI, any UBTI derived by the Foundation would be subject to corporate-level federal income tax (currently at a rate of 21%).

3. Master Disbursement Trust

The Plan provides that the Master Disbursement Trust is intended to be treated as a "qualified settlement fund" for U.S. federal income tax purposes, and the following discussion assumes that this treatment is respected. The Plan further provides that all parties (including, without limitation, the Shareholder Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) will be required to treat the Master Disbursement Trust as a qualified settlement fund for all applicable tax reporting purposes.

A qualified settlement fund is subject to entity-level tax under generally applicable U.S. federal income tax principles at the maximum federal income tax rate applicable to trusts and estates (currently 37%, increasing to 39.6% beginning in 2026). The determination of taxable income of qualified settlement funds for U.S. federal income tax purposes is subject to certain exceptions, including: (i) any amounts transferred by or on behalf of the transferors to the qualified settlement fund to resolve or satisfy a liability for which the transferor is liable and the qualified settlement fund is established will generally be excluded from the qualified settlement fund's income, other than dividends on stock of a transferor (or a related person of the transferor), interest

on debt of a transferor (or a related person of the transferor) or payments in compensation for late or delayed transfers, (ii) any distribution of property by the qualified settlement fund generally will result in the recognition of gain or loss in an amount equal to the difference between the fair market value of the property on the date of disposition and the qualified settlement fund's adjusted tax basis in such property, and (iii) only limited, specified deductions will be permitted, including deductions for administrative costs and state and local taxes incurred by the qualified settlement fund, and excluding any deductions that would generally be allowable to a corporation or partnership for expenses incurred in the course of a taxpayer's trade or business. In general, the adjusted tax basis of property received (or treated as received for U.S. federal income tax purposes) by a qualified settlement fund from a transferor will be the fair market value of such property at the time of receipt.

While it is not free from doubt, the Master Disbursement Trust is not expected to recognize income in respect of the Shareholder Settlement Agreements other than in respect of any payments in compensation for late or delayed transfers due thereunder.

The Master Disbursement Trust's administrator will be required to file tax returns on behalf of the Master Disbursement Trust and will be responsible for causing the Master Disbursement Trust to pay any taxes imposed upon the Master Disbursement Trust.

4. Governmental Remediation Trust

The Plan provides that the Governmental Remediation Trust is intended to be treated as a qualified settlement fund, and the following discussion assumes that this treatment is respected. The Plan further provides that all parties (including, without limitation, the Shareholder Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) will be required to treat the Governmental Remediation Trust as a qualified settlement fund for all applicable tax reporting purposes.

The Governmental Remediation Trust may seek guidance upon which it may rely from the IRS that all or a portion of its income is exempt from U.S. federal income tax. The Plan is not conditioned on the receipt of such guidance, and it is possible that no such guidance will be sought or obtained.

Regardless of whether the Governmental Remediation Trust's income qualifies for an exemption from U.S. federal income tax, the Governmental Remediation Trust is not expected to be subject to U.S. federal income tax on its receipt of distributions from the Master Disbursement Trust. The receipt of Governmental NewCo Distributable Cash by the Governmental Remediation Trust may be subject to tax to the extent not treated as a return of capital for U.S. federal income tax purposes, unless the Governmental Remediation Trust's income qualifies for exemption from tax. If the Governmental Remediation Trust qualifies for tax-exempt status, its income may generally be exempt from U.S. federal income tax; however, depending on the exemption for which it qualifies, it may be subject to tax on UBTI and may be subject to certain excise taxes. To the extent that Governmental Remediation Trust's income does not qualify for exemption from U.S. federal income tax, Governmental Remediation Trust would be subject to tax on such income

in a manner substantially similar to that described above with respect to the Master Disbursement Trust (see "*—3. Master Disbursement Trust*").

The Governmental Remediation Trust Administrator will be required to file any required tax returns on behalf of the Governmental Remediation Trust and will be responsible for causing the Governmental Remediation Trust to pay any taxes imposed upon the Governmental Remediation Trust.

5. Tribe Trust

The Plan provides that any Tribe Trust entity that is formed as a trust is intended to be treated as a qualified settlement fund for U.S. federal income tax purposes, and the following discussion assumes that this treatment is respected. The Plan further provides that all parties (including, without limitation, the Shareholder Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) will be required to treat such an entity as a qualified settlement fund for all applicable tax reporting purposes. Accordingly, such an entity generally is expected to be subject to U.S. federal income tax in a manner substantially similar to that discussed above with respect to the Master Disbursement Trust (see "*—3. Master Disbursement Trust*"). However, the receipt of Governmental NewCo Distributable Cash by such a Tribe Trust may be subject to tax to the extent not treated as a return of capital for U.S. federal income tax purposes, unless such a Tribe Trust's income qualifies for exemption from tax.

Such an entity's administrator will be required to file tax returns on behalf of such trust and will be responsible for causing such trust to pay any taxes imposed upon it. Such an entity should consult its own tax advisors regarding its treatment for U.S. federal income tax purposes, including whether such a Tribe Trust may qualify for tax-exempt status based on facts particular to such a Tribe Trust and its Tribe TDP.

This discussion does not address the U.S. federal income tax treatment of a Tribe Trust entity that is not formed as a trust, if any. The tax treatment of such an entity will depend upon the terms of the relevant Tribe Trust Documents, which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Native American Tribe Group and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

6. Public School Trust

The Plan provides that the Public School Trust is intended to be treated as a qualified settlement fund for U.S. federal income tax purposes, and the following discussion assumes that this treatment is respected. The Plan further provides that all parties (including, without limitation, the Shareholder Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) will be required to treat the Public School Trust as a qualified settlement fund for all applicable tax reporting purposes.

Whether the Public School Trust qualifies for tax-exempt status will depend on facts particular to the Public School Trust and the Public School TDP. Regardless of whether the Public School Trust's income qualifies for an exemption from U.S. federal income tax, the Public School Trust is not expected to be subject to U.S. federal income tax on its receipt of distributions from the Master Disbursement Trust. If the Public School Trust does not qualify for such an exemption, it generally is otherwise expected to be subject to tax in a manner substantially similar to the treatment described above with respect to the Master Disbursement Trust (see "*—3. Master Disbursement Trust*"). If the Public School Trust qualifies for tax-exempt status, all income it realizes may be exempt from U.S. federal income tax, except for potentially UBTI (which may be subject to tax as described above under "*—2. Foundation*"); however, depending on the exemption for which it qualifies, it may be subject to tax on UBTI and may be subject to certain excise taxes.. The Public School Trust's administrator will be required to file any required tax returns on behalf of the Public School Trust and will be responsible for causing the Public School Trust to pay all taxes, if any, imposed upon the Public School Trust. The Public School Trust should consult its tax advisor regarding whether it may qualify for an exemption from U.S. federal income tax and the tax consequences to it under the Plan.

7. Hospital Trust

The Plan provides that the Hospital Trust is intended to be treated as a qualified settlement fund for U.S. federal income tax purposes, and the following discussion assumes that this treatment is respected. The Plan further provides that all parties (including, without limitation, the Shareholder Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) will be required to treat the Hospital Trust as a qualified settlement fund for all applicable tax reporting purposes.

Whether the Hospital Trust qualifies for tax-exempt status will depend on facts particular to the Hospital Trust and the Hospital TDP. Regardless of whether the Hospital Trust's income qualifies for an exemption from U.S. federal income tax, the Hospital Trust is not expected to be subject to U.S. federal income tax on its receipt of distributions from the Master Disbursement Trust. If the Hospital Trust does not qualify for such an exemption, it generally is otherwise expected to be taxed in a manner substantially similar to the treatment described above with respect to the Master Disbursement Trust (see "*—3. Master Disbursement Trust*"). If the Hospital Trust qualifies for tax-exempt status, all income it realizes may be exempt from U.S. federal income tax, except for UBTI (which would be subject to tax as described above under "*—2. Foundation*"), but the Hospital Trust may be subject to certain excise taxes. The Hospital Trust's administrator will be required to file tax returns on behalf of the Hospital Trust and will be responsible for causing the Hospital Trust to pay all taxes, if any, imposed upon the Hospital Trust. The Hospital Trust should consult its tax advisor regarding whether it may qualify for an exemption from U.S. federal income tax and the tax consequences to it under the Plan.

8. TPP Trust

The Plan provides that the TPP Trust is intended to be treated as a qualified settlement fund for U.S. federal income tax purposes, and the following discussion assumes that this treatment is respected. The Plan further provides that all parties (including, without limitation, the Shareholder

Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) will be required to treat the TPP Trust as a qualified settlement fund for all applicable tax reporting purposes.

Whether the TPP Trust qualifies for tax-exempt status will depend on facts particular to the TPP Trust and the TPP TDP. Regardless of whether the TPP Trust's income qualifies for an exemption from U.S. federal income tax, the TPP Trust is not expected to be subject to U.S. federal income tax on its receipt of distributions from the Master Disbursement Trust. If the TPP Trust does not qualify for such an exemption, it generally is otherwise expected to be taxed in a manner substantially similar to the treatment described above with respect to the Master Disbursement Trust (see "*—3. Master Disbursement Trust*"). If the TPP Trust qualifies for tax-exempt status, all income it realizes may be exempt from U.S. federal income tax, except for UBTI (which would be subject to tax as described above under "*—2. Foundation*"), but the TPP Trust may be subject to certain excise taxes. The TPP Trust's administrator will be required to file tax returns on behalf of the TPP Trust and will be responsible for causing the TPP Trust to pay all taxes, if any, imposed upon the TPP Trust. The TPP Trust should consult its tax advisor regarding whether it may qualify for an exemption from U.S. federal income tax and the tax consequences to it under the Plan.

9. ERP Trust

The Plan provides that the ERP Trust is intended to be treated as a qualified settlement fund for U.S. federal income tax purposes, and the following discussion assumes that this treatment is respected. The Plan further provides that all parties (including, without limitation, the Shareholder Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) will be required to treat the ERP Trust as a qualified settlement fund for all applicable tax reporting purposes.

Whether the ERP Trust qualifies for tax-exempt status will depend on facts particular to the ERP Trust and the ERP TDP. Regardless of whether the ERP Trust's income qualifies for an exemption from U.S. federal income tax, the ERP Trust is not expected to be subject to U.S. federal income tax on its receipt of distributions from the Master Disbursement Trust. If the ERP Trust does not qualify for such an exemption, it generally is otherwise expected to be taxed in a manner substantially similar to the treatment described above with respect to the Master Disbursement Trust (see "*—3. Master Disbursement Trust*"). If the ERP Trust qualifies for tax-exempt status, all income it realizes may be exempt from U.S. federal income tax, except for UBTI (as described above under "*—2. Foundation*"), but the ERP Trust may be subject to certain excise taxes. The ERP Trust's administrator will be required to file tax returns on behalf of the ERP Trust and will be responsible for causing the ERP Trust to pay all taxes, if any, imposed upon the ERP Trust. The ERP Trust should consult its tax advisor regarding whether it may qualify for an exemption from U.S. federal income tax and the tax consequences to it under the Plan.

10. PI Trust

The Plan provides that the PI Trust is intended to be treated as a qualified settlement fund for U.S. federal income tax purposes, and the following discussion assumes that this treatment is

respected. The Plan further provides that all parties (including, without limitation, the Shareholder Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) will be required to treat the PI Trust as a qualified settlement fund for all applicable tax reporting purposes.

The PI Trust is not expected to be subject to U.S. federal income tax on the receipt of distributions from the Master Disbursement Trust. The PI Trust generally is otherwise expected to be subject to tax in a manner substantially similar to the treatment described above with respect to the Master Disbursement Trust (see "*—3. Master Disbursement Trust*"). The PI Trust is expected to be treated for U.S. federal income tax purposes as the owner of the TPP LRP Escrow Account, and, accordingly, the PI Trust is expected to recognize as taxable income any income earned by the TPP LRP Escrow Account. The PI Trust's administrator will be required to file tax returns on behalf of the PI Trust and will be responsible for causing the PI Trust to pay all taxes, if any, imposed upon the PI Trust.

11. Plan Administration Trust

[The Plan provides that the Plan Administration Trust will be established for purposes described in the Plan and PAT Agreement, including to: (i) hold, manage, sell, invest and distribute the PAT Assets for the benefit of Holders of Allowed Claims (other than Channeled Claims and Federal Government Unsecured Claims); (ii) administer, process, resolve and liquidate Claims (other than Channeled Claims and Federal Government Unsecured Claims), including through the prosecution and resolution of objections to Disputed Avrio General Unsecured Claims, Disputed Adlon General Unsecured Claims or Disputed Other General Unsecured Claims; (iii) hold and maintain the PAT Reserves and the PAT Distribution Account and maintain the Professional Fee Escrow Account and the account described in Section 5.3(e) of the Plan; and (iv) make Distributions to Holders of Allowed Claims (other than Channeled Claims and Federal Government Unsecured Claims) and other payments from the Plan Administration Trust, the Professional Fee Escrow Account and the account described in Section 5.3(e) of the Plan. The Plan provides that the Plan Administration Trust is intended to be treated as a trust described in IRC sections 661 through 664 and the applicable Treasury Regulations (a "complex trust"), and the following discussion assumes that this treatment is respected.

A complex trust is treated as a separate entity for U.S. federal income tax purposes that is taxable in accordance with Subchapter J of Chapter 1 of Subtitle A of the IRC, including sections 661 through 664. Any net income earned by a complex trust is generally subject to tax (currently at a top marginal tax rate of 37%, increasing to 39.6% beginning in 2026). In computing its net income, a complex trust is generally allowed a deduction equal to the lesser of (i) the trust's distributable net income (as determined for U.S. federal income tax purposes) for the taxable year and (ii) the sum of the amounts of income required to be distributed to beneficiaries for the taxable year and other amounts properly paid or credited (or deemed paid or credited) for the taxable year. A distribution is includible in the beneficiary's gross income in the year of receipt or deemed distribution by the trust, unless previously included in the beneficiary's income under such beneficiary's applicable method of accounting. It is expected that the Master Disbursement Trust will be treated as the only beneficiary of the Plan Administration Trust and thus distributions to the Master Disbursement Trust may be subject to these rules. The Plan Administration Trustee

will file all tax returns of the Plan Administration Trust and will be responsible for causing the Plan Administration trust to pay all taxes imposed upon the Plan Administration Trust.

No opinion of counsel or ruling from the IRS has been requested by the Debtors or Plan Administration Trustee concerning the tax status of Plan Administration Trust. Accordingly, there can be no assurance that the IRS would not take a contrary position. The Plan Administration Trust should consult its tax advisor regarding the tax consequences to it under the Plan.][154]

E. [Tax Treatment of the Claims Reserves, the Released Claims Reserves and the Special Operating Reserve]

[*To come.*]

F. Withholding on Distributions and Information Reporting

Information reporting requirements may apply to distributions or payments, including payments of interest, if any, pursuant to the Plan and the Shareholder Settlement Agreements. All distributions to Holders of Claims under the Plan and the Shareholder Settlement Agreements are subject to any applicable tax withholding. Under U.S. federal income tax law, interest, dividends and other reportable payments to U.S. Holders may, under certain circumstances, be subject to "backup withholding" at the then-applicable withholding rate (currently 24%). Backup withholding generally applies if the holder: (i) fails to furnish its social security number or other taxpayer identification number; (ii) furnishes an incorrect taxpayer identification number; (iii) fails to properly report interest or dividends; or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the tax identification number provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax by timely filing an appropriate claim for refund with the IRS (generally, a U.S. federal income tax return). Certain persons are exempt from backup withholding and information reporting, including governments of U.S. states or political subdivisions thereof and non-U.S. governments and, in certain circumstances, corporations and financial institutions. Holders of Claims are urged to consult their own tax advisors regarding the potential for and applicable law governing backup and other tax withholding and information reporting in connection with the transactions contemplated by the Plan.

In addition, Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. U.S. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the U.S. Holders' tax returns.

G. Importance of Obtaining Professional Advice

THE FOREGOING DISCUSSION OF CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS

[154] [**NTD:** subject to going review.]

NOT TAX ADVICE. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE CONSUMMATION OF THE PLAN DESCRIBED HEREIN, AS WELL AS OTHER APPLICABLE TAX CONSEQUENCES, INCLUDING ANY TAX CONSEQUENCES ARISING UNDER STATE, LOCAL OR NON-U.S. TAX LAWS. NEITHER THE DEBTORS NOR THEIR PROFESSIONALS WILL HAVE ANY LIABILITY TO ANY PERSON ARISING FROM OR RELATED TO THE U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR ANY OTHER TAX CONSEQUENCES OF THE PLAN OR THE FOREGOING DISCUSSION.]

ARTICLE X

RECOMMENDATION

[The Debtors believe that confirmation and consummation of the Plan are in the best interests of the Debtors, their Estates and their creditors. The Plan provides for an equitable distribution to holders of Claims. The Debtors believe that any alternative to confirmation of the Plan, such as liquidation under chapter 7 of the Bankruptcy Code, could result in significant delay, litigation and additional costs, as well as a reduction in the distributions to holders of Claims in certain Classes. ***Consequently, the Debtors, the States AG Negotiating Group, the Ad Hoc Committee, the MSGE Group, the Native American Tribes Group, the Ad Hoc Group of Individual Victims, the Ad Hoc Group of Hospitals, the ER Physicians, the Third-Party Payor Group, the Ratepayer Mediation Participants, the NAS Committee, and the Public School District Claimants urge all eligible holders of impaired Claims to: (i) vote to ACCEPT the Plan; (ii) grant the Third-Party Releases; and (iii) complete and submit their Ballots so that they will be RECEIVED by the Solicitation Agent on or before the Voting Deadline.]***

Dated: June 5, 2025

By: _____

Name:
Title: Authorized Signatory

PURDUE PHARMA L.P.
PURDUE PHARMA INC.
PURDUE TRANSDERMAL TECHNOLOGIES L.P.
PURDUE PHARMA MANUFACTURING L.P.
PURDUE PHARMACEUTICALS L.P.
IMBRIUM THERAPEUTICS L.P.
ADLON THERAPEUTICS L.P.
GREENFIELD BIOVENTURES L.P.
SEVEN SEAS HILL CORP.
OPHIR GREEN CORP.
PURDUE PHARMA OF PUERTO RICO
PURDUE PRODUCTS L.P.
PURDUE PHARMACEUTICAL
PURDUE NEUROSCIENCE COMPANY
NAYATT COVE LIFESCIENCE INC.
BUTTON LAND L.P.
RHODES ASSOCIATES L.P.
PAUL LAND INC.
QUIDNICK LAND L.P.
RHODES PHARMACEUTICALS L.P.
RHODES TECHNOLOGIES
UDF LP
SVC PHARMA LP
SVC PHARMA INC.

Appendix A

Debtors' Thirteenth Amended Plan

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	***Chapter 11***
PURDUE PHARMA L.P., et al.,	***Case No. 19-23649 (SHL)***
Debtors.[1]	***(Jointly Administered)***

THIRTEENTH AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF PURDUE PHARMA L.P. AND ITS AFFILIATED DEBTORS

DAVIS POLK & WARDWELL LLP
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Dated: June 5, 2025
New York, New York

THIS DRAFT OF THE PLAN REMAINS SUBJECT TO CONTINUING NEGOTIATIONS WITH ALL PARTIES IN INTEREST AND THE FINAL VERSION MAY CONTAIN MATERIAL DIFFERENCES. FOR THE AVOIDANCE OF DOUBT, NO PARTY HAS CONSENTED TO THIS VERSION AS THE FINAL FORM, AND ALL PARTIES RESERVE THEIR RESPECTIVE RIGHTS WITH RESPECT TO THIS DOCUMENT AND ANY RELATED DOCUMENTS. THE DEBTORS SHALL FILE A REDLINE VERSION WITH THE BANKRUPTCY COURT CONCURRENTLY WITH THE FILING OF ANY AMENDED OR MODIFIED VERSION OF THIS PLAN.

[1] The Debtors in these cases, along with the last four digits of each Debtor's registration number in the applicable jurisdiction, are as follows: Purdue Pharma L.P. (7484), Purdue Pharma Inc. (7486), Purdue Transdermal Technologies L.P. (1868), Purdue Pharma Manufacturing L.P. (3821), Purdue Pharmaceuticals L.P. (0034), Imbrium Therapeutics L.P. (8810), Adlon Therapeutics L.P. (6745), Greenfield BioVentures L.P. (6150), Seven Seas Hill Corp. (4591), Ophir Green Corp. (4594), Purdue Pharma of Puerto Rico (3925), Purdue Products L.P. (4140), Purdue Pharmaceutical Products L.P. (3902), Purdue Neuroscience Company (4712), Nayatt Cove Lifescience Inc. (7805), Button Land L.P. (7502), Rhodes Associates L.P. (N/A), Paul Land Inc. (7425), Quidnick Land L.P. (7584), Rhodes Pharmaceuticals L.P. (6166), Rhodes Technologies (7143), UDF LP (0495), SVC Pharma LP (5717) and SVC Pharma Inc. (4014). The Debtors' corporate headquarters is located at One Stamford Forum, 201 Tresser Boulevard, Stamford, CT 06901.

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Each of Purdue Pharma L.P., Purdue Pharma Inc., Purdue Transdermal Technologies L.P., Purdue Pharma Manufacturing L.P., Purdue Pharmaceuticals L.P., Imbrium Therapeutics L.P., Adlon Therapeutics L.P., Greenfield BioVentures L.P., Seven Seas Hill Corp., Ophir Green Corp., Purdue Pharma of Puerto Rico, Purdue Products L.P. (f/k/a Avrio Health L.P.), Purdue Pharmaceutical Products L.P., Purdue Neuroscience Company, Nayatt Cove Lifescience Inc., Button Land L.P., Rhodes Associates L.P., Paul Land Inc., Quidnick Land L.P., Rhodes Pharmaceuticals L.P., Rhodes Technologies, UDF LP, SVC Pharma LP and SVC Pharma Inc. (each, a "***Debtor***" and, collectively, the "***Debtors***" or "***Purdue***") proposes the following thirteenth amended joint chapter 11 plan of reorganization pursuant to section 1121(a) of the Bankruptcy Code. Capitalized terms used herein shall have the meanings set forth in Section 1.1 below.

ARTICLE I DEFINITIONS AND INTERPRETATION.

1.1 ***Definitions***.

The following terms shall have the respective meanings specified below:

"***Access Materials***" has the meaning set forth in Section 5.13(f)(i) of the Plan.

"***Act***" has the meaning set forth in Section 5.2(f)(i)(D) of the Plan.

"***Ad Hoc Committee***" means the ad hoc committee of governmental and other contingent litigation claimants identified in the *Verified Statement Pursuant to Bankruptcy Rule 2019* [D.I. 279], as may be amended from time to time.

"***Ad Hoc Group of Hospitals***" means the Ad Hoc Group of Hospitals identified in the *Second Amended Verified Statement of the Ad Hoc Group of Hospitals Pursuant to Bankruptcy Rule 2019* [D.I. 1536].

"***Ad Hoc Group of Individual Victims***" means the Ad Hoc Group of Individual Victims of Purdue Pharma L.P. identified in the *Second Amended Verified Statement of the Ad Hoc Group of Individual Victims of Purdue Pharma L.P., et al., Pursuant to Bankruptcy Rule 2019* [D.I. 3939], as may be amended from time to time.

"***Adlon General Unsecured Claim***" means any Claim against Adlon Therapeutics L.P. that is not an Administrative Claim, a Priority Claim, a Secured Claim, a Federal Government Unsecured Claim, a Channeled Claim, a Co-Defendant Claim, an Other Subordinated Claim, an Intercompany Claim or a Shareholder Claim.

"***Administrative Claim***" means any Claim against any Debtor for costs and expenses of administration of the Chapter 11 Cases pursuant to section 327, 328, 330, 365, 503(b), 507(a)(2) or 507(b) of the Bankruptcy Code, including (i) the actual and necessary costs and expenses incurred on or after the Petition Date and through the Effective Date of preserving the Estates and operating the Debtors' business, (ii) any Professional Fee Claim, (iii) any fee or charge assessed against the Estates pursuant to sections 1911 through 1930 of chapter 123 of title 28 of the United States Code, (iv) any Allowed Claim that is to be treated as an Administrative Claim pursuant to a Final Order of the Bankruptcy Court under section 546(c)(2) of the Bankruptcy Code, (v) once Allowed in accordance with Section 2.3(a) of the Plan, the DOJ Forfeiture Judgment Claim and (vi) any Allowed Cure Claim.

"***Aggregate LG Cost Cap***" has the meaning set forth in Section 5.9(a)(i) of the Plan.

"***Aggregate State Expenses Cap***" has the meaning set forth in Section 5.9(b) of the Plan.

"***AHC Reimbursement Agreement Assumption Order***" means the *Order Authorizing the Debtors to Assume the Reimbursement Agreement and Pay the Fees and Expenses of the Ad Hoc Committee's Professionals* [D.I. 553], as amended or supplemented by the Bankruptcy Court pursuant to D.I. 1617 and D.I. 2190.

"***Allowed***" means (i) any Claim held by a Settling Creditor (whose distribution, if any, shall be subject to and determined in accordance with the Plan and any applicable Creditor Trust Documents), (ii) with respect to any Claim held by a Non-Settling Creditor, such Claim that has been allowed in accordance with the Plan or a Final Order (whose distribution, if any, shall be subject to and determined in accordance with the Plan and any applicable Creditor Trust Documents), (iii) with respect to any Adlon General Unsecured Claim or Avrio General Unsecured Claim, such Claim that is Scheduled as not disputed, contingent or unliquidated, and for which no Proof of Claim or Interest, as applicable, has been timely filed, and (iv) with respect to any Claim (other than a Channeled Claim) against a Debtor, such Claim (A) that is allowed pursuant to the Plan or a Final Order, (B) as to which no objection has been timely filed and that is evidenced by a Proof of Claim timely filed by the applicable Bar Date or that is not required to be evidenced by a filed Proof of Claim under the Plan, the Bankruptcy Code or a Final Order or (C) the amount of which has been agreed, compromised, settled or otherwise resolved pursuant to the authority of the Debtors or the Plan Administration Trustee, as applicable. Except as otherwise specified in the Plan or any Final Order, the amount of an Allowed Claim shall not include interest or other charges on such Claim on and after the Petition Date. No Claim of any Person subject to section 502(d) of the Bankruptcy Code shall be deemed Allowed unless and until such Person pays in full the amount for which it is liable to the applicable Debtor or the Plan Administration Trustee as provided in section 502(d). Correlative terms such as "Allow" and "Allowance" have correlative meanings. For the avoidance of doubt, any Channeled Claim that is Allowed under the Plan shall still be subject to, and shall only receive a distribution pursuant to, the applicable Creditor Trust Documents.

"***Asset***" means, with respect to a Person, all of the right, title and interest of such Person in and to property of whatever type or nature, including real, personal, mixed, intellectual, tangible and intangible property, which, for avoidance of doubt, includes insurance policies and any rights, claims or potential claims with respect thereto.

"***Assumed Liabilities***" means the liabilities of the Debtors assumed by NewCo as expressly set forth in the NewCo Transfer Agreement.

"***Assumption Notice***" means a notice of the assumption or assumption and assignment and any proposed Cure Amount provided to counterparties to executory contracts and unexpired leases pursuant to the Solicitation Procedures Order.

"***Avrio General Unsecured Claim***" means any Claim against Purdue Products L.P. (f/k/a Avrio Health L.P.) that is not an Administrative Claim, a Priority Claim, a Secured Claim, a Federal Government Unsecured Claim, a Channeled Claim, a Co-Defendant Claim, an Other Subordinated Claim, an Intercompany Claim or a Shareholder Claim. "***Bankruptcy Code***" means title 11 of the United States Code, as applicable to the Chapter 11 Cases.

"***Bankruptcy Court***" means the United States Bankruptcy Court for the Southern District of New York having jurisdiction over the Chapter 11 Cases and, to the extent any reference made under section 157 of title 28 of the United States Code is withdrawn or the Bankruptcy Court is determined not to have authority to enter a Final Order on an issue, the United States District Court for the Southern District of New York.

"***Bankruptcy Rules***" means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases, and any local rules of the Bankruptcy Court.

"***Bar Date***" means, as applicable, the General Bar Date or any other date established by the Bankruptcy Court as the deadline by which Proofs of Claim or requests for payment of Administrative Claims must be filed.

"***Bar Date Order***" means, collectively, (i) the *Order Establishing (I) Deadlines for Filing Proofs of Claims and Procedures Relating Thereto, (II) Approving the Proof of Claim Forms, and (III) Approving the Form and Manner of Notice Thereof* [D.I. 800] and (ii) the *Order (I) Extending the General Bar Date for a Limited Period and (II) Approving the Form and Manner of Notice Thereof* [D.I. 1221].

"***Benefit Plan***" means any "employee benefit plan" as defined in section 3(3) of ERISA, compensation, employment, consulting, severance, retention or similar plan, agreement, arrangement, program or policy, or other plan, agreement, arrangement, program or policy providing for compensation, bonuses or other forms of incentive compensation, including the Key Employee Plans, vacation benefits, insurance, medical, dental, vision, prescription or fringe benefits, life insurance, perquisites, disability or sick leave benefits or employee assistance program, in each case, that is sponsored, maintained or administered or entered into by the Debtors for the benefit of their respective employees or non-employee directors.

"***Breaching Shareholder Family Group***" means a Shareholder Family Group that is in Specified Breach (as defined in the Master Shareholder Settlement Agreement).

"***Business Day***" means any day other than a Saturday, a Sunday or any other day which is a federal holiday.

"***Canadian Patient Claim Settlement Stipulation***" means the *Amended and Restated Stipulation and Order Permitting the Filing of a Class Proof of Claim Solely for Administrative Convenience in Order to Effectuate a Potential Settlement in Respect of Certain Canadian Patient Litigation* [D.I. 1515].

"***Canadian Patient Settlement Agreement***" means the "Patient Settlement Agreement" as defined in the Canadian Patient Claim Settlement Stipulation.

"***Canadian Patient Settlement Trust***" means the "Settlement Trust" as defined in the Canadian Patient Claim Settlement Stipulation.

"***Case Stipulation***" means the *Amended and Restated Case Stipulation Among the Debtors, the Official Committee of Unsecured Creditors and Certain Related Parties* [D.I. 518], including any predecessors thereto.

"***Cash***" means all legal tender of the United States of America.

"***Cause of Action***" means any Claim, action, class action, claim, cross-claim, counterclaim, third-party claim, cause of action, controversy, dispute, demand, right, Lien, indemnity, contribution, rights of subrogation, reimbursement, guaranty, suit, obligation, liability, debt, damage, judgment, loss, cost, attorneys' fees and expenses, account, defense, remedy, offset, power, privilege, license or franchise, in each case, of any kind, character or nature whatsoever, asserted or unasserted, accrued or unaccrued, known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or

unliquidated, disputed or undisputed, foreseen or unforeseen, direct or indirect, choate or inchoate, secured or unsecured, allowable or disallowable, Allowed or Disallowed, assertible directly or derivatively (including, without limitation, under alter-ego theories), in rem, quasi in rem, in personam or otherwise, whether arising before, on or after the Petition Date, arising under federal or state statutory or common law, or any other applicable international, foreign or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, in contract or in tort, at law, in equity or pursuant to any other theory or principle of law, including fraud, negligence, gross negligence, recklessness, reckless disregard, deliberate ignorance, public or private nuisance, breach of fiduciary duty, avoidance, willful misconduct, veil piercing, alter ego, unjust enrichment, disgorgement, restitution, contribution, indemnification, rights of subrogation and joint liability, regardless of where in the world accrued or arising. For the avoidance of doubt, "Cause of Action" expressly includes (i) any Cause of Action held by a natural person who is not yet born or who has not yet attained majority as of the Petition Date or as of the Effective Date, (ii) any right of setoff, counterclaim or recoupment and any Cause of Action for breach of contract or for breach of duty imposed by law or in equity, (iii) the right to object to or otherwise contest Claims or Interests, (iv) any Cause of Action pursuant to section 362 of the Bankruptcy Code or chapter 5 of the Bankruptcy Code, (v) any claim or defense, including fraud, mistake, duress and usury and any other defense set forth in section 558 of the Bankruptcy Code, and (vi) any claim under any state or foreign law, including for the recovery of any fraudulent transfer or similar theory.

"***Channeled Claims***" means, collectively, all Non-Federal Domestic Governmental Channeled Claims, Tribe Channeled Claims, Public School Channeled Claims, Hospital Channeled Claims, Third-Party Payor Channeled Claims, ER Physician Channeled Claims, and PI Channeled Claims.

"***Channeling Injunction***" means the channeling injunction issued pursuant to Section 10.8 of the Plan.

"***Chapter 11 Cases***" means the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors on or after the Petition Date (and not otherwise dismissed), currently pending in the Bankruptcy Court that are jointly administered in the case styled *In re Purdue Pharma L.P.*, Case No. 19-23649 (SHL).

"***Civil Settlement Agreement***" means that certain civil settlement agreement attached as Exhibit C to the DOJ 9019 Motion, as approved and modified by the DOJ 9019 Order, by and among Purdue Pharma L.P. and the United States, acting through the United States Department of Justice, Civil Division, Commercial Litigation Branch, the United States Attorney's Office for the District of New Jersey, the United States Attorney's Office for the District of Vermont, and on behalf of the Office of Inspector General of the United States Department of Health and Human Services, the Defense Health Agency, acting on behalf of the TRICARE Program, 10 U.S.C. §§ 1071-1110b, and the Office of Personnel Management.

"***Claim***" has the meaning set forth in section 101(5) of the Bankruptcy Code. For the avoidance of doubt, unless otherwise indicated herein, "Claim" shall not be limited to Claims against the Debtors or to Claims for which a Proof of Claim was submitted.

"***Claim-Over***" means a Cause of Action asserted by a Non-Released Party against a Shareholder Released Party or a Released Party on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasing Party.

"***Claims Reserves***" means, collectively, (i) PAT Disputed Claims Reserves, and (ii) Creditor Trust Non-Participating Claims Reserves.

"***Class***" means any group of Claims or Interests classified under this Plan pursuant to section 1122(a) of the Bankruptcy Code.

"***Class 4 Non-Participating Claims Reserves***" means the Creditor Trust Non-Participating Claims Reserves established in respect of Non-Participating Non-Federal Domestic Governmental Channeled Claims.

"***Class 4 Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating Non-Federal Domestic Governmental Channeled Claims.

"***Class 4 Non-PRA Non-Participating Claims Reserve***" means the Creditor Trust Non-PRA Non-Participating Claims Reserve held and administered by the Governmental Remediation Trust.

"***Class 4 PRA Non-Participating Claims Reserve***" means the Creditor Trust PRA Non-Participating Claims Reserve held and administered by the Governmental Remediation Trust.

"***Class 5 Non-Participating Claims Reserves***" means the Creditor Trust Non-Participating Claims Reserves established in respect of Non-Participating Tribe Claims.

"***Class 5 Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating Tribe Claims.

"***Class 6 Non-Participating Claims Reserve***" means the Creditor Trust Non-Participating Claims Reserve established in respect of Non-Participating Public School Claims.

"***Class 6 Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating Public School Claims.

"***Class 7 Non-Participating Claims Reserve***" means the Creditor Trust Non-Participating Claims Reserve established in respect of Non-Participating Hospital Claims.

"***Class 7 Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating Hospital Claims.

"***Class 8 Non-Participating Claims Reserve***" means the Creditor Trust Non-Participating Claims Reserve established in respect of Non-Participating Third-Party Payor Claims.

"***Class 8 Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating Third-Party Payor Claims.

"***Class 9 Non-Participating Claims Reserve***" means the Creditor Trust Non-Participating Claims Reserve established in respect of Non-Participating ER Physician Claims.

"***Class 9 Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating ER Physician Claims.

"***Class 10(a) Non-Participating Claims Reserve***" means the Creditor Trust Non-Participating Claims Reserve established in respect of Non-Participating NAS PI Claims.

"***Class 10(a) Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating NAS PI Claims.

"***Class 10(b) Non-Participating Claims Reserves***" means the Creditor Trust Non-Participating Claims Reserves established in respect of Non-Participating Non-NAS PI Claims.

"***Class 10(b) Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating Non-NAS PI Claims.

"***Class Action Escrow Accounts***" has the meaning set forth in Section 5.2(e)(i) of the Plan.

"***Co-Defendant***" means any co-defendant in a Pending Opioid Action commenced as of the Effective Date, in each case, other than (x) the Debtors and their current and former officers, directors, authorized agents and employees and (y) the Shareholder Released Parties.

"***Co-Defendant Action***" means any Pending Opioid Action and any previous, pending, or future litigation or dispute that alleges substantially similar facts or causes of action as those alleged in the Pending Opioid Actions and that concerns conduct occurring before the Effective Date.

"***Co-Defendant Claim***" means any Claim, other than a Claim held by an Insurance Company, that (i) either (A) is or could be asserted against any Debtor, including without limitation any Claim that would otherwise be a Cure Claim or (B) seeks to recover from any property of any Debtor or its Estate, including any MDT Insurance Policy, (ii) is for or based upon or arises from contribution, indemnification, reimbursement, setoff or recoupment or any other similar claim or Cause of Action, and (iii) seeks to recover, directly or indirectly, any costs, losses, damages, fees, expenses or any other amounts whatsoever, actually or potentially imposed upon the Holder of such Claim, in each case relating to or arising from any actual or potential litigation or dispute, whether accrued or unaccrued, asserted or unasserted, existing or hereinafter arising, based on or relating to, or in any manner arising from, in whole or in part, Opioid-Related Activities or otherwise relating to opioids (including, without limitation, any such Claims asserted by any manufacturer, distributor, pharmacy, pharmacy-benefit manager, group purchasing organization or physician or other contract counterparty or business partner of any Debtor), in each case that is not a Shareholder Claim or a Claim held by any current or former director, officer, employee or agent of the Debtors. For the avoidance of doubt, a Co-Defendant Claim shall not include any Co-Defendant Surviving Pre-Effective Date Claim. Notwithstanding anything to the contrary outside of this definition in the Plan, any Claim that satisfies the definition of a Co-Defendant Claim shall be a Co-Defendant Claim notwithstanding that such Claim would otherwise satisfy the definition of another type of Claim. For the avoidance of doubt, Co-Defendant Claim includes a Claim that is held by an insurance company in its capacity as subrogee of a Holder of a Co-Defendant Claim.

"***Co-Defendant Defensive Rights***" means any and all direct, or indirect, protections, immunities, objections, assertions, Causes of Action and, in each case, of any kind, character or nature, whether legal, equitable or contractual, contingent or non-contingent, liquidated or unliquidated, disputed or undisputed, including, without limitation, all rights, remedies, defenses, assertions and Claims against liability, rights to setoff, offset, recoupment, counter-claims, cross-claims, rights to allocation or apportionment of fault and judgment reduction, apportionment of damages, any other defenses, affirmative defenses or judgment reduction mechanisms or rights similar to the foregoing, and any steps necessary to assert the foregoing, in each case, solely to reduce the liability, judgment, obligation or fault of the applicable Holder of a Co-Defendant Claim to any Person that asserts any Cause of Action against such Holder of any Co-Defendant Claim based in whole or in part on Opioid-Related Activities. Co-Defendant Defensive Rights (i) may be used to offset, set-off, recoup, allocate or apportion fault, liability or damages, or seek judgment reduction or otherwise defend against any Cause of Action brought by any Person against the Holder of any Co-Defendant Claim based in whole or in part on Opioid-Related Activities and (ii) shall in no case be used to seek or obtain any affirmative monetary recovery from any Protected Party or any Asset of any Protected Party (including from any Purdue Insurance Policy or any other insurance policy of a Protected Party) on account of any Released Claim or Shareholder Released Claim.

"***Co-Defendant Surviving Pre-Effective Date Claim***" means any Cause of Action held by a Co-Defendant that (i) arose in the ordinary course of business, (ii) is not related to a Co-Defendant Action, and (iii) concerns conduct occurring before the Effective Date.

"***Common Benefit Fund***" means a common benefit fund established by order of, and administered by, the MDL Court.

"***Confirmation Date***" means the date on which the Bankruptcy Court enters the Confirmation Order.

"***Confirmation Hearing***" means the hearing to be held by the Bankruptcy Court regarding confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

"***Confirmation Order***" means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code and approving the Plan Settlement, which shall be in form and substance acceptable to the Debtors, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties.

"***Contract Dispute***" means an unresolved objection regarding assumption or assumption and assignment, Cure Amount, "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) or other issues related to assumption or assumption and assignment of an executory contract or unexpired lease.

"***Covered Conduct***" means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Effective Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, misstatement, misleading statement, or other activity) relating in any way to (1) compounding, counseling or documentation relating to any Product or class of Products; (2) the discovery, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, recall, withdrawal, distribution, delivery, monitoring, reporting, supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to, any Product, or any system, plan, policy or advocacy relating to any Product or class of Products, including, but not limited to, any unbranded promotion, marketing, programs, or campaigns relating to any Product or class of Products; (3) the characteristics, properties, risks, or benefits of any Product; (4) the reporting, disclosure, non-reporting or nondisclosure to federal, state or other regulators of orders placed with any Shareholder Released Parties or physicians or pharmacists identified by any Shareholder Released Party as potentially engaging in suspicious or problematic conduct; or (5) diversion control programs or suspicious order monitoring.

"***Creditor Trust***" means (i) with respect to Non-Federal Domestic Governmental Channeled Claims, the Governmental Remediation Trust, (ii) with respect to Tribe Channeled Claims, the Tribe Trust, (iii) with respect to Hospital Channeled Claims, the Hospital Trust, (iv) with respect to ER Physician Channeled Claims, the ERP Trust, (v) with respect to Public School Channeled Claims, the Public School Trust, (vi) with respect to Third-Party Payor Channeled Claims, the TPP Trust, and (vii) with respect to PI Channeled Claims, the PI Trust.

"***Creditor Trust Advance Amount***" means, with respect to each Creditor Trust, a reduction in Distributions equal to amounts advanced to such Creditor Trust prior to the Effective Date pursuant to the Creditor Trust Establishment Order.

"***Creditor Trust Establishment Order***" means the *Order (I) Authorizing the Debtors to Fund Establishment of the Creditor Trusts, the Master Disbursement Trust and Topco, (II) Directing Prime Clerk LLC to Release Certain Protected Information, and (III) Granting Other Related Relief* [D.I. 3773].

"***Creditor Trust Non-Participating Claims Reserves***" means the (i) Creditor Trust Non-PRA Non-Participating Claims Reserves, (ii) Creditor Trust PRA Non-Participating Claims Reserves and (iii) Select Private Creditor Trust Non-Participating Claims Reserves. "***Creditor Trust Non-PRA Non-Participating Claims Reserves***" means segregated accounts established pursuant to Section 7.2 of this Plan for each of Classes 4, 5 and 10(b), in each case held and administered on and after the Effective Date by the applicable Creditor Trust of such Class. Each Creditor Trust Non-PRA Non-Participating Claims Reserve shall be funded with Non-PRA Estate Distributions in accordance with Sections 7.2(c) and (d) of this Plan, as applicable.

"***Creditor Trust PRA Non-Participating Claims Reserves***" means segregated accounts established pursuant to Section 7.2 of this Plan for each of Classes 4, 5 and 10(b), in each case held and administered on and after the Effective Date by the applicable Creditor Trust of such Class. Each Creditor Trust PRA Non-Participating Claims Reserve shall be funded with PRA Estate Distributions in accordance with Sections 7.2(c) and (d) of this Plan, as applicable.[2]

"***Creditor Trust Documents***" means, collectively, the Governmental Remediation Trust Documents, the Tribe Trust Documents, the Public School Trust Documents, the Hospital Trust Documents, the ERP Trust Documents, the TPP Trust Documents and the PI Trust Documents.

"***Creditor Trust Operating Expenses***" means, with respect to each Creditor Trust, any and all costs, expenses, fees, taxes, disbursements, debts or obligations incurred from the operation and administration of such Creditor Trust, including in connection with the reconciliation and administration of the Channeled Claims channeled to such Creditor Trust, working capital and all compensation, costs and fees of the Creditor Trustees of such Creditor Trust and any professionals retained by such Creditor Trustees.

"***Creditor Trust Operating Reserves***" means the reserves to be established to pay the Creditor Trust Operating Expenses of the respective Creditor Trusts, as and to the extent set forth in the Creditor Trust Documents. The Creditor Trust Operating Reserves shall be (i) funded with Cash and cash equivalents held by the respective Creditor Trusts in accordance with the respective Creditor Trust Documents and (ii) held by the respective Creditor Trusts in a segregated account and administered by the respective Creditor Trustees.

"***Creditor Trust Overseer(s)***" means, with respect to each Creditor Trust, the Person(s) responsible for the administration of such Creditor Trust or advisory or oversight committee member(s), as applicable, for such Creditor Trust, in each case, appointed in accordance with Section 5.8(c) of the Plan and the Creditor Trust Documents for such Creditor Trust.

"***Creditor Trust TDPs***" means, collectively or as applicable, the Governmental Remediation Trust Documents, the Tribe TDP, the Hospital TDP, the Public School TDP, the ERP TDP, the TPP TDP, and the PI TDP.

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[2] [**NTD**: Tax treatment of Special Operating Reserve, the Credit Trust PRA Non-Participating Claims Reserves, and the Released Claims Reserves is subject to ongoing discussion, and remains subject to agreement by the Governmental Consent Parties, the Creditors' Committee, the Debtors and the Sackler Parties' Representative]

"***Creditor Trustee(s)***" means each trustee of a Creditor Trust or, collectively, the trustees of the Creditor Trusts, in each case, appointed in accordance with Section 5.8(c) of the Plan, including the Governmental Remediation Trust Trustees.

"***Creditors' Committee***" means the statutory committee of unsecured creditors appointed by the U.S. Trustee on September 27, 2019 pursuant to section 1102(a)(1) of the Bankruptcy Code.

"***Cure Amount***" means the payment of Cash or the distribution of other property (as the parties may agree or the Bankruptcy Court may order) as necessary to (i) cure a monetary default by the Debtors in accordance with the terms of an executory contract or unexpired lease of the Debtors, and (ii) permit the Debtors to assume such executory contract or unexpired lease under section 365(a) of the Bankruptcy Code.

"***Cure Claim***" means a Claim for a Cure Amount in connection with the assumption or assumption and assignment of an executory contract or unexpired lease under section 365(a) of the Bankruptcy Code.

"***Cutoff Date***" has the meaning set forth in Section 5.13(i)(i) of the Plan.

"***D&O Insurance Policies***" means all directors and officers/executive liability insurance policies (including extension of coverage of any policy beyond the end of the policy period) issued to or providing insurance coverage at any time to any of the Debtors' directors, officers, managers or authorized agents, in their respective capacities as such, for alleged Wrongful Acts (as defined in such policies) or similar triggering acts, and all agreements, documents or instruments relating thereto.

"***Debtor(s)***" has the meaning set forth in the introductory paragraph of the Plan.

"***Defense Counsel***" has the meaning set forth in Section 5.13(s)(v) of the Plan.

"***Definitive Documents***" has the meaning set forth in the Master Shareholder Settlement Agreement.

"***Designated Shareholder Released Parties***" has the meaning set forth in the Master Shareholder Settlement Agreement.

"***Direct Claims Shareholder Settlements***" means the Governmental Entity Shareholder Direct Settlement, the Tribal Shareholder Direct Settlement, the Public School District Shareholder Direct Settlement, the Third-Party Payor Shareholder Direct Settlement, the ER Physician Shareholder Direct Settlement, the Hospital Shareholder Direct Settlement, the PI Shareholder Direct Settlements and any other settlements that contemplate releases similar to the foregoing that are entered into by and among the Shareholder Payment Parties and Holders of Claims, if applicable.

"***Direct Claims Shareholder Settlement Agreements***" means, collectively, the (i) Governmental Entity Shareholder Direct Settlement Agreement, (ii) Tribal Shareholder Direct Settlement Agreement, (iii) ER Physician Shareholder Direct Settlement Agreement, (iv) Hospital Shareholder Direct Settlement Agreement, and (v) Public School District Shareholder Direct Settlement Agreement.

"***Direct Claim Settlement Retained Payment Amounts***" shall mean:

(a) with respect to each Direct Claims Shareholder Settlement other than the Third-Party Payor Shareholder Direct Settlement and the PI Shareholder Direct Settlements and at the

relevant time, (i) the maximum amounts payable pursuant to the applicable Direct Claims Shareholder Settlement Agreement *less* (ii) amounts actually paid pursuant to the applicable Direct Claims Shareholder Settlement Agreement, in each case as set forth in the applicable Direct Claims Shareholder Settlement Agreement;

(b) with respect to the Third-Party Payor Shareholder Direct Settlement, the TPP Direct Claim Settlement Retained Payment Amount; and

(c) with respect to the PI Shareholder Direct Settlements, the NAS PI Direct Claim Settlement Retained Payment Amount and Non-NAS PI Direct Claim Settlement Retained Payment Amount.

"***Direct Settlement Eligible NAS PI Claims***" means NAS PI Claims held by Holders that timely filed Proofs of Claim that either (i) satisfy the requirements of the NAS PI TDP, including by such Holders having (a) submitted their NAS PI Trust Claim Form (as defined in the PI and TPP Claims Procedures Order) by the deadline set forth in the PI and TPP Claims Procedures Order, and (b) in the determination of the PI Claims Administrator (as defined in the PI and TPP Claims Procedures Order), provided sufficient information substantiating their asserted NAS PI Claims, or (ii) are Allowed pursuant to a Final Order on or prior to the Effective Date.

"***Direct Settlement Eligible Non-NAS PI Claims***" means Non-NAS PI Claims held by Holders that timely filed Proofs of Claim that either (i) satisfy the requirements of the Non-NAS PI TDP, including by such Holders having (a) submitted their Non-NAS PI Trust Claim Form (as defined in the PI and TPP Claims Procedures Order) by the deadline set forth in the PI and TPP Claims Procedures Order, and (b) in the determination of the PI Claims Administrator (as defined in the PI and TPP Claims Procedures Order), provided sufficient information substantiating their asserted Non-NAS PI Claims, or (ii) are Allowed pursuant to a Final Order on or prior to the Effective Date.

"***Direct Settlement Eligible TPP Claims***" means Third-Party Payor Claims held by Holders that timely filed or were included in timely filed Proofs of Claim, and any amendments thereto. "***Disallowed***" means (i) with respect to a Channeled Claim, or any portion thereof, such Channeled Claim that has been disallowed by a Final Order or pursuant to a settlement, and (ii) with respect to any Claim against a Debtor (other than a Channeled Claim), such Claim, or any portion thereof, that (A) has been disallowed under this Plan, by a Final Order or pursuant to a settlement, (B) is Scheduled at zero dollars ($0) or as contingent, disputed or unliquidated and as to which a Bar Date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court, including the Bar Date Order, or otherwise deemed timely filed under applicable law, or (C) is not Scheduled and as to which a Bar Date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law. Correlative terms such as "Disallow", and "Disallowance" have correlative meanings.

"***Disallowed Claim Distribution***" shall have the meaning set forth in Section 7.8 of this Plan.

"***Disbursing Agent***" means any Person in its capacity as disbursing agent under Article VI of the Plan, including the Plan Administration Trustee acting in such a capacity to make Distributions in respect of Allowed Claims, other than Channeled Claims, pursuant to the Plan.

"***Disclosure Program Budget***" has the meaning set forth in Section 5.13(e) of the Plan.

"***Disclosure Statement***" means the disclosure statement for this Plan, as may be amended or supplemented from time to time, prepared and distributed in accordance with sections 1125, 1126(b) and 1145 of the Bankruptcy Code, Bankruptcy Rules 3016 and 3018 and other applicable law, and all exhibits, appendices, schedules, supplements, modifications, amendments, annexes and attachments to such disclosure statement.

"***Disposition Event***" has the meaning set forth in Section 5.4(d)(ii) of the Plan.

"***Disputed***" means, with respect to a Claim against a Debtor, a Claim that is not yet Allowed or Disallowed, regardless of whether such Claim is the subject of an objection.

"***Disputed Cure Claim***" means the amount that a counterparty to a Contract Dispute alleges must be paid in order for an executory contract or unexpired lease to be assumed or assumed and assigned as provided under the Plan.

"***Disputed Cure Claims Reserve***" means a reserve established to pay the aggregate amount of Disputed Cure Claims or such lower amount as ordered by the Bankruptcy Court or agreed to by the parties to the applicable executory contract or unexpired lease. The Disputed Cure Claims Reserve shall be (i) funded on the Effective Date with Effective Date Cash in an amount determined by the Debtors, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties and (ii) held by the Plan Administration Trust in a segregated account and administered by the Plan Administration Trustee on and after the Effective Date in a manner consistent with the Master Shareholder Settlement Agreement.

"***Disputed Other General Unsecured Claims Reserve***" means the PAT Disputed Claims Reserve established on account of Disputed Other General Unsecured Claims.

"***Distribution***" means any initial or periodic payment or transfer of consideration in respect of Allowed Claims or Channeled Claims made under this Plan (including any amounts funded under any Direct Shareholder Settlement Agreement); *provided* that all Distributions to Holders in respect of Channeled Claims shall be exclusively from the applicable Creditor Trust in accordance with the applicable Creditor Trust Documents.

"***Distribution Record Date***" means the record date for purposes of making Distributions under the Plan on account of Allowed Claims, which date shall be the Effective Date.

"***DOB***" means the volunteer disclosure oversight board created in accordance with Section 5.13(c) of the Plan.

"***DOJ***" means the United States Department of Justice.

"***DOJ 9019 Motion***" means the *Motion of Debtors Pursuant to 11 U.S.C. § 105 and Fed. R. Bankr. P. 9019 Authorizing and Approving Settlements Between the Debtor and the United States* [D.I. 1828].

"***DOJ 9019 Order***" means the *Order Pursuant to 11 U.S.C. § 105 and Fed. R. Bankr. P. 9019 Authorizing and Approving Settlements Between the Debtors and the United States* [D.I. 2004].

"***DOJ Civil Claim***" means the "Civil Claim" as defined in the DOJ 9019 Order in the amount of $2.8 billion.

"***DOJ Conviction Judgment Date***" means the date on which the United States District Court for the District of New Jersey enters a judgment of conviction pursuant to the Plea Agreement and the DOJ 9019 Order.

"***DOJ Criminal Fine Claim***" means the "Criminal Fine Claim" as defined in the DOJ 9019 Order in the amount of $3.544 billion.

"***DOJ Forfeiture Judgment Claim***" means the "Forfeiture Judgment" as defined in the DOJ 9019 Order in the amount of $2 billion.

"***DOJ Forfeiture Judgment Credit***" means the amount of value distributed or otherwise conferred by the Debtors in respect of Non-Federal Domestic Governmental Claims and Tribe Claims, which shall be credited against the DOJ Forfeiture Judgment Claim pursuant to the Plan and the Plea Agreement, it being understood and agreed that (i) the amount so credited shall not exceed $1.775 billion, and (ii) the Confirmation Order shall include a finding that the amount of value distributed or otherwise conferred by the Debtors in respect of Non-Federal Domestic Governmental Claims and Tribe Claims exceeds $1.775 billion.

"***DOJ Forfeiture Payment***" means a payment of $225 million in Cash by PPLP to the United States Marshals in accordance with the Plan, the Plea Agreement and the DOJ 9019 Order.

"***DOJ Repository Obligation***" has the meaning set forth in Section 5.13(b) of the Plan.

"***DOJ Resolution***" means the Plea Agreement and the Civil Settlement Agreement, including the settlements contemplated therein and the other terms and conditions thereof.

"***DOJ Unsecured Claims***" means the DOJ Civil Claim and the DOJ Criminal Fine Claim.

"***Domestic Governmental Entity***" means the United States or any State, county, municipality, Tribe, or other Governmental Unit within the United States, or an officer of any of the foregoing in his or her official capacity, but, for the avoidance of doubt, not including (a) any Non-Federal Acute Care Hospitals, (b) any elementary, middle, or secondary public school district in the United States, (c) California health districts acting as Third-Party Payors that filed Third-Party Payor Proofs of Claim in such capacity by the Bar Date established by the Bar Date Order, or (d) any hospitals listed on Exhibit [A] of the Hospital Shareholder Direct Settlement Agreement.

"***Effective Date***" means the date selected by the Debtors for the consummation of the Plan, or as soon thereafter as reasonably practicable.

"***Effective Date Cash***" means, collectively all Cash and cash equivalents of the Debtors (including all amounts paid on the Effective Date directly to, or pursuant to direction from, the MDT under the Shareholder Settlement Agreements) on the Effective Date prior to the making of any payments by the Debtors or the MDT, as applicable, in accordance with the Restructuring Transactions, excluding any Cash and cash equivalents (i) in the form of security deposits, (ii) that collateralize any obligations of the Debtors or (iii) that are otherwise subject to any legal, contractual or other restriction on the ability to freely transfer such Cash or cash equivalents.

"***EMTALA***" means the Emergency Medical Treatment & Labor Act, 42 U.S.C. § 1395dd.

"***Entity***" has the meaning set forth in section 101(15) of the Bankruptcy Code.

"***ER Physician***" means an emergency room physician, in its capacity as such.

"***ER Physician Channeled Claim***" means (i) any ER Physician Claim or (ii) any Claim held by an ER Physician that is released pursuant to the ER Physician Shareholder Direct Settlement Agreement. ER Physician Channeled Claims shall be channeled to the ERP Trust in accordance with the Plan and Master TDP.

"***ER Physician Claims***" means any Claim against any Debtor that is held by an ER Physician, provided that such Claim arose when such ER Physician's billing and revenue collection were entirely separate from the billing and revenue collection practices of the medical facility at which such ER Physician practiced, and such ER Physician was not employed by such medical facility.

"***ER Physician Shareholder Direct Settlement***" means the settlement set forth in the ER Physician Shareholder Direct Settlement Agreement.

"***ER Physician Shareholder Direct Settlement Agreement***" means the settlement agreement which shall be filed by the Debtors with the Plan Supplement.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended. 29 U.S.C. §§ 1301-1461.

"***ERP TDP***" means the trust distribution procedures to be implemented by the ERP Trust setting forth the procedures for Distributions from the ERP Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the ERP Trustee, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***ERP Trust***" means the trust to be established in accordance with Section 5.8 of the Plan to (i) assume all liability for the ER Physician Channeled Claims, (ii) collect the Initial ERP Trust Distribution and additional payments due under the MDT ERP Claim in accordance with the Private Entity Settlements and the ERP Trust Documents, (iii) administer ER Physician Channeled Claims, (iv) hold and administer the Class 9 Non-Participating Claims Reserve on and after the Effective Date, (v) hold the Class 9 Released Claims Reserve on and after the Effective Date and (vi) make Distributions in accordance with the ERP TDP.

"***ERP Trust Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the ERP Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the ERP Trustee, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***ERP Trust Documents***" means the ERP Trust Agreement and the ERP TDP.

"***ERP Trustee***" means Dr. Michael Masiowski, or such successor(s) as may be appointed pursuant to the terms of the ERP Trust Documents.

"***Estate(s)***" means, individually or collectively, the estate or estates of the Debtors created under section 541 of the Bankruptcy Code.

"***Estate Causes of Action***" means, in each case whether or not asserted, any and all Causes of Action that any Debtor or its Estate may have, hold, or control, or be entitled to assert, or that any Person may be entitled to assert, currently or in the future, by, through, under, or on behalf of any Debtor or its Estate, and each of their respective successors or assigns, including, without limitation, any and all Causes of Action that: (i) were included in the proposed complaint filed by the Creditors' Committee [D.I. 6685-

2]; (ii) seek to avoid or recover any transfer of property or value by any Debtor or its Estate, or to avoid any obligation incurred by any Debtor or its Estate, including on a theory of fraudulent transfer, fraudulent conveyance, preference, turnover, unjust enrichment, constructive trust, or conversion; (iii) arise from an injury suffered by a Debtor, including Causes of Action arising from a breach of fiduciary duty, mismanagement, corporate waste, or similar theories arising out of a Person's ownership, management, oversight, operation, status, tenure, conduct, omission, liability, action, or inaction at any time as a stockholder, affiliate, owner, partner, member, manager, director, officer, employee, servant, agent, representative, attorney, creditor, successor, assign, or other relationship with a Debtor or any of its predecessors; (iv) arise from disregarding the separateness of any Debtor or its Estate or imputing the liability of any Debtor or its Estate to another Person, including on a theory of successor liability, vicarious liability, respondeat superior, alter ego, veil piercing, agency, control person liability, or joint venture; (v) arise from a common injury that (a) could be asserted by creditors of a Debtor or its Estate or (b) arises from a breach of duty owed to a Debtor or its Estate; (vi) are property of any Debtor or its Estate or can be asserted, settled, or released by any Debtor or its Estate under the Bankruptcy Code or other applicable law; or (vii) are other derivative claims duplicative of any of the foregoing. Estate Causes of Action shall not include any Cause of Action arising from a breach by a non-Debtor of a legally cognizable duty or statutory prohibition – including not to engage personally in fraud, misrepresentation, or misconduct that causes a nuisance, in each case under consumer protection laws and like regulatory laws or statutes (such as UDAP laws) or the common law – which duty or statutory obligation is owed by such non-Debtor directly to the Person asserting such Cause of Action (or to the citizenry on whose behalf such Person is charged to act), where the injury caused by such breach is particular to the Person asserting such Cause of Action (or the citizenry on whose behalf such Person is charged to act) and is not an injury common to creditors of the Debtor or its Estate.

"***Estate Distributions***" means, with respect to the Distributions to each Class, all Distributions other than such Class's Shareholder Direct Settlement Portion. For the avoidance of doubt, any amounts received by the Governmental Remediation Trust or the Tribe Trust from the IAC Sale Bonus Payment shall constitute Estate Distributions.

"***Estate Releases***" means the releases provided for in Section 10.6 of the Plan.

"***Estate Surviving Pre-Effective Date Claim***" means any Estate Cause of Action against a Co-Defendant that (i) arose in the ordinary course of business, (ii) is not related to a Co-Defendant Action, and (iii) concerns conduct occurring before the Effective Date.

"***Excluded Assets***" means (i) all Effective Date Cash other than the Initial NewCo Cash and (ii) any other Assets of the Debtors excluded from the transfer to NewCo pursuant to the NewCo Transfer Agreement, including without limitation all MDT Transferred Assets and all PAT Assets.

"***Excluded Claim***" means (i) any criminal action or criminal proceeding arising under a criminal provision of any statute instituted (A) by a Domestic Governmental Entity that has authority to bring such a criminal action or criminal proceeding, and (B) to adjudicate a person's guilt or to set a convicted person's punishment; (ii) any Cause of Action against a non-Debtor Person by any federal, state or local authority with respect to taxes (other than tax laws targeting Covered Conduct) imposed on such non-Debtor Person; (iii) any Estate Cause of Action or any Cause of Action held by a Releasing Party against an Excluded Party; (iv) any Cause of Action against any Person to the extent based on the actual conduct of such Person after the Effective Date; (v) any Cause of Action against persons or entities who are not Released Parties or Shareholder Released Parties; or (vi) any claim arising under the Plan for enforcement of the Plan.

"***Excluded Insurance Policies***" means (i) the Isosceles Insurance Ltd. policy number PPLP-01/2019, (ii) the Purdue Insurance Policies agreed by the Debtors, the Creditors' Committee and the

Governmental Consent Parties, which shall be identified in the MDT Agreement, and (iii) any rights or obligations under any Purdue Insurance Policy to the extent, but only to the extent, that such rights or obligations pertain solely to coverage for workers' compensation liability. For the avoidance of doubt, clause (i) of this definition does not negate or limit the scope of the definition of MDT Insurance Collateral. For the avoidance of further doubt, if a Purdue Insurance Policy both (x) does or may afford the Debtors rights, benefits, indemnity, insurance coverage or defense costs with respect to any Cause of Action against the Debtors arising out of, on account of, or in connection with Opioid-Related Activities or for which the Debtors have insurance rights arising out of or in connection with Opioid-Related Activities and (y) is subject to clause (ii) or (iii) of this definition, such Purdue Insurance Policy is only an Excluded Insurance Policy to the extent it is subject to clause (ii) or (iii) of this definition, and all provisions herein concerning the MDT Insurance Policies apply to that Purdue Insurance Policy.

"***Excluded Party***" means (i) each Person identified on the Schedule of Excluded Parties and (ii) each Co-Defendant; *provided* that no Settling Co-Defendant and none of their respective Related Parties (except to the extent any such Related Party is identified by name on the Schedule of Excluded Parties filed on August 23, 2021) shall be an Excluded Party.

"***Excluded Privileged Materials***" means the Privileged documents, books and records prepared in connection with or related to any Purdue Legal Matter.

"***Exculpated Parties***" means, collectively, (i) the Debtors, (ii) the Creditors' Committee and its members, solely in their capacities as such, (iii) the Plan Administration Trustee, (iv) the MDT Trustees and the MDT Advisory Council Representatives, (v) the Creditor Trustees, (vi) the Supporting Claimants, each solely in their capacities as such, (vii) the DOB members, and (viii) with respect to each of the Persons in the foregoing clauses (i) through (vii), each of their Related Parties; *provided*, *however*, that no Excluded Party or Shareholder Released Party (other than current and former directors, officers and employees of the Debtors that are not Excluded Parties or Sackler Family Members) shall be an Exculpated Party in any capacity or respect.

"***FDA***" means the United States Food and Drug Administration.

"***Federal Government Unsecured Claims***" means the DOJ Unsecured Claims and the Other Federal Agency Claims.

"***Final Order***" means an order or judgment of the Bankruptcy Court, as entered on the docket in any Chapter 11 Case, or of any other court of competent jurisdiction (i) that has not been reversed, stayed, modified or amended, and (ii) (A) as to which the time to appeal, seek certiorari or move for a new trial, re-argument or rehearing has expired according to applicable law and no appeal or petition for certiorari or other proceedings for a new trial, re-argument or rehearing has been timely taken or (B) as to which any appeal that has been taken or any petition for certiorari that has been or may be timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, re-argument or rehearing shall have been denied, resulted in no modification of such order or has otherwise been dismissed with prejudice.

"***First Reversion Date***" shall have the meaning ascribed to such term in the Master Shareholder Settlement Agreement.

"***Foundation***" means a newly formed New York corporation to be created in accordance with Section 5.5 of the Plan to receive and hold the NewCo Interest and collect the Foundation Distributable Cash in accordance with the Plan and the Foundation Bylaws and is intended to be an exempt organization under IRC section 501(c)(4) for U.S. federal income tax purposes.

"***Foundation Distributable Cash***" means an amount of NewCo Distributable Cash to be distributed from NewCo directly to the Foundation in respect of the NewCo Interest in any year equal to the lesser of (x) 5% of NewCo Distributable Cash and (y) $5 million.

"***Foundation Bylaws***" means the agreement establishing and delineating the terms and conditions for the creation and operation of the Foundation, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the DOJ and the Governmental Consent Parties and reasonably acceptable to the Debtors, and which shall be filed by the Debtors with the Plan Supplement.

"***Foundation Trustees***" means the trustees of the Foundation appointed in accordance with Section 5.5(b) of the Plan."***General Bar Date***" means July 30, 2020.

"***Governmental Consent Parties***" means (i) the States AG Negotiating Group, (ii) the Ad Hoc Committee, and (iii) the MSGE Group.

"***Governmental Entity Shareholder Direct Settlement***" means the settlement set forth in the Governmental Entity Shareholder Direct Settlement Agreement.

"***Governmental Entity Shareholder Direct Settlement Agreement***" means the agreement substantially in the form attached as Exhibit [●] to the [Notice] filed at [D.I. [●]].

"***Governmental NewCo Distributable Cash***" means all NewCo Distributable Cash other than Foundation Distributable Cash.

"***Governmental Remediation Trust***" means the Delaware trust to be established in accordance with Section 5.8 of the Plan and the Governmental Remediation Trust Documents and administered by the Governmental Remediation Trust Administrator, which shall receive and distribute all distributions on account of the Allowed Non-Federal Domestic Governmental Channeled Claims pursuant to the Governmental Remediation Trust Documents.

"***Governmental Remediation Trust Administrator***" means the Person appointed pursuant to the Governmental Entity Shareholder Direct Settlement Agreement to serve as the "Directing Administrator."

"***Governmental Remediation Trust Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the Governmental Remediation Trust, the terms of which shall be consistent with the Plan and acceptable to the Governmental Consent Parties, in consultation with the Debtors and the Creditors' Committee, and which shall be filed by the Debtors with the Plan Supplement. "***Governmental Remediation Trust Delaware Trustee***" means the Person appointed pursuant to the Governmental Remediation Trust Agreement to serve as the "Delaware Trustee."

"***Governmental Remediation Trust Directed Trustee***" means the Person appointed pursuant to the Governmental Entity Shareholder Direct Settlement Agreement to serve as the "Directed Trustee."

"***Governmental Remediation Trust Documents***" means the Governmental Entity Shareholder Direct Settlement Agreement and the Governmental Remediation Trust Agreement.

"***Governmental Remediation Trust Trustees***" means the Governmental Remediation Trust Administrator, the Governmental Remediation Trust Delaware Trustee, and the Governmental Remediation Trust Directed Trustee.

"***Governmental Unit***" has the meaning set forth in section 101(27) of the Bankruptcy Code.

"***Holder***" means a Person holding a Claim, a Channeled Claim, a Cause of Action or an Interest, as applicable. For the avoidance of doubt, "Holder" shall not be limited to Persons Holding Claims against the Debtors or Persons that submitted timely Proofs of Claim.

"***Hospital***" means any acute care hospital subject to EMTALA which hospital is not a Domestic Governmental Entity or a Physician.

"***Hospital Districts***" shall correspond to Special Districts categorized by the U.S. Census Bureau under the function name "Hospital."

"***Hospital Attorney Fee Fund***" means the fund to be established as set forth in Section 5.9(d) of the Plan.

"***Hospital Channeled Claim***" means (i) any Hospital Claim or (ii) any Claim held by a Hospital that is released pursuant to the Hospital Shareholder Direct Settlement Agreement. Hospital Channeled Claims shall be channeled to the Hospital Trust in accordance with the Plan and Master TDP.

"***Hospital Claim***" means any Claim against any Debtor that is held by a Hospital, other than as set forth below. For the avoidance of doubt, (a) Proofs of Claim filed by (i) Physicians or (ii) Domestic Governmental Entities shall not be Hospital Claims, and (b) Hospital Claims shall include all Proofs of Claim filed by Hospitals.

"***Hospital Shareholder Direct Settlement***" means the settlement set forth in the Hospital Shareholder Direct Settlement Agreement.

"***Hospital Shareholder Direct Settlement Agreement***" means the settlement agreement which shall be filed by the Debtors with the Plan Supplement.

"***Hospital TDP***" means the trust distribution procedures to be implemented by the Hospital Trust setting forth the procedures for Distributions from the Hospital Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Ad Hoc Group of Hospitals, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***Hospital Trust***" means a trust to be established in accordance with Section 5.8 of the Plan to (i) assume all liability for the Hospital Channeled Claims, (ii) hold the MDT Hospital Claim and collect the Initial Hospital Trust Distribution and additional payments due under the MDT Hospital Claim in accordance with the Private Entity Settlements and the Hospital Trust Documents, (iii) administer Hospital Channeled Claims, (iv) hold and administer the Class 7 Non-Participating Claims Reserve on and after the Effective Date, (v) hold the Class 7 Released Claims Reserve on and after the Effective Date and (vi) make Distributions in accordance with the Hospital TDP.

"***Hospital Trust Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the Hospital Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Ad Hoc

Group of Hospitals, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***Hospital Trust Documents***" means the Hospital Trust Agreement and the Hospital TDP.

"***Host Institutions***" has the meaning set forth in Section 5.13(b) of the Plan.

"***IAC Sale Bonus Payment***" has the set forth in the Master Shareholder Settlement Agreement.

"***Impaired***" means, with respect to any Claim, Interest or Class of Claims or Interests, "impaired" within the meaning of such term in section 1124 of the Bankruptcy Code.

"***Initial ERP Trust Distribution***" means the payment of $5,811,440 of Effective Date Cash to the ERP Trust on the later of (i) the Effective Date and (ii) consummation of the ER Physician Shareholder Direct Settlement, *less* (i) the SOR Holdback in the amount of $141,440 and (ii) any applicable Direct Claim Settlement Retained Payment Amount.

"***Initial Federal Government Distribution***" means the payment of $25 million of Effective Date Cash to the United States on the Effective Date on account of the Federal Government Unsecured Claims.

"***Initial Hospital Trust Distribution***" means the payment of $263,507,000 of Effective Date Cash to the Hospital Trust on the later of (i) the Effective Date and (ii) consummation of the Hospital Shareholder Direct Settlement, *less* (i) the SOR Holdback in the amount of $2,697,000, (ii) any applicable Direct Claim Settlement Retained Payment Amount, and (iii) any applicable Creditor Trust Advance Amount.

"***Initial Governmental Remediation Trust Distribution***" means the payment to the Governmental Remediation Trust on the Effective Date of (i) 96.7% of the Maximum Governmental Direct Settlement Amount, as may be adjusted in accordance with the Governmental Entity Shareholder Direct Settlement Agreement, payable on the Effective Date, and (ii) 96.7% of all Effective Date Cash remaining after the satisfaction of all amounts described in Section 5.14(a) of the Plan.

"***Initial LG Costs Funding Date***" has the meaning set forth in Section 5.9(a)(i) of the Plan.

"***Initial NAS PI Distribution***" means the payment of Effective Date Cash to the PI Trust on the Effective Date equal to the sum of (a) $48,215,000[3] and (b) $65,851,710, *less* (i) the SOR Holdback in the amount of $1,814,710 (ii) any NAS PI Direct Claim Settlement Retained Payment Amount, (iii) any amounts advanced to the NAS Monitoring Trust (as defined in the Creditor Trust Establishment Order) pursuant to the Creditor Trust Establishment Order, and (iv) 13.98% of (A) any amounts paid by the Debtors to the PI Claims Administrator (as defined in the PI and TPP Claims Procedures Order) as of the Effective Date, and (B) any applicable Creditor Trust Advance Amount with respect to the PI Trust.

"***Initial Non-NAS PI Distribution***" means the payment of Effective Date Cash to the PI Trust on the Effective Date in the amount of $701,785,000 *less* (i) the SOR Holdback in the amount of $9,357,000, (ii) any Non-NAS PI Direct Claim Settlement Retained Payment Amount, and (iii) 86.02% of

[3] $48,215,000 is the sum of (i) 6.43% of $700,000,000 of the Initial PI Trust Distribution Amount, up to an aggregate $45 million in accordance with the definition of "NAS PI Portion" in the Twelfth Amended Plan, and (ii) 6.43% of the $50,000,000 remaining Initial PI Trust Distribution Amount

(A) any amounts paid by the Debtors to the PI Claims Administrator (as defined in the PI and TPP Claims Procedures Order) as of the Effective Date, and (B) any applicable Creditor Trust Advance Amount with respect to the PI Trust.

"***Initial NewCo Cash***" means $135 million of Effective Date Cash to be transferred to NewCo on the Effective Date.

"***Initial PI Trust Distribution***" means the Initial NAS PI Distribution and the Initial Non-NAS Distribution.

"***Initial PI Trust Distribution Amount***" means $750,000,000.

"***Initial Private Creditor Trust Distributions***" means, collectively, the Initial Hospital Trust Distribution, the Initial TPP Trust Distribution, the Initial ERP Trust Distribution and the Initial PI Trust Distribution.

"***Initial Public Creditor Trust Distributions***" means, collectively, the Initial Governmental Remediation Trust Distribution and the Initial Tribe Trust Distribution.

"***Initial Public Schools Distribution***" means a payment of Effective Date Cash to benefit the Public School Trust (a) in the amount of $25.5 million, *less* the applicable Direct Claim Settlement Retained Payment Amount, on the later of (i) the Effective Date and (ii) consummation of the Public School District Shareholder Direct Settlement, which amount will be used (i) to fund educational supports to abate the effects of the opioid crisis and (ii) for the required payments to the Common Benefit Fund and in respect of attorneys' fees and expenses of the Public School District Claimants in accordance with Section 5.9(c) and (h) of the Plan, and (b) for reimbursement of costs and expenses incurred in connection with the Public Schools' Opt-Out Class Action Settlement notices in an additional amount not to exceed $75,000.[4]

"***Initial TPP Trust Distribution***" means the payment of $394,929,850 of Effective Date Cash to the TPP Trust on the Effective Date *less* (i) any amounts paid by the Debtors to the TPP Claims Administrator (as defined in the PI and TPP Claims Procedures Order) as of the Effective Date, (ii) the SOR Holdback in the amount of $5,989,850, (iii) the TPP Direct Claim Settlement Retained Payment Amount, if any, and (iv) any applicable Creditor Trust Advance Amount.

"***Initial Tribe Trust Distribution***" means the payment on the Effective Date of (i) 3.3% of the Maximum Governmental Direct Settlement Amount payable on the Effective Date, and (ii) 3.3% of all Effective Date Cash remaining after the satisfaction of all amounts described in Section 5.14(a) of the Plan.

"***Insurance Companies***" means, collectively, all Persons that issued any Purdue Insurance Policy, any third-party administrator, claims handling agent or any parent, Subsidiary, affiliate, successor, predecessor or assign of any of the foregoing, solely in such Insurance Company's capacity with respect to a Purdue Insurance Policy.

"***Intercompany Claim***" means any Claim against any Debtor that is held by another Debtor or an affiliate of a Debtor.

"***Intercompany Interest***" means any Interest in any Debtor that is held by another Debtor.

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[4] [**NTD**: Public Schools' SOR holdback subject to ongoing discussions]

"***Interest***" means any equity security (as defined in section 101(16) of the Bankruptcy Code) in a Person, including any shares, common stock or units, preferred stock or units, or other instrument evidencing any fixed or contingent equity or ownership interest in a Person, including any option, warrant or other right, contractual or otherwise, to acquire any such interest in such Person, whether or not transferable and whether fully vested or vesting in the future.

"***Interim Compensation Order***" means the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals* [D.I. 529].

"***IRC***" means the Internal Revenue Code of 1986, as amended (including any successor statute).

"***IRS***" means the Internal Revenue Service.

"***Key Employee Plans***" means, collectively, the Key Employee Retention Plans and Key Employee Incentive Plans approved by the Bankruptcy Court pursuant to the *Order Authorizing the Debtors to Implement a Key Employee Retention Plan* [D.I. 1762], the *Order Authorizing the Debtors to Implement a Key Employee Incentive Plan* [D.I. 1861], the *Supplemental Order Authorizing the Debtors to Implement a Key Employee Incentive Plan* [D.I. 2002], the *Order Authorizing the Debtors to Implement 2021 Key Employee Retention Plan* [D.I. 3571], the *Order Authorizing the Debtors to Implement 2021 Key Employee Incentive Plan* [D.I. 3770], the *Order Authorizing the Debtors to Implement 2022 Key Employee Retention Plan and 2022 Key Employee Incentive Plan* [D.I. 4862], the *Supplemental Order Authorizing the Debtors to Implement 2022 Key Employee Incentive Plan* [D.I. 4924], the *Order Authorizing the Debtors to Implement 2023 Key Employee Incentive Plan and 2023 Key Employee Retention Plan* [D.I. 5646], the *Order Authorizing the Debtors to Implement 2024 Key Employee Incentive Plan and 2024 Key Employee Retention Plan* [D.I. 6322], and any similar compensation programs approved by other order of the Bankruptcy Court, in each case, as may be supplemented from time to time by further order of the Bankruptcy Court.

"***Lien***" has the meaning set forth in section 101(37) of the Bankruptcy Code.

"***Liquidating Debtors***" means, collectively, all Debtors that are not Transferred Debtors, on and after the Effective Date.

"***Local Government Costs and Expenses Fund***" means the fund to be established as set forth in Section 5.9(a) of the Plan.

"***LRP Agreement***" means the agreement establishing lien resolution procedures with respect to certain claims held by LRP Participating TPPs against Holders of PI Claims and Distributions payable to Holders of PI Claims, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors, the Ad Hoc Group of Individual Victims and the Third-Party Payor Group, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement (it being understood and agreed that the form of LRP Agreement filed on May 26, 2021 is acceptable to such parties).

"***LRP Participating TPP***" means any Holder of a Third-Party Payor Claim that becomes a party to the LRP Agreement in accordance with the terms thereof.

"***Master Disbursement Trust***" means the trust established in accordance with Section 5.6 of the Plan to, among other things, (i) hold and administer the MDT Transferred Assets and the Special Operating Reserve, (ii) serve as administrative agent with respect to Released Claims Reserves, (iii) make payments in satisfaction of the MDT Claims in accordance with the Plan, the Private Entity Settlements

and, with respect to the MDT Public School Districts Claim, the Public Entity Settlements and (iv) make Public Creditor Trust Distributions in respect of the MDT Interests from MDT Distributable Value in accordance with the Plan and the Public Entity Settlements.

"***Master Shareholder Settlement Agreement***" means the settlement agreement substantially in the form as filed with the Plan Supplement, including all exhibits, schedules, annexes and supplements and appendices thereto.

"***Master TDP***" means the master trust distribution procedures to be implemented by the Master Disbursement Trust setting forth the procedures for the administration of Channeled Claims by the Master Disbursement Trust, which shall be filed by the Debtors with the Plan Supplement, and the terms of which shall be consistent with Articles I through XII of the Plan and otherwise reasonably acceptable to (i) the Debtors, (ii) the Creditors' Committee, (iii) the Governmental Consent Parties and (iv) solely with respect to any provisions regarding the channeling of Channeled Claims to (A) the Tribe Trust, the Native American Tribe Group, (B) the Hospital Trust, the Ad Hoc Group of Hospitals, (C), the ERP Trust, the ERP Trustee, (D) TPP Trust, the Third-Party Payor Group, (E) the Public School Trust, the Public School District Claimants, and (F) the PI Trust, the Ad Hoc Group of Individual Victims and the NAS Committee.

"***Material Litigation***" shall have the meaning ascribed to such term in the Master Shareholder Settlement Agreement.

"***Maximum Governmental Direct Settlement Amount***" means, for any given SSA Payment Date, the sum of the amounts of such SSA Payment Date in clause (a) and (b) of the definition of Shareholder Direct Settlement Portion, subject to any Shareholder Prepayments, but not subject to any Direct Claim Settlement Retained Payment Amounts.

"***Maximum NAS PI Shareholder Direct Settlement Amount***" has the meaning set forth in the definition "Shareholder Direct Settlement Portion" and shall be payable by the Shareholder Payment Parties in full (without retaining any NAS PI Direct Claim Settlement Retained Payment Amount) in the event that all Holders of Direct Settlement Eligible NAS PI Claims are Settling Creditors.

"***Maximum Non-NAS PI Shareholder Direct Settlement Amount***" has the meaning set forth in the definition "Shareholder Direct Settlement Portion" and shall be payable by the Shareholder Payment Parties in full (without retaining any Non-NAS PI Direct Claim Settlement Retained Payment Amount) in the event that all Holders of Direct Settlement Eligible Non-NAS PI Claims are Settling Creditors.

"***Maximum TPP Shareholder Direct Settlement Amount***" has the meaning set forth in the definition "Shareholder Direct Settlement Portion" and shall be payable by the Shareholder Payment Parties in full (without retaining any TPP Direct Claim Settlement Retained Payment Amount) in the event that all Holders of Direct Settlement Eligible TPP Claims are Settling Creditors.

"***MDL Court***" means the United States District Court for the Northern District of Ohio, Eastern Division, presiding over the MDL Proceeding.

"***MDL Plaintiffs' Executive Committee***" means the sixteen-member committee appointed by the MDL Court in the MDL Proceeding.

"***MDL Proceeding***" means *In re National Prescription Opiate Litigation*, Case No. 17-md-02804, MDL No. 2804.

"***MDT Advisory Council***" means the advisory council established in accordance with Section 5.6(e) of the Plan and the MDT Agreement, to which the Master Disbursement Trust shall regularly report with respect to the operations and activities of the Master Disbursement Trust and the handling of all payments and Distributions made from the Master Disbursement Trust, all as provided for in greater detail in the MDT Agreement.

"***MDT Advisory Council Representative***" has the meaning set forth in Section 5.6(e) of the Plan.

"***MDT Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the Master Disbursement Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise reasonably acceptable to the Debtors, the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***MDT Beneficiaries***" means, subject to Section 5.6(f)(iv), each of (i) the Public Creditor Trusts, (ii) the Hospital Trust, (iii) the ERP Trust, (iv) the Public School Trust, (v) the PI Trust, (vi) the TPP Trust, and (vii) the United States.

"***MDT Causes of Action***" means any and all Retained Causes of Action (i) against Excluded Parties (other than Co-Defendants) or relating to and necessary to enforce Retained Causes of Action against Excluded Parties (other than Co-Defendants), (ii) relating to and necessary to enforce the MDT Insurance Rights, (iii) relating to and necessary to enforce the MDT Shareholder Rights, including without limitation, but subject to the terms of, the Master Shareholder Settlement Agreement or (iv) against any other Person that is not a Co-Defendant or an ongoing commercial counterparty of NewCo or any of its Subsidiaries, to the extent such Retained Causes of Action are not otherwise transferred to the Plan Administration Trust or the Creditor Trusts. For the avoidance of doubt, "MDT Causes of Action" shall include all entitlements, proceeds, payments and benefits of the Debtors to any of the foregoing.

"***MDT Claims***" means, collectively, the MDT Private Claims, the MDT Public School Districts Claim and the MDT Federal Government Claim.

"***MDT Distributable Value***" means all Cash and cash equivalents held by the Master Disbursement Trust, as of the relevant date of determination, after application of Cash to satisfy the amounts contemplated by Section 5.2(g)(i), (ii), (iii), and (iv) of the Plan in the MDT Priority Waterfall.

"***MDT Distribution Date***" means (i) each Scheduled MDT Distribution Date, (ii) a date determined by the MDT Trustees that is promptly after the receipt by the Master Disbursement Trust of (x) any Shareholder Prepayment, (y) any reversion amounts pursuant to Section 5.7 of the Plan, and (z) any IAC Sale Bonus Payments under Section [2.06] of the Master Shareholder Settlement Agreement, which such date shall be no later than [thirty (30)] days after the receipt by the Master Disbursement Trust of the applicable funds, and (iii) each other date on which the MDT Trustees seek to make a distribution to the Public School Trust or Public Creditor Trust Distribution, acting in accordance with their fiduciary duties to the Creditor Trusts as beneficiaries of the Master Disbursement Trust, solely in accordance with Section 5.6(f) of the Plan.

"***MDT Documents***" means the MDT Agreement and the Master TDP.

"***MDT ERP Claim***" means the beneficial interest in the Master Disbursement Trust granted to the ERP Trust pursuant to the Private Entity Settlements, which interest shall entitle the ERP Trust to the reversion rights from the Special Operating Reserve as set forth in the Plan, the Master Shareholder Settlement Agreement, and the ER Physician Shareholder Direct Settlement Agreement, as applicable.

"***MDT Federal Government Claim***" means the beneficial interest in the Master Disbursement Trust granted to the United States pursuant to Section 4.3(b) of the Plan.

"***MDT Governmental Remediation Trust Interest***" means the beneficial interest in the Master Disbursement Trust granted to the Governmental Remediation Trust pursuant to the Public Entity Settlements and the Plan, which interest shall entitle the Governmental Remediation Trust to (i) its share of distributions of MDT Distributable Value in accordance with Section 5.2(f)(i)(A) of the Plan and the MDT Priority Waterfall and (ii) the reversion rights from the Special Operating Reserve as set forth in the Plan, the Master Shareholder Settlement Agreement, and the Governmental Entity Shareholder Direct Settlement Agreement, as applicable.

"***MDT Hospital Claim***" means the beneficial interest in the Master Disbursement Trust granted to the Hospital Trust pursuant to the Private Entity Settlements, which interest shall entitle the Hospital Trust to the reversion rights from the Special Operating Reserve as set forth in the Plan, the Master Shareholder Settlement Agreement, and the Hospital Shareholder Direct Settlement Agreement, as applicable.

"***MDT Insurance Collateral***" means (i) the Purdue Insurance Collateral in respect of the Purdue Insurance Policies agreed by the Debtors, the Creditors' Committee and the Governmental Consent Parties, which shall be identified in the MDT Agreement, and (ii) the Purdue Insurance Collateral in respect of the Isosceles Insurance Ltd. policy number PPLP-01/2019.

"***MDT Insurance Policies***" means all Purdue Insurance Policies that do or may afford the Debtors rights, benefits, indemnity, insurance coverage or defense costs with respect to any Cause of Action against the Debtors arising out of, on account of, or in connection with Opioid-Related Activities or for which the Debtors have or may have insurance rights arising out of or in connection with Opioid-Related Activities, including, but not limited to (i) all Purdue Insurance Policies listed in Exhibit A to the *Complaint for Declaratory Relief*, Adv. Pro. No. 21-07005 (RDD) [D.I. 1], (ii) all D&O Insurance Policies and (iii) any additional Purdue Insurance Policies agreed by the Debtors and the Governmental Consent Parties, which shall be identified in the MDT Agreement, but excluding in each case the Excluded Insurance Policies.

"***MDT Insurance Proceeds***" means the Cash proceeds obtained through the pursuit of the MDT Insurance Rights, including but not limited to the Cash proceeds in respect of any MDT Insurance Settlement, whether received before, on or after the Effective Date.

"***MDT Insurance Rights***" means the Purdue Insurance Rights in respect of the MDT Insurance Policies and the MDT Insurance Collateral, which Purdue Insurance Rights shall be transferred by the Debtors to the Master Disbursement Trust on the Effective Date. Notwithstanding anything to the contrary herein, (i) the MDT Insurance Rights with respect to the MDT Insurance Collateral for Isosceles Insurance Ltd. policy number PPLP-01/2019 shall be limited to the right to receive any such MDT Insurance Collateral remaining after the expiration of the policy period and any extension of the reporting period under such policy, (ii) the MDT Insurance Rights shall not include any right to interfere in any manner with the rights of the insureds under Isosceles Insurance Ltd. policy number PPLP-01/2019 prior to the expiration of the policy period and any extension of coverage under such policy and the resolution of all claims asserted thereunder and (iii) any persons who have unresolved claims under the Isosceles Insurance Ltd. policy number PPLP-01/2019 at the expiration of the policy period, including any extension, shall cooperate with and provide consent to the Master Disbursement Trust to resolve those claims in connection with the MDT Insurance Collateral after the expiration of the policy period, including any extension.

"***MDT Insurance Settlement***" means each settlement agreement concerning the MDT Insurance Rights that (i) the Debtors and an MDT Insurer have entered into pursuant to the Purdue Insurance Stipulation on or before the Effective Date or (ii) the Master Disbursement Trust and an MDT Insurer have entered into after the Effective Date; *provided* that, in the case of both clauses (i) and (ii), the settlement agreement is approved by the Bankruptcy Court.

"***MDT Insurer***" means an Insurance Company that has issued, is responsible for, or has liability to pay under any MDT Insurance Policy or MDT Insurance Collateral, and each of its affiliates, predecessors in interest, and agents, solely in its capacity as such and solely with respect to such MDT Insurance Policy or MDT Insurance Collateral.

"***MDT Insurer Injunction***" means the injunction issued pursuant to Section 10.10 of the Plan.

"***MDT Interests***" means, collectively, the MDT Governmental Remediation Trust Interest and the MDT Tribe Interest.

"***MDT Operating Expenses***" means any and all costs, expenses, fees, taxes, disbursements, debts or obligations incurred from the operation and administration of the Master Disbursement Trust, including in connection with the prosecution or settlement of MDT Causes of Action, working capital, all compensation, costs and fees of the MDT Trustees and the MDT Advisory Council Representatives and any professionals retained by the Master Disbursement Trust, but excluding any amounts to be paid in respect of the MDT Claims or the MDT Interests.

"***MDT Operating Reserve***" means a reserve to be established to pay any and all MDT Operating Expenses. The MDT Operating Reserve shall be (i) funded on the Effective Date with Effective Date Cash in an amount determined by the Debtors and the Governmental Consent Parties with the consent (not to be unreasonably withheld, delayed or conditioned) of the Creditors' Committee, and thereafter with Cash held or received by the Master Disbursement Trust in accordance with the MDT Agreement as determined by the MDT Trustees; *provided*, *however*, that payments received by the Master Disbursement Trust on account of the Governmental Entity Shareholder Direct Settlement shall be immediately transferred to the Governmental Remediation Trust and shall not be used to fund a Replenishment Transfer or the MDT Operating Reserve, and shall not be used to pay the MDT Claims, and (ii) held by the Master Disbursement Trust in a segregated account and administered by the MDT Trustees on and after the Effective Date.

"***MDT PI Claim***" means the beneficial interest in the Master Disbursement Trust granted to the PI Trust pursuant to the Private Entity Settlements, which interest shall entitle the PI Trust to (i) the payments of the amounts set forth in Section 5.2(e)(ii) of the Plan which, for the avoidance of doubt, shall be allocated only to the Non-NAS PI Portion, and (ii) the reversion rights from the Special Operating Reserve as set forth in the Plan and the Master Shareholder Settlement Agreement.

"***MDT Priority Waterfall***" means the priority waterfall applicable to the Master Disbursement Trust set forth in Section 5.2(g) of the Plan.

"***MDT Private Claims***" means, collectively, the MDT Hospital Claim, the MDT ERP Claim, the MDT TPP Claim and the MDT PI Claim.

"***MDT Public School Districts Claim"*** means the beneficial interest in the Master Disbursement Trust granted to the Public School Trust, which interest shall entitle the Public School Trust to payments to its benefit in the amounts set forth in the second sentence of Section 5.2(f)(ii).

"***MDT Shareholder Insurance Rights***" means any and all rights, titles, privileges, interests, claims, demands or entitlements of the Shareholder Released Parties to any proceeds, payments, benefits, Causes of Action, choses in action, defense or indemnity arising under, or attributable to, any and all MDT Insurance Policies and MDT Insurance Collateral, now existing or hereafter arising, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, disputed or undisputed, fixed or contingent. For the avoidance of doubt and without in any way limiting the foregoing, "MDT Shareholder Insurance Rights" include (i) any rights of the Shareholder Released Parties to proceeds of MDT Insurance Policies, and MDT Insurance Collateral and (ii) the right to enforce any Insurance Company's obligation to the Shareholder Released Parties under any MDT Insurance Policies and MDT Insurance Collateral. Solely in connection with the term MDT Shareholder Insurance Rights, the MDT Insurance Collateral excludes the Purdue Insurance Collateral in respect of the Isosceles Insurance Ltd. policy number PPLP-01/2019 (for all other purposes the MDT Insurance Collateral includes such Purdue Insurance Collateral).

"***MDT Shareholder Rights***" means, subject in all respects to the Shareholder Settlements (including the Shareholder Releases and the Channeling Injunction) (i) any and all rights, titles, privileges, interests, claims, demands and entitlements of the Debtors arising under, or attributable to, any Causes of Action or choses in action against, or proceeds, payments, benefits or indemnities from, Shareholder Release Snapback Parties, including without limitation to the extent arising under, or attributable to, the Master Shareholder Settlement Agreement and any related security agreements, documents, agreements or instruments, in each case whether now existing or hereafter arising, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, disputed or undisputed, fixed or contingent and (ii) the MDT Shareholder Insurance Rights.

"***MDT TPP Claim***" means the beneficial interest in the Master Disbursement Trust granted to the TPP Trust pursuant to the Private Entity Settlements, which interest shall entitle the TPP Trust to the reversion rights from the Special Operating Reserve as set forth in the Plan and the Master Shareholder Settlement Agreement.

"***MDT Transferred Assets***" means all right, title and interest of the Debtors (or, solely with respect to the MDT Shareholder Insurance Rights, of the Shareholder Released Parties) arising under, or attributable to, (i) the MDT Operating Reserve, (ii) the MDT Causes of Action, (iii) the MDT Insurance Rights, (iv) the MDT Shareholder Rights, (v) any other Excluded Assets identified in the MDT Agreement and (vi) any Surplus Reserve Cash to be distributed to the Master Disbursement Trust, upon the identification thereof by the Plan Administration Trustee or the dissolution of the Plan Administration Trust, in accordance with Section 5.14(c) of the Plan. For the avoidance of doubt, "MDT Transferred Assets" shall not include any Causes of Action against any Released Party.

"***MDT Tribe Interest***" means the beneficial interest in the Master Disbursement Trust granted to the Tribe Trust under the Plan pursuant to the Public Entity Settlements, which interest shall entitle the Tribe Trust to its share of distributions of MDT Distributable Value in accordance with Section 5.2(f)(i)(A) of the Plan and the MDT Priority Waterfall and the reversion rights from the Special Operating Reserve as set forth in the Plan, the Master Shareholder Settlement Agreement, and the Tribal Shareholder Direct Settlement Agreement, as applicable.

"***MDT Trustees***" means the trustees of the Master Disbursement Trust appointed in accordance with Section 5.6(d) of the Plan.

"***Mediation***" means the mediation authorized by the Bankruptcy Court and described in the Mediation Orders.

"***Mediation Orders***" means the following orders of the Bankruptcy Court: *Order Appointing Mediators* [D.I. 895]; *Order Expanding Scope of Mediation* [D.I. 1756]; *Order Establishing the*

Terms and Conditions of Mediation Before the Honorable Shelley C. Chapman [D.I. 2879]; *Order Establishing the Terms and Conditions of Mediation Before the Honorable Shelley C. Chapman* [D.I. 4261]*; Order Extending Termination Date Under the Terms and Conditions of Mediation Before the Honorable Shelley C. Chapman* [D.I. 4286]; *Order Further Extending Termination Date Under the Terms and Conditions of Mediation Before the Honorable Shelley C. Chapman* [D.I. 4319]; *Third Order Extending Termination Date Under the Terms and Conditions of Mediation Before the Honorable Shelley C. Chapman* [D.I. 4339]; *Third [SIC] Order Extending Termination Date Under the Terms and Conditions of Mediation Before the Honorable Shelley C. Chapman* [D.I. 4370]; *Order Expanding the Scope of Mediation Before the Honorable Shelley C. Chapman* [D.I. 4609]; *Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 6537]; *Amended Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 6682]; *Second Amended Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 6749]; *Third Amended Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 6906]; *Fourth Amended Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 6980]; *and Fifth Amended Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 7058].

"***Medicaid Program***" has the meaning set forth in Section 10.20(d) of the Plan.

"***Minimum Required Settlement Payment***" means, with respect to an SSA Payment Date, the minimum amount payable by the Shareholder Payment Parties under the Shareholder Settlement Agreements on such SSA Payment Date.

"***MSGE Fee Allocation Agreement***" means the agreement entered into on October 9, 2020, by and between the MSGE Group and the MDL Plaintiffs' Executive Committee, which is attached hereto as Exhibit A.

"***MSGE Group***" means the Multi-State Governmental Entities Group identified in the *Second Amended Verified Statement of the Multi-State Governmental Entities Group Pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure* [D.I. 1794], as amended from time to time; *provided*, *however*, that, notwithstanding anything herein to the contrary, the MSGE Group shall be a "Governmental Consent Party" and shall have the same consent rights, appointment or selection rights, and any other rights or obligations afforded to the Ad Hoc Committee, such rights not to be reduced or modified without the written consent of the MSGE Group. The foregoing shall not give the MSGE Group any independent or individual rights to make any unilateral decisions, including to appoint or select any trustees, managers, directors, or officers under the Plan. Notwithstanding anything herein to the contrary, the sole remedy of the MSGE Group in respect of its rights hereunder shall be the termination of the Term Sheet (as defined in the MSGE Group Reimbursement Motion) by written notice and withdrawal of the MSGE Group's support of the Plan.

"***MSGE Group Reimbursement Motion***" means the *Debtors' Motion to Enter into Term Sheet with and Pay Certain Fees and Expenses of the Multi-State Governmental Entities Group* [D.I. 2580].

"***MSGE Group Reimbursement Order***" means the *Order Authorizing the Debtors to Enter into Term Sheet with and Pay Certain Fees and Expenses of the Multi-State Governmental Entities Group* [D.I. 2695].

"***NAS Child***" means a natural person who has been diagnosed by a licensed medical provider with a medical, physical, cognitive or emotional condition resulting from such natural person's

intrauterine exposure to opioids or opioid replacement or treatment medication, including but not limited to the condition known as neonatal abstinence syndrome.

"***NAS Committee***" means the Ad Hoc Committee of NAS Children identified in the *First Amended Verified Statement of the Ad Hoc Committee of NAS Children Pursuant to Bankruptcy Rule 2019* [D.I. 1582].

"***NAS PI Channeled Claim***" means (i) any NAS PI Claim or (ii) any Released Claim or Shareholder Released Claim that is held by a Holder of an NAS PI Claim for alleged opioid-related personal injury to an NAS Child or that is a similar opioid-related Cause of Action asserted by or on behalf of an NAS Child, in each case, that arose prior to the Petition Date (in the case of Third-Party Released Claims, solely to the extent that such Holder of an NAS PI Claim is a Settling Creditor), that is not a Third-Party Payor Channeled Claim or a Hospital Channeled Claim, or held by a Domestic Governmental Entity. NAS PI Channeled Claims shall be channeled to the PI Trust in accordance with the Plan and Master TDP.

"***NAS PI Claim***" means any Claim against any Debtor that is for alleged opioid-related personal injury to an NAS Child or similar opioid-related Cause of Action against any Debtor asserted by or on behalf of an NAS Child, including, for the avoidance of doubt, Claims held on account of an NAS Child and that relate to medical monitoring support, educational support, vocational support, familial support or similar related relief, in each case, that arose prior to the Petition Date, and that is not a Third-Party Payor Claim or a Hospital Claim, or held by a Domestic Governmental Entity.

"***NAS PI Direct Claim Settlement Retained Payment Amount***" means the portion of the Maximum NAS PI Shareholder Direct Settlement Amount allocable to Holders of Direct Settlement Eligible NAS PI Claims that are Non-Settling Creditors (if any) that would have otherwise been distributed to such Holders pursuant to the NAS PI TDP had they been Settling Creditors, and which amount shall be retained by the Shareholder Payment Parties.

"***NAS PI Portion***"means (i) the Initial NAS PI Distribution, and (ii) 16.2438% of amounts distributed to the PI Trust on account of the MDT PI Claim other than the PI Trust Obligation.

"***NAS PI TDP***" means the trust distribution procedures to be implemented by the PI Trust with respect to NAS PI Channeled Claims, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the NAS Committee, and reasonably acceptable to the Ad Hoc Group of Individual Victims, the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***Native American Tribe Group***" means the group consisting of the Muscogee (Creek) Nation, a member of the Ad Hoc Committee, the Cheyenne & Arapaho Tribes, an ex officio member of the Creditors' Committee, and other Tribes represented by various counsel from the Tribal Leadership Committee and the MDL Plaintiffs' Executive Committee.

"***NewCo***" means a newly formed Delaware limited liability company to be created in accordance with Section 5.4 of the Plan to directly or indirectly receive the NewCo Transferred Assets and operate such NewCo Transferred Assets in accordance with the NewCo Operating Agreement, the NewCo Governance Covenants and the NewCo Operating Injunction.

"***NewCo Distributable Cash***" means, as of the end of any calendar year, all unrestricted Cash and cash equivalents held by NewCo and NewCo's Subsidiaries (as reflected, or as would be reflected on a consolidated balance sheet of NewCo and NewCo's Subsidiaries as of such date in accordance with GAAP) in excess of the amount determined by the NewCo Managers in their discretion to be appropriate to reserve to pay NewCo's incurred and forecasted costs, expenses, fees, taxes, disbursements, debts or

obligations, including without limitation operating expenses, research and development expenses, and Public Health Initiative expenditures.

"***NewCo Governance Covenants***" means the provisions contained in the Confirmation Order that will bind NewCo, and any successor owner of NewCo's opioid business, to covenants to ensure that NewCo (i) provides all of its products, including all opioid products, in a safe manner that limits the risk of diversion, (ii) complies with its obligations under the Public Entity Settlements and the Private Entity Settlements, (iii) pursues and implements Public Health Initiatives, and (iv) otherwise operates in accordance with NewCo's purpose and takes into account long-term public health interests relating to the opioid crisis and responsible and transparent practices in management of a pharmaceutical business, which covenants shall be acceptable to the DOJ and the Governmental Consent Parties and reasonably acceptable to the Debtors; *provided* that the covenants in respect of the foregoing clause (ii) shall be acceptable to the DOJ and reasonably acceptable to the Debtors, the Creditors' Committee and the Governmental Consent Parties.

"***NewCo Interest***" means the sole limited liability company interest in NewCo, which shall be held by the Foundation as of the Effective Date pursuant to the Public Entity Settlements, representing 100% of the economic and voting Interests in NewCo.

"***NewCo Managers***" means the members of the board of managers of NewCo appointed in accordance with Section 5.4(d) of the Plan.

"***NewCo Monitor***" means the monitor appointed in accordance with Section 5.4(h) of the Plan to review NewCo's compliance with the NewCo Operating Injunction.

"***NewCo Operating Agreement***" means the limited liability company agreement of NewCo, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the DOJ and the Governmental Consent Parties and reasonably acceptable to the Debtors, and which shall be filed by the Debtors with the Plan Supplement.

"***NewCo Operating Injunction***" means a voluntary injunction to be contained in the Confirmation Order that will bind NewCo, and any successor owner of NewCo's opioid business, to injunctive relief substantially similar to the voluntary injunction set forth in Appendix I to the Preliminary Injunction, with any such changes to such voluntary injunction as may be agreed by the Debtors and the Governmental Consent Parties based upon good-faith discussions and in furtherance of NewCo's purpose as set forth in Section 5.4(b) of the Plan.

"***NewCo Transfer Agreement***" means one or more agreements transferring the NewCo Transferred Assets, and all documents and information of the Debtors related thereto, from the Debtors to NewCo or one of its Subsidiaries (or the transfer of the Transferred Debtors to NewCo or one of its Subsidiaries and the re-vesting of the NewCo Transferred Assets held by such Transferred Debtors in such Transferred Debtors), the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors, the DOJ and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***NewCo Transferred Assets***" means (i) the Initial NewCo Cash and (ii) all non-Cash Assets of the Debtors on the Effective Date (prior to giving effect to the Restructuring Transactions) other than the Excluded Assets. For the avoidance of doubt, all Retained Causes of Action against Co-Defendants and ongoing commercial counterparties of NewCo and any Estate Surviving Pre-Effective Date Claims shall be NewCo Transferred Assets.

"***Non-Federal Acute Care Hospital***" means and includes (i) all non-federal acute care hospitals as defined by the Centers for Medicare & Medicaid Services, and (ii) all non-federal hospitals and hospital districts that are required by law to provide inpatient acute care and/or fund the provision of inpatient acute care.

"***Non-Federal Domestic Governmental Channeled Claim***" means (i) any Non-Federal Domestic Governmental Claim or (ii) any Claim held by a Domestic Governmental Entity that is released pursuant to the Governmental Entity Shareholder Direct Settlement, other than the United States or a Tribe. Non-Federal Domestic Governmental Channeled Claims shall be channeled to the Governmental Remediation Trust in accordance with the Plan and Governmental Remediation Trust Documents.

"***Non-Federal Domestic Governmental Claim***" means any Claim against any Debtor that is held by a Domestic Governmental Entity other than the United States or a Tribe (including any Claim based on the subrogation rights of the Holder thereof that is not an Other Subordinated Claim), and that is not a Priority Tax Claim.

"***Non-NAS PI Channeled Claim***" means (i) any Non-NAS PI Claim or (ii) any Released Claim or Shareholder Released Claim that is held by a Holder of a Non-NAS PI Claim that is for alleged opioid-related personal injury or that is a similar opioid-related Cause of Action, in each case, that arose prior to the Petition Date (in the case of Third-Party Released Claims, solely to the extent that such Holder of a Non-NAS PI Claim is a Settling Creditor), that is not an NAS PI Channeled Claim, a Third-Party Payor Channeled Claim, or a Hospital Channeled Claim, or held by a Domestic Governmental Entity. Non-NAS PI Channeled Claims shall be channeled to the PI Trust in accordance with the Plan and Master TDP.

"***Non-NAS PI Claim***" means any Claim against any Debtor that is for alleged opioid-related personal injury or other similar opioid-related Cause of Action against any Debtor, in each case, that arose prior to the Petition Date, and that is not an NAS PI Claim, a Third-Party Payor Claim, or a Hospital Claim, or held by a Domestic Governmental Entity.

"***Non-NAS PI Direct Claim Settlement Retained Payment Amount***" means the portion of the Maximum Non-NAS PI Shareholder Direct Settlement Amount allocable to Holders of Direct Settlement Eligible Non-NAS PI Claims that are Non-Settling Creditors (if any) that would have otherwise been distributed to such Holders pursuant to the Non-NAS PI TDP had they been Settling Creditors, and which amount shall be retained by the Shareholder Payment Parties.

"***Non-NAS PI Portion***" means (i) the Initial Non-NAS PI Distribution, (ii) 83.7562% of amounts distributed to the PI Trust on account of the MDT PI Claim other than the PI Trust Obligation, and (iii) the PI Trust Obligation distributed to the PI Trust on account of the MDT Claim.

"***Non-NAS PI TDP***" means the trust distribution procedures to be implemented by the PI Trust with respect to Non-NAS PI Channeled Claims, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Ad Hoc Group of Individual Victims, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***Non-Opioid Excluded Claim***" means a Cause of Action by a Person that is not a Debtor, an Estate, the Master Disbursement Trust, a Creditor Trust, the Plan Administration Trust or any successor of any of the foregoing against a Shareholder Released Party to the extent such Cause of Action (i) does not arise from or relate to Opioid-Related Activities, Pending Opioid Actions or opioid use or misuse or the consequences thereof; (ii) is not based upon and does not arise from the same allegations, facts or evidence as any Pending Opioid Action; (iii) does not allege (expressly or impliedly) any liability of such Shareholder Released Party that is derivative of any liability of any Debtor or any of their Estates, including,

but not limited to, by making allegations (expressly or impliedly) that such Shareholder Released Party is directly or indirectly liable for the conduct of or a Cause of Action against a Debtor by reason of such Shareholder Released Party's (A) direct or indirect ownership of an Interest in a Debtor, a past or present affiliate of a Debtor, or a predecessor in interest of a Debtor; (B) involvement in the management of a Debtor or a predecessor in interest of a Debtor, or service as an officer, director or employee of a Debtor or a related party; or (C) involvement in a transaction changing the corporate structure, or in a loan or other financial transaction affecting the financial condition, of the Debtor or a related party, including but not limited to involvement in providing financing (debt or equity), or advice to an entity involved in such a transaction, or acquiring or selling a financial interest in an entity as part of such a transaction; and (iv) has been authorized to proceed by the Bankruptcy Court in accordance with Section 11.1(f) of the Plan. As used in this definition of Non-Opioid Excluded Claim, the term "related party" has the same meaning as in 11 U.S.C. § 524(g)(4)(A)(iii).

"***Non-Participating***" with respect to Channeled Claim(s) means any Channeled Claim(s) held by a Non-Settling Creditor.

"***Non-Participating Channeled Claims***" means any Channeled Claim held by a Non-Settling Creditor as of the Effective Date, in each case, until such Channeled Claim is either: (i) Allowed in accordance with Sections 7.6 or 7.9 of the Plan, or (ii) Disallowed by Final Order.

"***Non-Party Covered Conduct Claim***" means a Cause of Action against any Non-Released Party involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Shareholder Released Party).

"***Non-Party Settlement***" means a settlement by any Releasing Party that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Party.

"***Non-PRA Estate Distributions***" means all Estate Distributions that are not PRA Estate Distributions.

"***Non-Released Party***" means any Person or Entity that is not a Released Party or Shareholder Released Party.

*"**Non-Settling Creditor***" means any Holder of a Claim (other than any Holder of a Claim in Classes 11(a), 11(b) and 11(c) that is not an Other GUC Litigation Claim) that is (i) evidenced by a Proof of Claim timely filed by the applicable Bar Date, or (ii) not required to be evidenced by a filed Proof of Claim under the Plan, the Bankruptcy Code or a Final Order, in each case, that does not consent to the Shareholder Direct Claims Releases pursuant to the Shareholder Release Consent Mechanism applicable to the applicable Class of such Claims. For avoidance of doubt, and notwithstanding the foregoing, Non-Settling Creditors will include (i) Non-Settling States, (ii) Non-Settling Subdivisions, and (iii) Subdivisions that are not Participating Subdivisions.

"***Non-Settling States***" means States that are Non-Settling Creditors.

"***Non-Settling States Holdback Distributions***" means both the (i) the PRA Estate Distributions and (ii) Non-PRA Estate Distributions that would have otherwise been distributed to any Non-Settling States as Estate Distributions had they been Settling States, in accordance with the Governmental Remediation Trust Agreement."***Non-Settling Subdivisions***" means Subdivisions that have timely filed a Proof of Claim against the Debtors and that are not Participating Subdivisions.

"***Non-Settling Subdivisions Holdback Distributions***" means both the (i) the PRA Estate Distributions and (ii) Non-PRA Estate Distributions that would have been distributed to such Non-Settling

Subdivisions as Estate Distributions had they been Participating Subdivisions in accordance with the Governmental Remediation Trust Agreement.

"***Notice of Shareholder Release Snapback***" means a notice filed with the Bankruptcy Court by the Master Disbursement Trust pursuant to the Master Shareholder Settlement Agreements providing notice that a Shareholder Family Group is in Specified Breach (as defined in the Shareholder Settlement Agreements) and the Master Disbursement Trust has elected to enforce the Shareholder Release Remedy pursuant to the terms of the Master Shareholder Settlement Agreement and identifying the Breaching Shareholder Family Group and the Designated Shareholder Released Parties subject to such Shareholder Release Remedy.

"***Oklahoma Litigating Political Subdivisions***" means subdivisions located in Oklahoma that are listed in Exhibit [●] attached to the Plan.

"***Omnibus Claims Objection Order***" has the meaning set forth in Section 7.3(f) of the Plan.

"***Opioid-Related Activities***" means the development, production, manufacture, licensing, labeling, marketing, advertising, promotion, distribution or sale of opioid Products or the use or receipt of any proceeds therefrom, or the use or misuse of opioids, including opioids that are not Products, or any act or failure to act in connection with laws or regulations related to any opioid.

"***Opt-In Settling Creditor***" means any Holder of Claims that consents to the Third-Party Releases through electing to opt-in to the Third-Party Releases on its applicable ballot.

"***Opt-Out Class Action Settlements***" means the (i) Public School District Shareholder Direct Settlement, (ii) Hospital Shareholder Direct Settlement, and (iii) ER Physician Shareholder Direct Settlement.

"***Other Federal Agency Claim***" means any Claim filed by the United States Department of Health and Human Services, the United States Department of Veterans Affairs, the Indian Health Service and the Centers for Medicare & Medicaid Services, set forth in Proof of Claim Nos. 138509, 137406, 137782 and 138522, respectively.

"***Other General Unsecured Claim***" means any Claim against any Debtor that is not an Administrative Claim, a Priority Claim, a Secured Claim, a Federal Government Unsecured Claim, a Channeled Claim, a Co-Defendant Claim, an Other Subordinated Claim, an Avrio General Unsecured Claim, an Adlon General Unsecured Claim, an Intercompany Claim or a Shareholder Claim.

"***Other General Unsecured Claim Cash***" means $15 million of Effective Date Cash to be used to make Distributions to Holders of Allowed Other General Unsecured Claims.

"***Other GUC Litigation Claims***" means Disputed Other General Unsecured Claims arising from or related to Covered Conduct.

"***Other Priority Claim***" means any Claim against any Debtor that is entitled to priority of payment as specified in section 507(a) of the Bankruptcy Code and is not an Administrative Claim or a Priority Tax Claim.

"***Other Subordinated Claim***" means any Claim against any Debtor that is subject to subordination under section 509(c) or 510 of the Bankruptcy Code or other applicable law, and that is not a Co-Defendant Claim or a Shareholder Claim. Notwithstanding anything to the contrary outside of this definition in the Plan, any Claim that satisfies the definition of an Other Subordinated Claim shall be an

Other Subordinated Claim notwithstanding that such Claim would otherwise satisfy the definition of another type of Claim.

"***Participating Subdivision***" means any Subdivision located in a Settling State, in Oklahoma, or any Subdivision located in a Non-Settling State that subsequently becomes a Settling State, in each case where the Subdivision has executed a joinder to the Governmental Entity Shareholder Direct Settlement and thereby provided the Shareholder Direct Claims Releases.

"***PAT Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the Plan Administration Trust, as it may be amended from time to time, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Governmental Consent Parties, and reasonably acceptable to the Creditors' Committee, and which shall be filed by the Debtors with the Plan Supplement.

"***PAT Assets***" means (i) the PAT Reserves, (ii) the PAT Distribution Accounts, (iii) the Retained Causes of Action relating solely to, and only to the extent necessary for, the administration of Claims against the Debtors (other than Channeled Claims), the enforcement of the Plan Administration Trust's rights and the other responsibilities of the Plan Administration Trust, *provided* that no Retained Causes of Action against Excluded Parties shall constitute PAT Assets, except as necessary to object to and resolve any Disputed Claims held by an Excluded Party, (iv) the Excluded Privileged Materials and (v) any other Excluded Assets that are not MDT Transferred Assets.

"***PAT Disputed Claims Reserves***" means the reserves to be established on account of Disputed Avrio General Unsecured Claims, Disputed Adlon General Unsecured Claims and Disputed Other General Unsecured Claims (which may be a single or collective reserve for one or more Classes of Claims). The PAT Disputed Claims Reserves shall be (i) funded on the Effective Date with Effective Date Cash in an amount determined by the Debtors, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties and, solely with respect to amounts funded on account of Disputed Other GUC Litigation Claims, the Sackler Parties' Representative; and (ii) held by the Plan Administration Trust and administered by the Plan Administration Trustee on and after the Effective Date.

"***PAT Distribution Account***" means one or more accounts to be established to make Distributions in respect of Allowed Avrio General Unsecured Claims, Allowed Adlon General Unsecured Claims and Allowed Other General Unsecured Claims (which may be a single or collective account for one or more Classes of Claims). The PAT Distribution Account shall be (i) funded on the Effective Date in accordance with Section 5.14(a) of the Plan in an amount necessary to make Distributions in respect of such Claims to the extent Allowed as of the Effective Date and periodically funded thereafter in accordance with Section 7.7 of the Plan and (ii) held by the Plan Administration Trust and administered by the Plan Administration Trustee.

"***PAT Distribution Date***" means any date upon which a Distribution is made by the Plan Administration Trustee.

"***PAT Released Claims Reserve***" means the Released Claims Reserve established in respect of Other GUC Litigation Claims.

"***PAT Reserves***" means, collectively, the Wind-Up Reserve, the PAT Disputed Claims Reserves, the Disputed Cure Claims Reserve and the Priority Claims Reserve.

"***Patient Settlement Payment***" has the meaning set forth in Section 4.10(d) of the Plan.

"***Payment Remedy***" has the meaning set forth in Section 5.6(f)(i) of the Plan.

"***PBGC***" means the Pension Benefit Guaranty Corporation, a wholly owned United States government corporation, and an agency of the United States created by ERISA.

"***Pending Opioid Actions***" means the judicial, administrative or other actions or proceedings or Causes of Actions that were or could have been commenced before the commencement of the Chapter 11 Cases and that are identified in the charts annexed as Appendix II and Appendix III to the Preliminary Injunction, as well as any other pending actions against any of the Debtors, Released Parties or Shareholder Released Parties alleging substantially similar facts or Causes of Action as those alleged in the actions identified in those appendices.

"***Person***" means an individual (including, without limitation, in his or her capacity as a trustee, protector or executor), corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust or trustee, protector, executor, estate, unincorporated organization, Governmental Unit, Tribe or other Entity.

"***Petition Date***" means September 15, 2019.

"***Petitioner***" has the meaning set forth in Section 5.13(s)(vi) of the Plan.

"***Physician***" means a physician or physician practice group, which shall include, without limitation, ER Physicians

"***PI and TPP Claims Procedures Order***" means the *Order (I) Appointing PI and TPP Claims Administrators; (II) Authorizing the Establishment of Claims Deadlines and Claims Objection Procedures; and (III) Granting Related Relief* [D.I. 7382]

"***PI Channeled Claim***" means any NAS PI Channeled Claim or Non-NAS PI Channeled Claim.

"***PI Claim***" means any NAS PI Claim or Non-NAS PI Claim.

"***PI Shareholder Direct Settlements***" means the agreements by the Holders of PI Claims to provide, pursuant to the applicable Shareholder Release Consent Mechanism, the Third-Party Releases and be subject to the injunctions set forth in Sections 10.6(b) and 10.7(b) of the Plan in exchange for the consideration contemplated in the Plan and the Master Shareholder Settlement Agreement.

"***PI TDP***" means, collectively or as applicable, (i) with respect to NAS PI Channeled Claims, the NAS PI TDP and (ii) with respect to Non-NAS PI Channeled Claims, the Non-NAS PI TDP.

"***PI Trust***" means the trust to be established in accordance with Section 5.8 of the Plan to (i) assume all liability for the PI Channeled Claims, (ii) hold the MDT PI Claim, collect the Initial PI Trust Distribution and any payments due under the MDT PI Claim in accordance with the Plan, the Private Entity Settlements and the PI Trust Documents, (iii) administer PI Channeled Claims, (iv) make Distributions on account of Allowed PI Channeled Claims in accordance with the PI Trust Documents, (v) hold and administer the Class 10(a) Non-Participating Claims Reserve and the Class 10(b) Non-Participating Claims Reserves on and after the Effective Date, (vi) fund the TPP LRP Escrow Account and make payments therefrom to LRP Participating TPPs, in each case, in accordance with and subject to the terms of the LRP Agreement and (vii) carry out such other matters as are set forth in the PI Trust Documents.

"***PI Trust Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the PI Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Ad Hoc Group of

Individual Victims, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***PI Trust Deductions and Holdbacks***" means, collectively or as applicable, the following deductions and holdbacks from Distributions from the PI Trust as required under and subject to the terms of the PI Trust Documents: (i) the deduction of Creditor Trust Operating Expenses of the PI Trust, as required under and subject to the terms of the PI TDP and the PI Trust Agreement, (ii) the holdback of amounts in the TPP LRP Escrow Account and payments therefrom to LRP Participating TPPs, in each case, as required under and subject to the terms of the LRP Agreement, [(iii) the deduction of amounts prepaid to the United States under the United States-PI Claimant Medical Expense Claim Settlement,] (iv) the deduction of amounts on account of compensation, costs and fees of professionals that represented or advised (a) the Ad Hoc Group of Individual Victims in the event a Final Order is not entered granting a request for the allowance of reasonable and documented fees and expenses incurred by the Ad Hoc Group of Individual Victims under section 503(b) of the Bankruptcy Code; provided that, if a Final Order is entered granting such request in an amount less than the amount requested, then the deduction of the difference between the amount approved by such Final Order and the amount requested and (b) the NAS Committee in connection with the Chapter 11 Cases, in each case as and to the extent provided in the PI TDP and the PI Trust Agreement and subject to Section 5.9(g) of the Plan, and (v) the common benefit assessment required under Section 5.9(c) of the Plan and, where applicable, the fees and costs of a Holder's individual attorney(s), which deduction shall be made by such attorney(s) and reduced by the common benefit assessment in accordance with Section 5.9(c), as and to the extent provided in the PI TDP.

"***PI Trust Documents***"means the PI Trust Agreement, the PI TDP and the LRP Agreement, including all exhibits thereto."***PI Trust NAS Fund***" means a fund established by the PI Trust to make Distributions on account of Allowed NAS PI Channeled Claims and funded with the NAS PI Portion.

"***PI Trust Non-NAS Fund***" means a fund established by the PI Trust to make Distributions on account of Allowed Non-NAS PI Channeled Claims and funded with the Non-NAS PI Portion.

"***PI Trust Obligation***" has the meaning set forth in Section 5.2(e)(ii) of the Plan.

"***PI Trustee***" means the Creditor Trustee of the PI Trust.

"***Plan***" means this joint chapter 11 plan of reorganization for the Debtors, including all appendices, exhibits, schedules and supplements hereto (including the Plan Supplement), as it may be altered, amended or modified from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules and the terms hereof.

"***Plan Administration Trust***" means the trust to be created in accordance with Section 5.3 of the Plan to administer and make Distributions in respect of Claims against the Debtors (other than Channeled Claims and Federal Government Unsecured Claims) and administer the Plan.

"***Plan Administration Trustee***" means the trustee of the Plan Administration Trust appointed in accordance with Section 5.3(c) of the Plan.

"***Plan Documents***" means, collectively, the Plan and all documents to be executed, delivered, assumed or performed in connection with the Restructuring Transaction and the occurrence of the Effective Date, including the documents to be included in the Plan Supplement.

"***Plan Injunction***" means the injunctions issued pursuant to Section 10.5 of the Plan.

"***Plan Settlement***" means the settlement of certain Claims and controversies described in Section 5.2 of the Plan, and as further described and explained in the Disclosure Statement.

"***Plan Supplement***" means the supplement or supplements to the Plan containing certain documents relevant to the implementation of the Plan, which shall include the MDT Documents, the NewCo Transfer Agreement, the NewCo Operating Agreement, the Foundation Bylaws, the Governmental Remediation Trust Documents, the PAT Agreement, the PI Trust Documents (including the LRP Agreement), the Hospital Trust Documents, the ERP Trust Documents, the TPP Trust Documents, Public School Trust Documents, the Tribe Trust Documents, the identity of the MDT Trustees, the identity of the MDT Advisory Council Representatives, the identity of the NewCo Managers, the identity of the Foundation Trustees, the identity of the Plan Administration Trustee and PPLP Liquidator, the identity of the Creditor Trustees, identity of the Governmental Remediation Trust Trustees, the Schedule of Rejected Contracts, the Schedule of Retained Causes of Action, the Schedule of Excluded Parties, the Master Shareholder Settlement Agreement, and the Restructuring Steps Memorandum.

"***Plea Agreement***" means that certain proposed plea agreement attached as Exhibit B to the DOJ 9019 Motion, as approved by the DOJ 9019 Order, by and among (i) Purdue Pharma L.P. and (ii) the United States, acting through the United States Attorney's Office for the District of New Jersey, the United States Attorney's Office for the District of Vermont, and the United States Department of Justice, Civil Division, Consumer Protection Branch.

"***PPI Interest***" means any Interest in Purdue Pharma Inc., whether held directly or indirectly, that existed immediately before the Effective Date.

"***PPLP***" means Purdue Pharma L.P.

"***PPLP Dissolution Date***" means the date on which the PPLP Liquidator dissolves PPLP in accordance with Section 5.15(d) of the Plan.

"***PPLP Interest***" means any Interest in PPLP, whether held directly or indirectly, that existed immediately before the Effective Date.

"***PPLP Liquidator***" means the person appointed in accordance with Section 5.15(c) of the Plan, who will be the same individual appointed as the Plan Administration Trustee.

"***PRA L.P.***" means Pharmaceutical Research Associates L.P.

"***PRA Estate Distributions***" means [the portion of the Estate Distributions for each Class that is attributable to amounts received from the PRA L.P. and/or from Effective Date Cash.]

"***Preliminary Injunction***" means the *Seventeenth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction*, Adv. Pro. No. 19-08289 (RDD) [D.I. 254], as amended from time to time.

"***Prepayment Date***" shall have the meaning ascribed to such term in the Master Shareholder Settlement Agreement.

"***Prepetition Oklahoma Settlement***" has the meaning set forth in Section 5.2(f)(i)(D) of the Plan.

"***Priority Claim***" means any Priority Tax Claim or Other Priority Claim.

"***Priority Claims Reserve***" means a reserve to be established to pay Allowed Administrative Claims (other than Professional Fee Claims, which shall be paid from the Professional Fee Escrow Account in accordance with Section 2.1(b) of the Plan, and the DOJ Forfeiture Judgment Claim, which shall be paid in accordance with Section 2.3 of the Plan), Allowed Secured Claims and Allowed Priority Claims. The Priority Claims Reserve shall be (i) funded on the Effective Date with Cash and cash equivalents of the Debtors in an amount determined by the Debtors and reasonably acceptable to the Governmental Consent Parties, in consultation with the Creditors' Committee, and (ii) held by the Plan Administration Trust in a segregated account and administered by the Plan Administration Trustee on and after the Effective Date.

"***Priority Tax Claim***" means any Claim against any Debtor that is held by a Governmental Unit and of the kind entitled to priority in payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code.

"***Private Claimants' Priority Reversion***" means, on any date of determination, an amount equal to $19.8 million *less* the total Litigation Costs (as defined in the Master Shareholder Settlement Agreement) paid from the Special Operating Reserve for claims pursued by any Non-Settling Creditors in their respective Class as of such date.

"***Private Creditor Trusts***" means the Hospital Trust, the ERP Trust, the TPP Trust, and the PI Trust.

"***Private Entity Settlements***" means the settlement of Hospital Channeled Claims, Third-Party Payor Channeled Claims, the ER Physician Channeled Claims and PI Channeled Claims provided for under the Plan, as set forth in Section 5.2(e) of the Plan.

"***Privilege***" means any attorney-client privilege, work-product protection, joint defense or common interest privilege or other privilege or protection of immunity (i) held by any or all of the Debtors or their Estates, (ii) held by the board of directors (or similar body) or any special committee of the board of directors (or similar body) of any of the Debtors or (iii) attaching to any documents, communications, or thing (whether written or oral), including, but not limited to, electronic information relating to any Purdue Insurance Rights or Estate Causes of Action. Correlative terms such as "Privileged" have correlative meanings. Documents or information that are or have been subject to a clawback request by Debtors in the Purdue Legal Matters are Privileged.

"***Pro Rata Share***" means, with respect to an Allowed Other General Unsecured Claim, the proportion that such Allowed Claim bears to the aggregate amount of Allowed Other General Unsecured Claims and Disputed Other General Unsecured Claims.

"***Products***" means any and all products developed, designed, manufactured, marketed or sold, in research or development, or supported by, the Debtors, whether work in progress or in final form, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such product, including, but not limited to (a) any such products that are: (i) an opioid or opiate, as well as any product containing any such substance; or (ii) benzodiazepine, carisoprodol, or gabapentin; or (iii) a combination or "cocktail" of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates and (b) any such product consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, oxycodone, oxymorphone, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triozolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance.

"***Professional Fee Claim***" means a Claim for services or costs incurred in connection with such services, on or after the Petition Date and on or prior to the Effective Date, in each case by Professional Persons that remains unpaid as of the Effective Date, less any existing amounts held as a fee advance, retainer, or as security by a Professional Person that such Professional Person is authorized to use to satisfy Allowed Professional Fee Claims pursuant to the Interim Compensation Order or an order of the Bankruptcy Court authorizing the retention of such Professional Person (other than a reasonable retainer to cover post-Effective Date work); *provided* that, notwithstanding the foregoing, (i) the Professional Fee Claims of the Professional Persons retained by the Ad Hoc Committee shall be subject to the terms of the AHC Reimbursement Agreement Assumption Order and shall also include fees and expenses incurred prior to the Petition Date as and to the extent set forth in the AHC Reimbursement Agreement Assumption Order, and (ii) the Professional Fees Claims of the Professional Persons retained by the MSGE Group shall be subject to the terms of the MSGE Group Reimbursement Order.

"***Professional Fee Escrow Account***" means an account funded by the Debtors in Cash on or before the Effective Date to satisfy Allowed Professional Fee Claims in accordance with Section 2.1(b) of the Plan.

"***Professional Person***" means (i) any Person retained by order of the Bankruptcy Court in connection with these Chapter 11 Cases pursuant to section 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code, excluding any ordinary course professional retained pursuant to an order of the Bankruptcy Court, (ii) each of the professionals for the Ad Hoc Committee, as and to the extent authorized by the AHC Reimbursement Agreement Assumption Order, and (iii) each of the professionals for the MSGE Group, as and to the extent authorized by the MSGE Group Reimbursement Order.

"***Proof of Claim***" means a proof of Claim against any of the Debtors filed in the Chapter 11 Cases in accordance with section 501 of the Bankruptcy Code.

"***Protected Information***" has the meaning set forth in Section 5.13(o)(i) of the Plan.

"***Protected Parties***" means, collectively, (i) the Debtors, (ii) each of the Debtors' Related Parties, (iii) NewCo, (iv) the Foundation, (v) the Plan Administration Trust, (vi) the Master Disbursement Trust, except, solely to the extent provided in the Master TDP and the Governmental Remediation Trust Documents, with respect to the Channeled Claims channeled to the Master Disbursement Trust, (vii) each Creditor Trust, except, solely to the extent provided in the applicable Creditor Trust TDP, with respect to the Channeled Claims channeled to such Creditor Trust and (viii) the Shareholder Released Parties, subject to Section 10.8(c) of the Plan with respect to the Shareholder Release Snapback Parties.

"***Protective Order***" means the *Third Amended Protective Order*, 19-23649 (RDD) [D.I. 1935], as amended.

"***Public Creditor Trust Distributions***" means any and all payments, transfers and distributions from or on behalf of the Debtors or the Master Disbursement Trust to either of the Public Creditor Trusts, including without limitation the Initial Public Creditor Trust Distributions and all distributions of MDT Distributable Value received by a Public Creditor Trust.

"***Public Creditor Trusts***" means Governmental Remediation Trust and the Tribe Trust.

"***Public Document Repository***" means the public document repository to be established as set forth in Section 5.13 of the Plan.

"***Public Entity Allocation***" means the allocations of Public Creditor Trust Distributions between Governmental Remediation Trust and the Tribe Trust as set forth in Section 5.2(f)(i)(B) of the Plan.

"***Public Entity Settlements***" means the settlement of Non-Federal Domestic Governmental Channeled Claims, Tribe Channeled Claims and Public School Channeled Claims provided for under the Plan, as set forth in Section 5.2(f) of the Plan.

"***Public Health Initiatives***" means the development and distribution of medicines to treat opioid addiction and reverse opioid overdoses.

"***Public School Channeled Claim***" means (i) any Public School Claim or (ii) any Claim held by a Public School District that is released pursuant to the Public School District Shareholder Direct Settlement Agreement. Public School Channeled Claims shall be channeled to the Public School Trust in accordance with the Plan and Master TDP.

"***Public School Claims***" means any Claim against any Debtor that is held by a Public School District, in its capacity as such.

"***Public School District***" means an elementary, middle, or secondary public school district in the United States, in its capacity as such, that (i) has filed one or more Proofs of Claim; (ii) has a student population greater than 5,000 students; or (iii) has filed cases against the opioid industry in MDL 2804 McKinsey or other courts.

"***Public School District Claimants***" means the public school districts identified in the (i) *Verified Statement of Binder & Schwartz LLP Under Federal Rule of Bankruptcy Procedure 2019* [D.I. 2707] and (ii) *Verified Statement of Hughes Socol Piers Resnick & Dym, Ltd. and Cocounsel under Federal Rule of Bankruptcy Procedure 2019* [D.I. 2304], each as may be amended from time to time.

"***Public School District Shareholder Direct Settlement***" means the settlement set forth in the Public School District Shareholder Direct Settlement Agreement.

"***Public School District Shareholder Direct Settlement Agreement***" means the settlement agreement which shall be filed by the Debtors with the Plan Supplement.

"***Public School TDP***" means the trust distribution procedures to be implemented by the Public School Trust setting forth the procedures for distributions from the Public School Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Public School District Claimants, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***Public School Trust***" means a trust called the Public Schools' Special Education Initiative Trust which shall, on the terms described in the Public School Trust Agreement and in accordance with Section 5.8 of the Plan (i) assume all liability for the Public School Channeled Claims, (ii) hold the MDT Public School District Claim and collect the Initial Public Schools Distribution and additional payments due under the MDT Public School District Claim in accordance with the Public Entity Settlements and the Public School Trust Documents (after deduction of any required payments to the Common Benefit Fund and/or in respect of attorneys' fees and expenses of the Public School District Claimants in accordance with Section 5.9(c) and (h) of the Plan), (iii) administer Public School Channeled Claims, (iv) hold and administer the Class 6 Non-Participating Claims Reserve on and after the Effective Date, (v) hold the Class 6 Released Claims Reserve on and after the Effective Date and (vi) make Distributions in accordance with the Public School TDP.

"***Public School Trust Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the Public School Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Public School District Claimants, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***Public School Trust Documents***" means the Public School Trust Agreement and the Public School TDP.

"***Purdue***" has the meaning set forth in the introductory paragraph of this Plan.

"***Purdue Insurance Collateral***" means any collateral the Debtors have provided or set aside to secure obligations under any Purdue Insurance Policy.

"***Purdue Insurance Policies***" means any primary, umbrella, excess, fronting or other insurance policy, whether known or unknown, issued to or that provides or may provide coverage or benefits at any time to any of the Debtors or under which any of the Debtors have sought or may seek coverage or benefits, including, without limitation, any such policy for directors' and officers' liability, general liability, product liability, property, workers' compensation or fiduciary liability, or any other coverage, and all agreements, documents or instruments relating thereto including, without limitation, any agreement with a third-party administrator for claims handling, risk control or related services, that (i) were issued prior to the Effective Date and (ii) cover periods that are, in whole or in part, prior to the Effective Date. For the avoidance of doubt, Purdue Insurance Policies shall not include any insurance policy that was issued exclusively to and that exclusively benefits and exclusively provides coverage to Persons who are neither Debtors nor predecessors of a Debtor nor current or former officers, directors or shareholders of any of the Debtors.

"***Purdue Insurance Rights***" means any and all rights, titles, privileges, interests, claims, demands or entitlements of the Debtors to any proceeds, payments, benefits, Causes of Action, choses in action, defense or indemnity arising under, or attributable to, any and all Purdue Insurance Policies or Purdue Insurance Collateral, now existing or hereafter arising, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, disputed or undisputed, fixed or contingent. For the avoidance of doubt, "Purdue Insurance Rights" include any rights of the Debtors to proceeds of Purdue Insurance Policies and Purdue Insurance Collateral.

"***Purdue Insurance Stipulation***" means the *Stipulation and Agreed Order Granting Joint Standing to Prosecute Claims and Causes of Action Related to the Debtors' Insurance Coverage to (1) the Official Committee of Unsecured Creditors and (2) the Ad Hoc Committee of Government and Other Contingent Litigation Claimants* [D.I. 2305].

"***Purdue Legal Matter***" means (i) these Chapter 11 Cases, the Plan or the Restructuring Transactions, (ii) the Pending Opioid Actions, (iii) any other ongoing or completed action or proceeding, whether commenced by a Governmental Unit or any other Person, or government investigation, in each case, relating generally to the same or similar subject matter of the actions and proceedings subject to the Preliminary Injunction, (iv) any ongoing or completed action or investigation by the DOJ, including any cooperation obligation arising out of any such action or investigation or (v) any mediation or settlement related to the same or similar subject matter of any of the foregoing.

"***Purdue Monitor***" means the monitor retained pursuant to the voluntary injunction set forth in Appendix I to the Preliminary Injunction.

"***Purdue Oklahoma Subdivision Fund***" means the fund designated for the Oklahoma subdivisions in the State of Oklahoma's pre-petition settlement with the Debtors and certain of the Sackler Parties and/or their Related Parties.

"***Purdue Pension Plan***" means the Purdue Pharma L.P. Pension Plan, a single-employer defined benefit pension plan covered by Title IV of ERISA.

"***Ratepayer Mediation Participants***" means the proposed representatives of classes of privately insured parties who are plaintiffs and proposed class representatives identified in the Amended Verified Statement of Stevens & Lee, P.C. Pursuant to Bankruptcy Rule 2019 [D.I. 333].

"***Ratepayer Mediation Participants Stipulation***" means a stipulation to be entered into among the Debtors, the Ratepayer Mediation Participants and the Sackler Parties pursuant to which (i) the Ratepayer Mediation Participants will agree to (a) withdraw all proofs of claim filed by the Ratepayer Mediation Participants and (b) not to prosecute further litigation on grounds similar to those represented by such proofs of claim against the Shareholder Released Parties; (ii) the Ratepayer Mediation Participants agree to support this Plan; and (iii) the Ratepayer Mediation Participants will receive $1.4 million in professional fees for services rendered in connection with the Chapter 11 Cases.

"***Reciprocal Releasee***" means each of the following: (i) the Debtors and their Estates and (ii) each Party granting the Third-Party Releases pursuant to the applicable Shareholder Release Consent Mechanism.

"***Reinstated***" means, with respect to any Claim against or Interest in a Debtor, that such Claim or Interest shall be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code.

"***Related Parties***" means, with respect to a Person, (i) such Person's predecessors, successors, assigns, Subsidiaries, affiliates, managed accounts or funds, past, present and future officers, board members, directors, principals, agents, servants, independent contractors, co-promoters, third-party sales representatives, medical liaisons, members, partners (general or limited), managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys and legal representatives, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals and advisors, trusts (including trusts established for the benefit of such Person), trustees, protectors, beneficiaries, direct or indirect owners and/or equityholders, parents, transferees, heirs, executors, estates, nominees, administrators, and legatees, in each case in their respective capacities as such; (ii) the Related Parties of each of the foregoing, in each case in their respective capacities as such; and (iii) solely with respect to the Settling Co-Defendants, any insurer of any Settling Co-Defendant solely in its capacity as such (and specifically excluding certain insurers of the Debtors that have issued, are responsible for, or have liability on account of insurance rights arising out of or in connection with Opioid-Related Activities, solely in such insurers capacities as such). For the avoidance of doubt, the citizens and residents of a State shall not be deemed to be Related Parties of such State solely as a result of being citizens or residents of such State; provided, however, that notwithstanding the foregoing, in no event shall an Excluded Party be a Related Party.

"***Relativity Database***" has the meaning set forth in Section 5.13(g) of the Plan.

"***Released Claims***" means any Causes of Action released pursuant to Section 10.6(a) and (b) of the Plan.

"***Released Claims Reserves***" means separate interest-bearing escrow accounts established on the Effective Date by each Creditor Trust [and the Plan Administration Trust], with the Master Disbursement Trust serving as administrative agent in relation thereto, to hold amounts released from the

Creditor Trust PRA Non-Participating Claims Reserves and the Disputed Other General Unsecured Claims Reserve pursuant to Section 7.8 of this Plan upon the disallowance of Non-Participating Channeled Claims and Disputed Other GUC Litigation Claims.

"***Released Parties***" means, collectively, (i) the Debtors, (ii) each of the Debtors' Related Parties, solely in their respective capacities as such, and (iii) solely for purposes of the releases by the Debtors in Section 10.6(a) of the Plan, (A) the Supporting Claimants, the Creditors' Committee and the Creditors' Committee's members and each of their respective professionals, in each case solely in their respective capacities as such and (B) the Settling Co-Defendants and each of their Related Parties, in each case solely in their respective capacities as such; *provided*, *however*, that, notwithstanding the foregoing or anything herein to the contrary, no Excluded Party or Shareholder Release Snapback Party shall be a Released Party in any capacity or respect. For purposes of this definition of "Released Parties," the phrase "solely in their respective capacities as such" means, with respect to a Person, solely to the extent a claim against such Person (x) arises from such Person's conduct or actions taken in such capacity, or from such Person's identified capacity in relation to another specified Released Party and not, in either case, from such Person's conduct or actions independent of such capacity, and (y) to the extent such Person's liability depends on or derives from the liability of such other Released Party, such claim would be released if asserted against such other Released Party.

"***Releases***" means the releases provided for in Sections 10.6 and 10.7 of the Plan.

"***Releasing Parties***" means, collectively, (i) the Supporting Claimants, solely in their respective capacities as such, (ii) the Opt-In Settling Creditors, (iii) the Settling Co-Defendants and (iv) with respect to each of the Persons in the foregoing clauses (i) through (iii), each of their Related Parties, to the extent the applicable Releasing Party has the authority under applicable law to grant such release on their behalf, in each case, other than any Shareholder Released Party.

"***Replenishment Transfer***" means a transfer by the Master Disbursement Trust to the Special Operating Reserve pursuant to the terms of the Master Shareholder Settlement Agreement.

"***Reserved MDT Insurance Policies***" means (i) policy number B0509FINMR 1600558 and policy number B0509FINMR 1600559 and (ii) any MDT Insurance Policy that is not listed by policy number in Schedule 2 to the MDT Agreement.

"***Restructuring Steps Memorandum***" means the summary of transaction steps to complete the Restructuring Transactions, which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be included in the Plan Supplement.

"***Restructuring Transactions***" means one or more transactions to occur on or before the Effective Date or as soon as reasonably practicable thereafter, that may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate this Plan, including (i) the creation of NewCo and the direct or indirect transfer thereto and vesting therein (or in a Subsidiary of NewCo) of the NewCo Transferred Assets free and clear of Claims, Interests and liabilities in accordance with the NewCo Transfer Agreement, (ii) the creation of the Foundation and the issuance of the NewCo Interest to the Foundation, (iii) the creation of the Master Disbursement Trust and the transfer thereto and vesting therein of the MDT Transferred Assets, (iv) the creation of the Plan Administration Trust and the vesting therein of the PAT Assets, (v) the creation of Governmental Remediation Trust and the Tribe Trust and the consummation of the Public Entity Settlements, consisting of the payment of the Initial Public Creditor Trust Distributions and the issuance of the MDT Interests, (vi) the consummation of the Public School District Shareholder Direct Settlement, consisting of the payment of the Initial Public Schools Distribution and the issuance of the MDT Public School District Claims, (vii) the creation of the Private

Creditor Trusts and the consummation of the Private Entity Settlements, consisting of the payment of the Initial Private Creditor Trust Distributions and the issuance of the MDT Private Claims, (viii) the creation and funding of the Priority Claims Reserve and the PAT Distribution Account to make Distributions in respect of Allowed Claims (other than Channeled Claims), (ix) entry into the Shareholder Settlements in exchange for, among other things, the contribution of funds to the Master Disbursement Trust and/or the Governmental Remediation Trust, as applicable, pursuant to the Shareholder Settlement Agreement, (x) the Releases, injunctions and exculpations set forth herein and in the Confirmation Order and (xi) the transactions set forth in the Restructuring Steps Memorandum.

"***Retained Causes of Action***" means all Estate Causes of Action that are not expressly settled or released under the Plan on or prior to the Effective Date, and which shall include all Causes of Action against Excluded Parties and the Causes of Action set forth on the Schedule of Retained Causes of Action. Any and all Estate Causes of Action against any Settling Co-Defendant (other than any Estate Causes of Action against any Settling Co-Defendant expressly preserved against such Settling Co-Defendants in Section 10.6 of the Plan) are not Retained Causes of Action and are released under the Plan.

"***Retained Shareholder Insurance Claim***" has the meaning set forth in Section 5.6(j) of the Plan.

"***Sackler Family Members***" means (i) Raymond R. Sackler and Mortimer D. Sackler, (ii) all Persons who are descendants of either Raymond R. Sackler or Mortimer D. Sackler, (iii) all current and former spouses of any individual identified in the foregoing clause (i) or (ii), and (iv) the estate of any individual identified in the foregoing clause (i), (ii) or (iii).

"***Sackler Parties' Representative***" has the meaning set forth in the Master Shareholder Settlement Agreement.

"***Sackler Party***" has the meaning set forth in the Master Shareholder Settlement Agreement.

"***Schedule of Excluded Parties***" means the schedule of Excluded Parties filed by the Debtors with the Plan Supplement, which shall include only Persons agreed to by the Debtors and the Governmental Consent Parties, in consultation with the Creditors' Committee.

"***Schedule of Rejected Contracts***" means the schedule of all executory contracts and unexpired leases to be rejected by the Debtors, if any, filed by the Debtors with the Plan Supplement, which shall be in form and substance acceptable to the Debtors and reasonably acceptable to the Governmental Consent Parties, in consultation with the Creditors' Committee.

"***Schedule of Retained Causes of Action***" means the schedule of Retained Causes of Action filed by the Debtors with the Plan Supplement, which shall be in form and substance acceptable to the Debtors and the Governmental Consent Parties, and reasonably acceptable to the Creditors' Committee.

"***Scheduled***" means, with respect to any Claim against the Debtors, the status, priority, and amount, if any, of such Claim as set forth in the Schedules.

"***Scheduled MDT Distribution Date***" means (i) the Effective Date and (ii) other than the SSA Payment Date occurring on the Effective Date, the date that is thirty (30) calendar days after each SSA Payment Date.

"***Schedules***" means the schedules of assets and liabilities, statements of financial affairs, lists of Holders of Claims and Interests and all amendments or supplements thereto filed by the Debtors

with the Bankruptcy Court to the extent such filing is not waived pursuant to an order of the Bankruptcy Court.

"***Second Public Schools Distribution***" has the meaning set forth in Section 5.2(f)(ii) of the Plan.

"***Secured Claim***" means any Claim against any Debtor to the extent such Claim is (i) secured by a valid, perfected and non-avoidable Lien on property of a Debtor's Estate, the amount of which is equal to or less than the value of such property (A) as set forth in this Plan, (B) as agreed to by the Holder of such Claim and the Debtors, or (C) as determined by a Final Order in accordance with section 506(a) of the Bankruptcy Code or (ii) subject to any setoff right of the Holder of such Claim under section 553 of the Bankruptcy Code. "Secured Claim" does not include any Claim that meets the definition of "Priority Tax Claim."

"***Securities Act***" means the Securities Act of 1933, as amended.

"Select Private Creditor Trust Non-Participating Claims Reserves" means segregated accounts established pursuant to Section 7.2 of this Plan for each of Classes 6 through 10(a), in each case held and administered on and after the Effective Date by the applicable Creditor Trust of such Class. Each Select Private Creditor Trust Non-Participating Claims Reserve shall be funded with Distributions in accordance with Sections 7.2(c) and (d) of this Plan.

"***Separation Agreement***" means the agreements entered into in accordance with the Master Shareholder Settlement Agreement to govern continuing business relationships and claims among the Debtors, NewCo and any entities owned directly or indirectly by the Shareholder Payment Parties, Sackler Family Members or trusts established by or for the benefit of the Sackler Family Members, which shall be on terms reasonably acceptable to the Governmental Consent Parties and the Creditors' Committee.

"***Sequestered Materials***" has the meaning set forth in Section 5.13(i) of the Plan.

"***Sequestration Date***" has the meaning set forth in Section 5.13(k) of the Plan.

"***Settled Canadian Patient Claims***" means the "Settled Patient Claims" as defined in the Canadian Patient Claim Settlement Stipulation.

"***Settling Co-Defendant***" means (i) any Person that is a signatory to the *Joint Objection of Certain Distributors, Manufacturers, and Pharmacies to the Sixth Amended Joint Chapter 11 Plan of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 3306] and/or (ii) any Co-Defendant that objected, formally or informally, or reserved rights with respect to the assumption and assignment of any contract pursuant to the Plan.

"***Settling Creditor***" means any Holder of a Channeled Claim that consents to the Third-Party Releases or otherwise provides a release under a Shareholder Settlement Agreement pursuant to the applicable Shareholder Release Consent Mechanism.

"***Settling MDT Insurer***" means an Insurance Company that has entered into an MDT Insurance Settlement, solely in its capacity as such and solely with respect to any MDT Insurance Policy released in such MDT Insurance Settlement.

"***Settling MDT Insurer Injunction***" means the injunction issued pursuant to Section 10.11 of the Plan.

"***Settling States***" means States that are Settling Creditors.

"***Settling States MDT Trustees***" has the meaning set forth in Section 5.6(d) of the Plan.

"***Shareholder Claim***" means any Claim against any Debtor or that seeks to recover from any property of any Debtor or its Estate, including from any MDT Insurance Policy, in each case, that is held by a Shareholder Released Party (other than any current or former director, officer or employee of the Debtors that is not a Sackler Family Member). Notwithstanding anything to the contrary outside of this definition in the Plan, any Claim that satisfies the definition of a Shareholder Claim shall be a Shareholder Claim notwithstanding that such Claim would otherwise satisfy the definition of another type of Claim.

"***Shareholder Direct Claims Releases***" means (i) the releases provided for in Section 10.7(b) of the Plan, or (ii) any and all releases, waivers, or disclaimers of liability, standstill agreements, or other similar terms contained in the Direct Claims Shareholder Settlement Agreements.

"***Shareholder Direct Settlement Portion***" means the portion of the aggregate Distribution to each Class of Channeled Claim funded with amounts received from the Shareholder Payment Parties on account of the Direct Claims Shareholder Settlements, which, subject to any Direct Claim Settlement Retained Payment Amounts (to the extent applicable):

(a) with respect to Non-Federal Domestic Governmental Channeled Claims, shall be an aggregate amount of $3,485,264,791.64, consisting of $450,819,227.34 of the Initial Governmental Remediation Trust Distribution, and the following amounts received by the Governmental Remediation Trust on each of the following Scheduled MDT Distribution Dates from amounts paid by the Shareholder Payment Parties to the Master Disbursement Trust on the SSA Payment Date corresponding to such Scheduled MDT Distribution Date: (i) $276,239,448.81 on the second Scheduled MDT Distribution Date, (ii) $324,589,448.81 on the third Scheduled MDT Distribution Date, (iii) $268,342,500.00 on the fourth Scheduled MDT Distribution Date, (iv) $166,465,020.83 on the fifth Scheduled MDT Distribution Date, (v) $116,664,520.83 on the sixth Scheduled MDT Distribution Date, (vi) $122,627,687.50 on the seventh Scheduled MDT Distribution Date, (vii) $122,627,687.50 on the eighth Scheduled MDT Distribution Date, (viii) $122,627,687.50 on the ninth Scheduled MDT Distribution Date, (ix) $152,604,687.50 on the tenth Scheduled MDT Distribution Date, (x) $152,604,687.50 on the eleventh Scheduled MDT Distribution Date, (xi) $152,604,687.50 on the twelfth Scheduled MDT Distribution Date, (xii) $152,604,687.50 on the thirteenth Scheduled MDT Distribution Date, (xiii) $301,280,937.50 on the fourteenth Scheduled MDT Distribution Date, (xiv) $301,280,937.50 on the fifteenth Scheduled MDT Distribution Date, and (xv) $301,280,937.50 on the sixteenth Scheduled MDT Distribution Date;

(b) with respect to Tribe Channeled Claims, shall be an aggregate amount of $118,938,715.74, consisting of $15,384,730.61 of the Initial Tribe Trust Distribution, and the following amounts received by the Tribe Trust on each of the following Scheduled MDT Distribution Dates from amounts paid by the Shareholder Payment Parties to the Master Disbursement Trust on the SSA Payment Date corresponding to such Scheduled MDT Distribution Date: (i) $9,426,992.57 on the second Scheduled MDT Distribution Date, (ii) $11,076,992.57 on the third Scheduled MDT Distribution Date, (iii) $9,157,500.00 on the fourth Scheduled MDT Distribution Date, (iv) $5,680,812.50 on the fifth Scheduled MDT Distribution Date, (v) $3,981,312.50 on the sixth Scheduled MDT Distribution Date, (vi) $4,184,812.50 on the seventh Scheduled MDT Distribution Date, (vii) $4,184,812.50 on the eighth Scheduled MDT Distribution Date, (viii) $4,184,812.50 on the ninth Scheduled MDT Distribution Date, (ix) $5,207,812.50 on the tenth Scheduled MDT Distribution Date, (x) $5,207,812.50 on the eleventh Scheduled MDT Distribution Date, (xi) $5,207,812.50 on the twelfth Scheduled MDT Distribution Date, (xii) $5,207,812.50 on the thirteenth Scheduled MDT Distribution Date, (xiii) $10,281,562.50 on the fourteenth Scheduled MDT Distribution Date, (xiv) $10,281,562.50 on the fifteenth Scheduled MDT Distribution Date, and (xv) $10,281,562.50 on the sixteenth Scheduled MDT Distribution Date;

(c) with respect to Hospital Channeled Claims, shall be $174,215,320.82;

(d) with respect to Public School Channeled Claims, shall be an aggregate amount of $26,776,216.55, consisting of (i) $16,859,099.31 of the Initial Public Schools Distribution, (ii) $4,958,558.62 of the Second Public Schools Distribution, and (iii) $4,958,558.62 of the Third Public Schools Distribution;

(e) with respect to Third-Party Payor Channeled Claims, shall be $261,104,374.91 (such amount, the "**Maximum TPP Shareholder Direct Settlement Amount**");

(f) with respect to ER Physician Channeled Claims, shall be $3,842,182.12; and

(g) with respect to NAS PI Channeled Claims, shall be $25,138,065.25 (such amount, the "**Maximum NAS PI Shareholder Direct Settlement Amount**").

(h) with respect to Non-NAS PI Channeled Claims, shall be $153,178,666.30 (such amount, the "**Maximum Non-NAS PI Shareholder Direct Settlement Amount**").

In the event of any Shareholder Prepayment, the Shareholder Direct Settlement Portion otherwise applicable to Distributions to the Governmental Remediation Trust and Tribe Trust on the Scheduled MDT Distribution Date corresponding to the Target Payment Date of such prepayment shall be applied to Distributions made to the Governmental Remediation Trust and Tribe Trust on the MDT Distribution Date corresponding to such Prepayment Date with amounts received from the Shareholder Payment Parties on account of such prepayment, and such Shareholder Direct Settlement Portion shall be reduced using the discount rate calculation applicable to such Shareholder Prepayment pursuant to the terms of the Master Shareholder Settlement Agreement. In the event of any that any Shareholder Payment Group fails to pay when due any portion of the Payment Date Obligation owed by such Shareholder Payment Group pursuant to the terms of the Master Shareholder Settlement Agreement, the Shareholder Direct Settlement Portion for the Scheduled MDT Distribution Date corresponding to such Payment Date Obligations shall be reduced pro rata based on the amount of such non-payment.

"***Shareholder Estate Claim Releases***" means releases provided for in Section 10.7(a) of the Plan.

"***Shareholder Estate Settlement Distribution***" means Estate Distributions to Holders of Channeled Claims solely on account of funds provided by the Sackler Parties on account of the Sackler Parties' settlement with the Estates as set forth in the Master Shareholder Settlement Agreement.

"***Shareholder Family Group***" has the meaning ascribed to the term "Family Group" in the Master Shareholder Settlement Agreement.

"***Shareholder Payment Group***" has the meaning ascribed to the term "Payment Group" in the Master Shareholder Settlement Agreement.

"***Shareholder Payment Party***" means, as applicable, the Shareholder Released Parties that are parties to the Master Shareholder Settlement Agreement or the applicable Direct Claims Shareholder Settlement Agreement.

"***Shareholder Prepayment***" means any payment of all or any portion of a Minimum Required Settlement Payment to the Master Disbursement Trust prior to the scheduled SSA Payment Date

for such Minimum Required Settlement Payment as set forth in the Master Shareholder Settlement Agreement.

"***Shareholder Release Consent Mechanism***" means the applicable mechanism for each Holder of a Claim to consent to the Third-Party Releases or otherwise be bound by a release under a Shareholder Settlement Agreement which are exclusively: (i) with respect to Holders of Non-Federal Domestic Governmental Claims, executing a joinder to the Governmental Entity Shareholder Direct Settlement Agreement or otherwise participating in the Governmental Entity Shareholder Direct Settlement Agreement in accordance with the terms thereof, (ii) with respect to Holders of Public School Claims, participating in the Public School District Shareholder Direct Settlement, (iii) with respect to Holders of Tribe Claims, executing a joinder to the Tribal Shareholder Direct Settlement Agreement, (iv) with respect to Holders of Hospital Claims, participating in the Hospital Shareholder Direct Settlement, (v) with respect to Holders of Third-Party Payor Claims, through electing to opt-in to the Third-Party Releases on its applicable ballot, (vi) with respect to Holders of ER Physician Claims, participating in the ER Physician Shareholder Direct Settlement; and (vii) with respect to Holders of PI Claims, through electing to opt-in to the Third-Party Releases on its applicable ballot.

"***Shareholder Release Remedy***" has the meaning ascribed to the term "Release Remedy" in the Master Shareholder Settlement Agreement.

"***Shareholder Release Snapback Parties***" means, collectively, the Designated Shareholder Released Parties and all members of any Shareholder Family Group.

"***Shareholder Released Claims***" means any Causes of Action released pursuant to Section 10.7(a) and (b) of the Plan, as applicable.

"***Shareholder Released Direct Claims***" means any Causes of Action released pursuant to Section 10.7(b) of the Plan.

"***Shareholder Released Estate Claims***" means any Causes of Action released pursuant to Section 10.7(a) of the Plan.

"***Shareholder Released Parties***" means, collectively, (i) the Shareholder Payment Parties; (ii) the Designated Shareholder Released Parties and the Persons identified on Exhibit [X] to the Master Shareholder Settlement Agreement; (iii) all Persons directly or indirectly owning an equity interest in any Debtor on the date on which such Debtor commenced its Chapter 11 Case; (iv) Sackler Family Members; (v) all trusts for the benefit of any of the Persons identified in the foregoing clause (iv) and the past, present and future trustees (including, without limitation, officers, directors and employees of any such trustees that are corporate or limited liability company trustees and members and managers of trustees that are limited liability company trustees), protectors and beneficiaries thereof, solely in their respective capacities as such; (vi) all Persons (other than the Debtors) to which property or funds of the Persons identified in any of the foregoing clauses (i) through (v) have been or are directly or indirectly transferred (including for charitable or philanthropic purposes), solely in such Persons' capacities as transferees and solely to the extent of any property or funds transferred to them; and (vii) with respect to each Person in the foregoing clauses (i) through (v), such Person's (A) predecessors, successors, permitted assigns, subsidiaries (other than the Debtors), controlled affiliates, spouses, heirs, executors, estates and nominees, in each case solely in their respective capacities as such, (B) current and former officers and directors, principals, members and employees, in each case, solely in their respective capacities as such, (C) financial advisors, attorneys (including, without limitation, attorneys retained by any director, in his or her capacity as such), accountants, investment bankers (including, without limitation, investment bankers retained by any director, in his or her capacity as such), consultants, experts and other professionals, in each case, solely in their respective capacities as such, and (D) property possessed or owned at any time or the proceeds

therefrom; *provided* that notwithstanding anything to the contrary herein, the Debtors and the Excluded Parties identified on the Schedule of Excluded Parties shall not be Shareholder Released Parties. For purposes of this definition of "Shareholder Released Parties," the phrase "solely in their respective capacities as such" means, with respect to a Person, solely to the extent a claim against such Person (x) arises from such Person's conduct or actions taken in such capacity, or from such Person's identified capacity in relation to another specified Shareholder Released Party and not, in either case, from such Person's conduct or actions independent of such capacity, and (y) to the extent such Person's liability depends on or derives from the liability of such other Shareholder Released Party, such claim would be released if asserted against such other Shareholder Released Party. For the avoidance of doubt, any Person that fits within multiple categories above shall be a Shareholder Released Party in all such categories and failure to include any Person that fits within any category above on Exhibit [X] to the Master Shareholder Settlement Agreement shall not mean that such Person is not a Shareholder Released Party.

"***Shareholder Releases***" means the releases provided for in Section 10.7 of the Plan.

"***Shareholder Settlement Agreements***" means, collectively, the Master Shareholder Settlement Agreement and all Direct Claims Shareholder Settlement Agreements.

"***Shareholder Settlement Amount***" means the aggregate amount of up to $7 billion provided for in settlement of all Shareholder Settlement Released Claims in the Shareholder Settlement Agreements, collectively, which shall be paid by the Shareholder Payment Parties on the dates and pursuant to the terms set forth in the Shareholder Settlement Agreements.

"***Shareholder Settlement Released Claims***" means the Shareholder Released Estate Claims, the Third-Party Released Claims, and the Causes of Action released under the applicable Direct Claims Shareholder Settlement Agreements.

"***Shareholder Settlement Releases***" means the Shareholder Estate Claim Releases, the Third-Party Releases, and any and all releases, waivers, or disclaimers of liability, standstill agreements, or other similar terms contained in the applicable Direct Claims Shareholder Settlement Agreements or pursuant to the Direct Claims Shareholder Settlements.

"***Shareholder Settlements***" means the settlements, including the Direct Claims Shareholder Settlements, reflected in the Plan, the Plan Supplement, the Confirmation Order, the Master Shareholder Settlement Agreement, and the Direct Claims Shareholder Settlement Agreements providing for, among other things, the Shareholder Settlement Releases and the Channeling Injunction in exchange for, among other things, the payments to be made by the Shareholder Payment Parties to the Master Disbursement Trust for the benefit of the Debtors, their Estates, and the Settling Creditors.

"***Solicitation Procedures Order***" means the order entered by the Bankruptcy Court approving (i) the adequacy of information in the Disclosure Statement, (ii) solicitation and voting procedures, (iii) forms of ballots, notices and notice procedures in connection therewith and (iv) certain dates with respect thereto [D.I. 2988].

"***SOR Holdback***" has the meaning set forth in Section 5.7(a)(i) of the Plan.

"***Special Master***" means the Disclosure Oversight Special Master appointed in accordance with Section 5.13(s) of the Plan.

"***Special Operating Reserve***" means a separate interest-bearing escrow account established by the Master Disbursement Trust on or before the Effective Date, subject to the terms set forth in the Master Shareholder Settlement Agreement.

"***SSA Payment Date***" means each "Payment Date" as defined in, and as subject to adjustment pursuant to the terms of, the Master Shareholder Settlement Agreement.

"***State***" means except for Oklahoma, all 50 states of the United States of America and the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and U.S. Virgin Islands.

"***State Expenses Fund***" means the fund to be established as set forth in Section 5.9(b) of the Plan.

"***States AG Negotiating Group***" means the negotiating committee of State Attorneys General formed pursuant to the *Amended Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 6682].

"***Subdivision***" has the meaning set forth in the Master Shareholder Settlement Agreement.

"***Subdivision Allocation***" means, with respect to a Subdivision, the allocation applicable to such Subdivision as calculated based on the Subdivision Allocation Percentage.

"***Subdivision Allocation Percentage***" shall have the meaning ascribed to such term in the Governmental Entity Shareholder Direct Settlement.

"***Subdivisions in Non-Settling States***" has the meaning set forth in Section 5.2(f)(i)(C) of the Plan.

"***Subject MDT Assets***" has the meaning set forth in Section 5.2(e)(ii) of the Plan.

"***Subsidiary***" has the meaning set forth in Section 10.9(a) of the Plan.

"***Subsidiaries***" means, with respect to a Person, all direct and indirect subsidiaries of such Person.

"***Supporting Claimants***" means (i) the Ad Hoc Committee, (ii) the MSGE Group, (iii) the Native American Tribes Group, (iv) the Ad Hoc Group of Individual Victims, (v) the Ad Hoc Group of Hospitals, (vi) the Third-Party Payor Group, (vii) the NAS Committee, (viii) the Public School District Claimants, and (ix) with respect to each of the foregoing clauses (i) through (viii), the respective members thereof, solely in their respective capacities as such.

"***Surplus Reserve Cash***" means any surplus Cash or cash equivalents in any of the PAT Reserves in excess of what is estimated to be necessary to satisfy the obligations for which such amounts were reserved, in each case, as determined by the Plan Administration Trustee in accordance with Section 5.14(c) of the Plan.

"***Suspension Event***" shall have the meaning ascribed to such term in the Master Shareholder Settlement Agreement.

"***Target Payment Date***" shall have the meaning ascribed to such term in the Master Shareholder Settlement Agreement.

"***Third-Party Payor***" means a private health insurer, an employer-sponsored health plan, a union health and welfare fund or any other provider of healthcare benefits, including any third-party administrator or agent on behalf thereof, in each case in its capacity as such, that is not a Domestic Governmental Entity; *provided*, *however*, that California health districts acting as third-party payors that

filed Third-Party Payor Proofs of Claim in such capacity by the Bar Date established by the Bar Date Order shall be included in this definition of "Third-Party Payor."

"***Third-Party Payor Channeled Claim"*** means any (i) Third-Party Payor Claim or (ii) Released Claim or Shareholder Released Claim that is held by a Third-Party Payor (in the case of Third Party Released Claims, solely to the extent that such Third-Party Payor is a Settling Creditor) that is not a Domestic Governmental Entity. Third-Party Payor Channeled Claims shall be channeled to the TPP Trust in accordance with the Plan and the Master TDP.

"***Third-Party Payor Claim***" means any Claim against any Debtor that is held by a Third-Party Payor (including any Claim based on the subrogation rights of the Holder thereof that is not an Other Subordinated Claim) that is not a Domestic Governmental Entity; *provided* that Claims in respect of self-funded government plans that were and are asserted through private Third-Party Payors shall be included in this definition of "Third-Party Payor Claims." For the avoidance of doubt, (i) Federal Government Unsecured Claims are not Third-Party Payor Claims, and (ii) claims of Third-Party Payors against Holders of PI Claims or Distributions payable to Holders of PI Claims are not claims against any Debtor and therefore are not included in this definition of "Third-Party Payor Claims."

"***Third-Party Payor Group***" means the group of certain Holders of Third-Party Payor Claims consisting of (i) the Holders of Third-Party Payor Claims represented by the Third-Party Payer participants in the Mediation listed in Exhibit A of the *Mediators' Report* [D.I. 1716] and (ii) one representative from United Healthcare for its Medicare, Medicaid, and fully insured commercial plans and one representative from the Ad Hoc Group of Self-Funded Plans identified in the *Verified Statement of the Ad Hoc Group of Self-Funded Health Plans Pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure* [D.I. 1243].

"***Third-Party Payor Shareholder Direct Settlement***" means the settlement among the Shareholder Payment Parties and Holders of Third-Party Payor Claims that agree to provide the Third-Party Releases and be subject to the injunctions set forth in Sections 10.6(b) and 10.7(b) of the Plan in exchange for the consideration contemplated in the Plan and Master Shareholder Settlement Agreement.

"***Third-Party Released Claims***" means any Causes of Action released pursuant to Sections 10.6(b) and 10.7(b) of the Plan, as applicable.

"***Third-Party Releases***" means the releases provided for in Sections 10.6(b) and 10.7(b) of the Plan.

"***Third Public Schools Distribution***" has the meaning set forth in Section 5.2(f)(ii) of the Plan.

"***Total Direct Settlement Amount***" has the meaning set forth in the Governmental Entity Shareholder Direct Settlement Agreement.

"***TPP Direct Claim Settlement Retained Payment Amount***" means the portion of the Maximum TPP Shareholder Direct Settlement Amount allocable to Holders of Direct Settlement Eligible TPP Claims that are Non-Settling Creditors (if any) pursuant to the TPP TDP, and which amount shall be retained by the Shareholder Payment Parties.

"***TPP LRP Escrow Account***" means an escrow account to be established, maintained and administered by the Creditor Trustee for the PI Trust and into which the Creditor Trustee for the PI Trust shall deposit a portion of the funds received by the PI Trust pursuant to the Plan, in accordance with and subject to the terms of the LRP Agreement.

"***TPP TDP***" means the trust distribution procedures to be implemented by the TPP Trust setting forth the procedures for Distributions from the TPP Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Third-Party Payor Group, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***TPP Trust***" means a trust to be established in accordance with Section 5.8 of the Plan to (i) assume all liability for the Third-Party Payor Channeled Claims, (ii) hold the MDT TPP Claim and collect the Initial TPP Trust Distribution and additional payments due under the MDT TPP Claim in accordance with the Private Entity Settlements and the TPP Trust Documents, (iii) administer Third-Party Payor Channeled Claims, (iv) hold and administer the Class 8 Non-Participating Claims Reserve on and after the Effective Date, (v) hold the Class 8 Released Claims Reserve on and after the Effective Date, (vi) make Distributions in accordance with the TPP Trust Documents, and (vii) carry out such other matters as are set forth in the TPP TDP.

"***TPP Trust Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the TPP Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Third-Party Payor Group, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***TPP Trust Documents***" means the TPP Trust Agreement and the TPP TDP.

"***Transferred Debtor***" means a Debtor that is acquired directly or indirectly by NewCo pursuant to the NewCo Transfer Agreement. For the avoidance of doubt, PPLP shall not be a Transferred Debtor.

"***Treasury Regulations***" means the regulations promulgated from time to time under the IRC.

"***Tribal Shareholder Direct Settlement***" means the settlement set forth in the Tribal Shareholder Direct Settlement Agreement.

"***Tribal Shareholder Direct Settlement Agreement***" means the settlement agreement which shall be filed by the Debtors with the Plan Supplement.

"***Tribe***" means any American Indian or Alaska Native Tribe, band, nation, pueblo, village or community, that the U.S. Secretary of the Interior acknowledges as an Indian Tribe, as provided in the Federally Recognized Tribe List Act of 1994, 25 U.S.C. § 5130, and as periodically listed by the U.S. Secretary of the Interior in the Federal Register pursuant to 25 U.S.C. § 5131; and any "Tribal Organization" as provided in the Indian Self-Determination and Education Assistance Act of 1975, as amended, 25 U.S.C. § 5304(l).

"***Tribe Channeled Claim***" means (i) any Tribe Claim or (ii) any Claim held by a Tribe that is released pursuant to the Tribal Shareholder Direct Settlement Agreement. Tribe Channeled Claims shall be channeled to the Tribe Trust in accordance with the Plan and Master TDP.

"***Tribe Claim***" means any Claim against any Debtor that is held by a Tribe (including any Claim based on the subrogation rights of a Tribe that is not an Other Subordinated Claim), in its capacity as such. For the avoidance of doubt, claims of Tribes against Holders of PI Claims or Distributions payable to Holders of PI Claims, to the extent such claims exist, are not claims against any Debtor and therefore are not included in this definition of "Tribe Claims."

"***Tribe TDP***" means the trust distribution procedures to be implemented by the Tribe Trust setting forth the procedures for Distributions from the Tribe Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Native American Tribe Group, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***Tribe Trust***" means one or more trusts, limited liability companies or other Persons to be established in accordance with Section 5.8 of the Plan to (i) assume all liability for the Tribe Channeled Claims, (ii) hold the MDT Tribe Interest and collect the Initial Tribe Trust Distribution and the other Public Creditor Trust Distributions received in accordance with the Public Entity Settlements, (iii) administer Tribe Channeled Claims, (iv) hold and administer the Class 5 Non-Participating Claims Reserves on and after the Effective Date, (v) hold the Class 5 Released Claims Reserve on and after the Effective Date and (vi) make Distributions in accordance with the Tribe TDP.

"***Tribe Trust Agreement***" means the trust agreement and any limited liability company agreement or similar governing document establishing and delineating the terms and conditions for the creation and operation of the Tribe Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Native American Tribe Group, and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***Tribe Trust Documents***" means the Tribe Trust Agreement and the Tribe TDP.

"***Twelfth Amended Plan***" means the *Twelfth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 3726].

"***U.S. Trustee***" means the United States Trustee for Region 2.

"***Unimpaired***" means, with respect to any Claim, Interest, or Class of Claims or Interests, not "impaired" within the meaning of such term in section 1124 of the Bankruptcy Code.

"***United States***" means the United States of America, its agencies, departments or agents.

["***United States-PI Claimant Medical Expense Claim***" means any healthcare-related claim, Cause of Action or Lien (including a subrogation claim or reimbursement claim), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, choate or inchoate, (i) against a Holder of a PI Claim or the recoveries of a Holder of a PI Claim pursuant to the PI TDP or under the Plan, (ii) held by any of the following federal governmental agencies or federal health insurance programs: the United States Department of Health and Human Services, on its own behalf and on behalf of its component agencies, which are the Centers for Medicare & Medicaid Services and the Indian Health Service on behalf of its federally-operated programs; the TRICARE Program; and the United States Department of Veterans Affairs, and (iii) on account of opioid injury-related conditional payments made by such programs or agencies to, on behalf of, or in respect of, such Holders of PI Claims. [The United States-PI Claimant Medical Expense Claim Settlement does not apply to any claims brought by programs operated by tribes or tribal organizations under the Indian Self-Determination and Education Assistance Act, 25 U.S.C. §§ 5301–5423, or programs operated by urban Indian organizations that have a grant or contract with the Indian Health Service under the Indian Health Care Improvement Act, 25 U.S.C. §§ 1601–1685.]

["***United States-PI Claimant Medical Expense Claim Releases***" means the releases provided for in Section 5.2(i)(ii) of the Plan.]

["***United States-PI Claimant Medical Expense Claim Settlement***" means the settlement provided for in Section 5.2(i) of the Plan.]

"***Voting Deadline***" means the last day for Holders of Claims and Interests entitled to vote on the Plan to cast their votes to accept or reject the Plan as may be set by the Bankruptcy Court.

"***Voting Representative***" means a Firm representing Holders of Claims in any of the Master Ballot Classes who has returned a properly completed Solicitation Directive (as such terms are defined in the Solicitation Procedures Order).

"***Wind-Up Reserve***" means a reserve to be established to pay any and all costs, expenses, fees, taxes, debts, or obligations incurred from the operation and administration of the Debtors' Estates after the Effective Date (including professional fees and expenses). The Wind-Up Reserve shall be (i) funded with Effective Date Cash in an amount determined by the Debtors but not to exceed $10 million, or such greater amount subject to the consent (not to be unreasonably withheld) of the NewCo Managers and the MDT Trustees; *provided* further that if the NewCo Managers or the MDT Trustees withhold such consent, the Plan Administration Trustee shall have the right to seek relief from the Bankruptcy Court, which shall be granted upon the Bankruptcy Court's determination that such budgeted expenditures are appropriate and otherwise within the scope for which the Wind-Up Reserve was established pursuant to the Plan; and (ii) held by the Plan Administration Trust in a segregated account and administered by the Plan Administration Trustee on and after the Effective Date.

1.2 ***Interpretation; Application of Definitions; Rules of Construction***.

Unless otherwise specified, all section or exhibit references in the Plan are to the respective section in, or exhibit to, this Plan, as the same may be amended, waived, or modified from time to time in accordance with the terms hereof. The words "herein," "hereof," or "hereunder," and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained therein and have the same meaning as "in the Plan," "of the Plan," and "under the Plan," respectively. The words "includes" and "including" are not limiting. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. For purposes herein: (a) in the appropriate context, each term, whether stated in the singular or plural, shall include both the singular and plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (b) any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the reference document shall be substantially in that form or substantially on those terms and conditions; (c) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (d) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

1.3 ***Reference to Monetary Figures.***

All references in this Plan to monetary figures shall refer to the legal tender of the United States of America unless otherwise expressly provided.

1.4 ***Controlling Document.***

(a) **Plan Supplements**. In the event of an inconsistency between Articles I through XII of the Plan and the Plan Supplement, the terms of Articles I through XII of the Plan shall control, except that in the event of an inconsistency between Articles I through XII of the Plan and the Master Shareholder Settlement Agreement (or any agreements ancillary to the Master Shareholder

Settlement Agreement (other than any Direct Claims Shareholder Settlement Agreement)), the Master Shareholder Settlement Agreement (or such ancillary agreement) shall control.

(b) **Direct Claims Shareholder Settlement Agreements**. In the event of an inconsistency between Articles I through XII of the Plan and any Direct Claims Shareholder Settlement Agreement (or any agreement ancillary to such Direct Claims Shareholder Settlement Agreement (other than the Master Shareholder Settlement Agreement)), (i) the terms of Articles I through XII of the Plan shall control with respect to any matter affecting, or a dispute involving, a party that is not a Party to or otherwise bound by the applicable Direct Claims Shareholder Settlement Agreement, and (ii) such Direct Claims Shareholder Settlement Agreement (or such ancillary agreement) shall control with respect to all other matters. No Direct Claims Shareholder Settlement Agreement may be enforced against any Person not party to or otherwise bound by such Direct Claims Shareholder Settlement Agreement; *provided*, that in no event will any Direct Claims Shareholder Settlement Agreement (or any agreement ancillary to such Direct Claims Shareholder Settlement Agreement) release or otherwise impact any Released Claim or Shareholder Released Claim of a type contemplated under the Plan pursuant to the applicable Shareholder Release Consent Mechanism to be governed by any other Direct Claims Shareholder Settlement Agreement or the Plan.

(c) **Other Documents**. Subject to Section 1.4(a) and 1.4(b), in the event of an inconsistency between this Plan and any other instrument or document created or executed pursuant to this Plan, or between this Plan and the Disclosure Statement, this Plan shall control.

(d) **Plan and Confirmation Order**. The provisions of this Plan and of the Confirmation Order shall be construed in a manner consistent with each other so as to effectuate the purposes of each; *provided*, *however*, that, if there is determined to be any inconsistency between any provision of this Plan and any provision of the Confirmation Order that cannot be reconciled, then, the provisions of the Confirmation Order shall govern, and any such provisions of the Confirmation Order shall be deemed a modification of this Plan solely to the extent of such inconsistency.

(e) **Determinations**. The determination of whether there is any inconsistency between any of the documents referred to in the foregoing Sections 1.4(a)-(d) will be made by the Bankruptcy Court in all instances.

1.5 Consent Rights.

For the avoidance of doubt and notwithstanding anything herein to the contrary, nothing in this Plan shall in any way eliminate, impair, or limit any consent or similar rights provided in favor of the Sackler Parties' Representative or any Shareholder Released Party in the Master Shareholder Settlement Agreement or any Shareholder Direct Settlement Agreement, including any such rights in respect of Definitive Documents (notwithstanding whether any such rights are provided in favor of the Sackler Parties' Representative or any Shareholder Released Party in this Plan).

ARTICLE II ADMINISTRATIVE CLAIMS, PROFESSIONAL FEE CLAIMS, PRIORITY TAX CLAIMS AND DOJ FORFEITURE JUDGMENT CLAIM.

2.1 *Administrative Claims.*

(a) **Generally**. Except as provided for herein or in any order of the Bankruptcy Court, and subject to section 503(b)(1)(D) of the Bankruptcy Code, Holders of Administrative Claims (other than Professional Fee Claims and the DOJ Forfeiture Judgment Claim) must file and serve on the Debtors requests for the payment of such Administrative Claims not already Allowed by a Final Order. Any Holder of an Administrative Claim that is required to, but does not, file and serve a request for payment

of such Administrative Claim pursuant to the procedures specified in the Confirmation Order shall be forever barred, estopped and enjoined from asserting such Claims against the Debtors, the Liquidating Debtors, the Transferred Debtors, the Plan Administration Trust or their respective Assets or properties, and such Claims shall be deemed discharged as of the Effective Date. An Administrative Claim, with respect to which a request for payment has been properly and timely filed pursuant to this Section 2.1(a), shall become an Allowed Administrative Claim if no objection to such request is filed by the Debtors or the Plan Administration Trustee with the Bankruptcy Court on or before the date that is one hundred twenty (120) days after the Effective Date, or such later date as may be fixed by the Bankruptcy Court. If an objection is timely filed, such Administrative Claim shall become an Allowed Administrative Claim only to the extent Allowed by Final Order or such Claim is settled, compromised or otherwise resolved pursuant to Section 7.6 of the Plan. Except to the extent a Holder of an Allowed Administrative Claim and the Debtor against which such Claim is asserted agree to different treatment, each Holder of an Allowed Administrative Claim (other than a Professional Fee Claim or the DOJ Forfeiture Judgment Claim) shall receive, on account of such Allowed Claim, Cash in an amount equal to the Allowed amount of such Claim from the Priority Claims Reserve within thirty (30) days following the later to occur of (i) the Effective Date and (ii) the date on which such Administrative Claim shall become an Allowed Claim; *provided* that any Administrative Claim that is an Assumed Liability shall be paid by NewCo in the ordinary course of business.

(b) **Professional Fee Claims**. All Professional Persons seeking awards by the Bankruptcy Court for compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under (x) section 327, 328, 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5) or 1103 of the Bankruptcy Code, (y) with respect to the Ad Hoc Committee, the AHC Reimbursement Agreement Assumption Order, or (z) with respect to the MSGE Group, the MSGE Group Reimbursement Order, shall (i) file, on or before the date that is forty-five (45) days after the Effective Date, or as soon as reasonably practicable thereafter, their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred and (ii) be paid in full in Cash, (A) *first*, from any existing amounts held by a Professional Person as a fee advance, retainer, or security that such Professional Person is authorized to use to satisfy Allowed Professional Fee Claims pursuant to the Interim Compensation Order or the order of the Bankruptcy Court authorizing the retention of such Professional Person (other than a reasonable retainer to cover post-Effective Date work), and (B) *second*, from the Professional Fee Escrow Account, in such aggregate amounts as are Allowed by the Bankruptcy Court or authorized to be paid in accordance with the order(s) relating to or allowing any such Professional Fee Claim. On or prior to the Effective Date, the Debtors shall establish the Professional Fee Escrow Account and, on the Effective Date, fund the Professional Fee Escrow Account with Cash such that the total amount held in the Professional Fee Escrow Account is equal to the sum of each Professional Person's good-faith estimates of its Professional Fee Claims. The procedures for filing objections to Professional Persons' applications for final allowance of compensation for services rendered and expenses incurred shall be set forth in the Confirmation Order.

2.2 ***Priority Tax Claims.***

Except to the extent a Holder of an Allowed Priority Tax Claim and the Debtor against which such Claim is asserted agree to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each Holder of an Allowed Priority Tax Claim shall receive, on account of such Allowed Priority Tax Claim, either Cash in an amount equal to the Allowed amount of such Claim from the Priority Claims Reserve or such other treatment as may satisfy section 1129(a)(9) of the Bankruptcy Code.

2.3 *DOJ Forfeiture Judgment Claim.*

(a) Allowance: Pursuant to the Plea Agreement and the DOJ 9019 Order, the DOJ Forfeiture Judgment Claim shall be Allowed in the amount of $2.0 billion on the later of (i) the DOJ Conviction Judgment Date and (ii) the entry by the Bankruptcy Court of the Confirmation Order.

(b) Treatment: In full and final satisfaction, settlement, release and discharge of the DOJ Forfeiture Judgment Claim, the Debtors shall make the DOJ Forfeiture Payment within three (3) Business Days following the DOJ Conviction Judgment Date, which DOJ Forfeiture Payment, in combination with the DOJ Forfeiture Judgment Credit, shall satisfy and discharge the DOJ Forfeiture Judgment Claim in full.

ARTICLE III CLASSIFICATION OF CLAIMS AND INTERESTS.

3.1 *Classification in General.*

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation and Distributions under this Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class for the purpose of receiving Distributions pursuant to this Plan only to the extent such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent any portion of the Claim or Interest qualifies within the description of such other Classes; *provided* that, to the extent any Claim satisfies the definition of a Shareholder Claim, a Co-Defendant Claim or an Other Subordinated Claim, such Claim shall be classified as such, notwithstanding that such Claim may satisfy the definition of another type of Claim. A Claim or Interest is also classified in a particular Class for the purpose of receiving Distributions hereunder only to the extent such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been satisfied, released or otherwise settled prior to the Effective Date. In no event shall any Holder of an Allowed Claim be entitled to receive payments under this Plan that, in the aggregate, exceed the Allowed amount of such Holder's Claim.

3.2 *Summary of Classification of Claims and Interests.*

The following table designates the Classes of Claims against and Interests in the Debtors and specifies which Classes are (a) Impaired or Unimpaired under this Plan, (b) entitled to vote to accept or reject this Plan in accordance with section 1126 of the Bankruptcy Code or presumed to accept or deemed to reject this Plan:

Class	Type of Claim or Interest	Impairment	Entitled to Vote
Class 1	Secured Claims	Unimpaired	No (Presumed to Accept)
Class 2	Other Priority Claims	Unimpaired	No (Presumed to Accept)
Class 3	Federal Government Unsecured Claims	Impaired	Yes
Class 4	Non-Federal Domestic Governmental Claims	Impaired	Yes
Class 5	Tribe Claims	Impaired	Yes
Class 6	Public School Claims	Impaired	Yes
Class 7	Hospital Claims	Impaired	Yes

Class 8	Third-Party Payor Claims	Impaired	Yes
Class 9	ER Physician Claims	Impaired	Yes
Class 10(a)	NAS PI Claims	Impaired	Yes
Class 10(b)	Non-NAS PI Claims	Impaired	Yes
Class 11(a)	Avrio General Unsecured Claims	Unimpaired	No (Presumed to Accept)
Class 11(b)	Adlon General Unsecured Claims	Unimpaired	No (Presumed to Accept)
Class 11(c)	Other General Unsecured Claims	Impaired	Yes
Class 12	Intercompany Claims	Unimpaired or Impaired	No (Presumed to Accept or Deemed to Reject)
Class 13	Shareholder Claims	Impaired	No (Deemed to Reject)
Class 14	Co-Defendant Claims	Impaired	No (Deemed to Reject)
Class 15	Other Subordinated Claims	Impaired	No (Deemed to Reject)
Class 16	PPLP Interests	Impaired	No (Deemed to Reject)
Class 17	PPI Interests	Impaired	No (Deemed to Reject)
Class 18	Intercompany Interests	Unimpaired or Impaired	No (Presumed to Accept or Deemed to Reject)

3.3 ***Voting Classes; Presumed Acceptance by Non-Voting Classes.***

With respect to each Debtor, if a Class contains Claims eligible to vote and no Holder of Claims eligible to vote in such Class votes to accept or reject this Plan by the Voting Deadline, this Plan shall be presumed accepted by the Holders of Claims in such Class.

3.4 ***Voting; Presumptions; Solicitation.***

(a) **Acceptance by Certain Impaired Classes**. Only Holders of Claims in Classes 3, 4, 5, 6, 7, 8, 9, 10(a), 10(b) and 11(c) are entitled to vote to accept or reject this Plan. An Impaired Class of Claims shall have accepted this Plan if (i) the Holders, including Holders acting through a Voting Representative, of at least two-thirds (2/3) in amount of Claims actually voting in such Class have voted to accept this Plan and (ii) the Holders, including Holders acting through a Voting Representative, of more than one-half (1/2) in number of Claims actually voting in such Class have voted to accept this Plan. Holders of Claims in Classes 3, 4, 5, 6, 7, 8, 9, 10(a), 10(b) and 11(c) (or, if applicable, the Voting Representatives of such Holders) shall receive ballots containing detailed voting instructions. For the avoidance of doubt, pursuant to and except as otherwise provided in the Solicitation Procedures Order, each Claim in Classes 4, 5, 6, 7, 8, 9, 10(a) and 10(b) shall be accorded one (1) vote and valued at one dollar ($1.00) for voting purposes only, and not for purposes of Allowance or distribution, such that each of Classes 4, 5, 6, 7, 8, 9, 10(a) and 10(b) shall be deemed to have accepted this Plan if the Holders, including Holders acting through a Voting Representative, of at least two-third (2/3) in number of Claims actually voting in such Class have voted to accept the Plan.

(b) **Deemed Acceptance by Unimpaired Classes**. Holders of Claims in Classes 1, 2, 11(a) and 11(b) are conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Accordingly, such Holders are not entitled to vote to accept or reject this Plan.

(c) **Deemed Rejection by Certain Impaired Classes**. Holders of Claims and Interests in Classes 13, 14, 15, 16, and 17 are deemed to have rejected this Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, such Holders are not entitled to vote to accept or reject this Plan.

(d) **Deemed Acceptance or Rejection by Certain Classes**. Holders of Interests in Classes 12 and 18 are either conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code or are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, such Holders are not entitled to vote to accept or reject the Plan.

(e) **Individual Creditor Voting Rights**. Notwithstanding anything to the contrary in this Plan, the voting rights of Holders of Claims in any Class shall be governed in all respects by the Solicitation Procedures Order, including without limitation with respect to the amount of such Claims for voting purposes.

3.5 *Cramdown.*

If any Class of Claims is deemed to reject this Plan or is entitled to vote on this Plan and does not vote to accept this Plan, the Debtors may (a) seek confirmation of this Plan under section 1129(b) of the Bankruptcy Code and/or (b) amend or modify this Plan in accordance with the terms hereof and the Bankruptcy Code. If a controversy arises as to whether any Claim or Interest, or any Class of Claims or Interests, is Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

3.6 *No Waiver.*

Nothing contained in this Plan shall be construed to waive a Debtor's or other Person's right to object on any basis to any Claim.

ARTICLE IV TREATMENT OF CLAIMS AND INTERESTS.

4.1 *Secured Claims (Class 1).*

(a) Treatment: Except to the extent a Holder of an Allowed Secured Claim and the Debtor against which such Claim is asserted agree to different treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Secured Claim shall receive, on account of such Allowed Claim, (i) payment in full in Cash from the Priority Claims Reserve in accordance with section 506(a) of the Bankruptcy Code, (ii) Reinstatement of such Allowed Claim pursuant to section 1124 of the Bankruptcy Code or (iii) such other treatment as may be necessary to render such Claim Unimpaired.

(b) Impairment and Voting: Secured Claims are Unimpaired. Holders of Secured Claims are conclusively presumed to accept this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Secured Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Secured Claims.

4.2 ***Other Priority Claims (Class 2).***

(a) Treatment: Except to the extent a Holder of an Allowed Other Priority Claim and the Debtor against which such Claim is asserted agree to different treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Other Priority Claim shall receive, on account of such Allowed Claim, (i) payment in full in Cash from the Priority Claims Reserve or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.

(b) Impairment and Voting: Other Priority Claims are Unimpaired. Holders of Other Priority Claims are conclusively presumed to accept this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Other Priority Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Other Priority Claims.

4.3 ***Federal Government Unsecured Claims (Class 3).***

(a) Allowance of the DOJ Civil Claim and DOJ Criminal Fine Claim: Pursuant to the DOJ 9019 Order, the DOJ Civil Claim is Allowed in the amount of $2.8 billion. The DOJ Criminal Fine Claim shall be Allowed in the amount of $3.544 billion on the later of (i) the DOJ Conviction Judgment Date and (ii) the entry by the Bankruptcy Court of the Confirmation Order.

(b) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Allowed Federal Government Unsecured Claims, the United States shall receive (i) the Initial Federal Government Distribution and (ii) the MDT Federal Government Claim. The MDT Federal Government Claim shall be payable by the Master Disbursement Trust in the following installments: (x) $10 million on the second Scheduled MDT Distribution Date, (y) $10 million on the third Scheduled MDT Distribution Date and (z) $5 million on the fourth Scheduled MDT Distribution Date. The Initial Federal Government Distribution and the amounts paid to the United States on account of the MDT Federal Government Claim shall be deemed applied 60% to the DOJ Unsecured Claims and 40% to the Other Federal Agency Claims.

(c) Impairment and Voting: The Federal Government Unsecured Claims are Impaired. Holders of Federal Government Unsecured Claims are entitled to vote to accept or reject the Plan.

4.4 ***Non-Federal Domestic Governmental Claims (Class 4).***

(a) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Non-Federal Domestic Governmental Claims, the Governmental Remediation Trust shall receive (i) the Initial Governmental Remediation Trust Distribution, (ii) the MDT Governmental Remediation Trust Interest and (iii) the right to receive 96.7% of the Governmental NewCo Distributable Cash pursuant to Section 5.4(e) of the Plan.

(b) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Non-Federal Domestic Governmental Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the Governmental Remediation Trust and shall be exclusively satisfied by payments from the Governmental Remediation Trust. Each Non-Federal Domestic Governmental Channeled Claim shall be asserted exclusively against the Governmental Remediation Trust and resolved solely in accordance with the terms, provisions and procedures of the Governmental Remediation Trust Agreement. The sole recourse of any Person on account of any Non-Federal Domestic Governmental Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the Governmental Remediation Trust as and to the extent provided in the Governmental Remediation Trust Agreement.

Subject to Section 10.8(c), Holders of Non-Federal Domestic Governmental Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Non-Federal Domestic Governmental Channeled Claims exclusively against the Governmental Remediation Trust.

(c) Impairment and Voting: Non-Federal Domestic Governmental Claims are Impaired. Holders of Non-Federal Domestic Governmental Claims are entitled to vote to accept or reject the Plan.

4.5 ***Tribe Claims (Class 5).***

(a) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Tribe Claims, the Tribe Trust shall receive (i) the Initial Tribe Trust Distribution, (ii) the MDT Tribe Interest and (iii) the right to receive 3.3% of the Governmental NewCo Distributable Cash pursuant to Section 5.4(e) of the Plan.

(b) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Tribe Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the Tribe Trust and shall be exclusively satisfied by payments from the Tribe Trust. Each Tribe Channeled Claim shall be asserted exclusively against the Tribe Trust and resolved solely in accordance with the terms, provisions and procedures of the Tribe TDP. The sole recourse of any Person on account of any Tribe Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the Tribe Trust as and to the extent provided in the Tribe TDP. Subject to Section 10.8(c), Holders of Tribe Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Tribe Channeled Claims exclusively against the Tribe Trust, solely as and to the extent provided in the Tribe TDP.

(c) Impairment and Voting: Tribe Claims are Impaired. Holders of Tribe Claims are entitled to vote to accept or reject the Plan.

4.6 ***Public School Claims (Class 6).***

(a) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Public School Claims, the Public School Trust shall receive (i) the Initial Public Schools Distribution (less any required payments to the Common Benefit Fund and/or in respect of attorneys' fees and expenses of the Public School District Claimants in accordance with Section 5.9(c) and (h) of the Plan) and (ii) the MDT Public School Districts Claim; *provided* that if, as of the Effective Date, the Public School District Shareholder Direct Settlement has not been consummated, the Shareholder Direct Settlement Portion of the Initial Public Schools Distribution will be deposited into a third-party interest bearing escrow in accordance with the Master Shareholder Settlement Agreement on the Effective Date and distributed in accordance with Section 5.2(e)(i) of the Plan.

(b) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Public School Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the Public School Trust and shall be exclusively satisfied by payments from

the Public School Trust. Each Public School Channeled Claim shall be asserted exclusively against the Public School Trust and resolved solely in accordance with the terms, provisions and procedures of the Public School TDP. The sole recourse of any Person on account of any Public School Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the Public School Trust as and to the extent provided in the Public School TDP. Subject to Section 10.8(c), Holders of Public School Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Public School Channeled Claims exclusively against the Public School Trust, solely as and to the extent provided in the Public School TDP.

(c) Impairment and Voting: Public School Claims are Impaired. Holders of Public School Claims are entitled to vote to accept or reject the Plan.

4.7 ***Hospital Claims (Class 7).***

(a) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Hospital Claims, the Hospital Trust shall receive (i) the Initial Hospital Trust Distribution and (ii) the MDT Hospital Claim; *provided* that if, as of the Effective Date, the Hospital Shareholder Direct Settlement has not been consummated, the Shareholder Direct Settlement Portion of the Shareholder Direct Settlement Portion of the Initial Hospital Trust Distribution will be deposited into a third-party interest bearing escrow in accordance with the Master Shareholder Settlement Agreement on the Effective Date and distributed in accordance with Section 5.2(e)(i) of the Plan.

(b) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Hospital Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the Hospital Trust and shall be exclusively satisfied by payments from the Hospital Trust. Each Hospital Channeled Claim shall be asserted exclusively against the Hospital Trust and resolved solely in accordance with the terms, provisions and procedures of the Hospital TDP. The sole recourse of any Person on account of any Hospital Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the Hospital Trust as and to the extent provided in the Hospital TDP. Subject to Section 10.8(c), Holders of Hospital Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Hospital Channeled Claims exclusively against the Hospital Trust, solely as and to the extent provided in the Hospital TDP.

(c) Impairment and Voting: Hospital Claims are Impaired. Holders of Hospital Claims are entitled to vote to accept or reject the Plan.

4.8 ***Third-Party Payor Claims (Class 8).***

(a) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Third-Party Payor Claims, the TPP Trust shall receive (i) the Initial TPP Trust Distribution and (ii) the MDT TPP Claim. For the avoidance of doubt, any payments from the TPP LRP Escrow Account to which LRP Participating TPPs may be entitled under the LRP Agreement shall not be subject to this Section 4.8.

(b) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Third-Party Payor Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the TPP Trust and shall be exclusively satisfied by payments from the TPP Trust. Each Third-Party Payor Channeled Claim shall be asserted exclusively against the TPP Trust and resolved solely in accordance with the terms, provisions and procedures of the TPP TDP. The sole recourse of any Person on account of any Third-Party Payor Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the TPP Trust as and to the extent provided in the TPP TDP. Subject to Section 10.8(c), Holders of Third-Party Payor Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Third-Party Payor Channeled Claims exclusively against the TPP Trust, solely as and to the extent provided in the TPP TDP.

(c) Impairment and Voting: Third-Party Payor Claims are Impaired. Holders of Third-Party Payor Claims are entitled to vote to accept or reject the Plan.

4.9 *ER Physician Claims (Class 9).*

(a) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of ER Physician Claims, the ERP Trust shall receive (i) the Initial ERP Trust Distribution and (ii) the MDT ERP Claim; *provided* that if, as of the Effective Date, the ER Physician Shareholder Direct Settlement has not been consummated, the Initial ERP Trust Distribution will be deposited into a third-party interest bearing escrow in accordance with the Master Shareholder Settlement Agreement on the Effective Date and distributed in accordance with Section 5.2(e)(i) of the Plan.

(b) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all ER Physician Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the ERP Trust and shall be exclusively satisfied by payments from the ERP Trust. Each ER Physician Channeled Claim shall be asserted exclusively against the ERP Trust and resolved solely in accordance with the terms, provisions and procedures of the ERP TDP. The sole recourse of any Person on account of any ER Physician Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the ERP Trust as and to the extent provided in the ERP TDP. Subject to Section 10.8(c), Holders of ER Physician Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any ER Physician Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any ER Physician Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue ER Physician Channeled Claims exclusively against the ERP Trust, solely as and to the extent provided in the ERP TDP.

(c) Impairment and Voting: ER Physician Claims are Impaired. Holders of ER Physician Claims are entitled to vote to accept or reject the Plan.

4.10 *PI Claims (Classes 10(a) and 10(b)).*

(a) PI Trust: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of PI Claims, the PI Trust shall receive, subject to Section 5.2(i) of the Plan, (i) the Initial PI Trust Distribution and (ii) the MDT PI Claim.

(b) NAS PI Claims (Class 10(a)):

(i) Treatment: The PI Trust shall deposit the NAS PI Portion into the PI Trust NAS Fund in periodic installments as funds are received by the PI Trust. Distributions in respect of NAS PI Channeled Claims shall be exclusively in the form of Distributions from the PI Trust NAS Fund to Holders of Allowed NAS PI Channeled Claims, in accordance with the NAS PI TDP, and shall be subject to the PI Trust Deductions and Holdbacks.

(ii) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all NAS PI Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the PI Trust and shall be exclusively satisfied by payments from the PI Trust. Each NAS PI Channeled Claim shall be asserted exclusively against the PI Trust and resolved solely in accordance with the terms, provisions and procedures of the NAS PI TDP. The sole recourse of any Person on account of any NAS PI Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the PI Trust NAS Fund as and to the extent provided in the NAS PI TDP. Subject to Section 10.8(c), Holders of NAS PI Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue NAS PI Channeled Claims exclusively against the PI Trust, solely as and to the extent provided in the NAS PI TDP.

(iii) Impairment and Voting: NAS PI Claims are Impaired. Holders of NAS PI Claims are entitled to vote to accept or reject the Plan.

(c) Non-NAS PI Claims (Class 10(b)).Treatment: The PI Trust shall deposit the Non-NAS PI Portion into the PI Trust Non-NAS Fund in periodic installments as funds are received by the PI Trust. Distributions in respect of Non-NAS PI Channeled Claims shall be exclusively in the form of Distributions from the PI Trust Non-NAS Fund to Holders of Allowed Non-NAS PI Channeled Claims, in accordance with the Non-NAS PI TDP, and shall be subject to the PI Trust Deductions and Holdbacks.

(ii) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Non-NAS PI Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the PI Trust and shall be exclusively satisfied by payments from the PI Trust. Each Non-NAS PI Channeled Claim shall be asserted exclusively against the PI Trust and resolved solely in accordance with the terms, provisions and procedures of the Non-NAS PI TDP. The

sole recourse of any Person on account of any Non-NAS PI Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the PI Trust Non-NAS Fund as and to the extent provided in the Non-NAS PI TDP. Subject to Section 10.8(c) of the Plan, Holders of Non-NAS PI Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Non-NAS PI Channeled Claims exclusively against the PI Trust, solely as and to the extent provided in the Non-NAS PI TDP.

(iii) Impairment and Voting: Non-NAS PI Claims are Impaired. Holders of Non-NAS PI Claims are entitled to vote to accept or reject the Plan.

(d) Canadian Patient Settlement. Pursuant to the Canadian Patient Claim Settlement Stipulation, (i) no Holder of a Settled Canadian Patient Claim that filed a Proof of Claim shall receive a recovery in respect of such Settled Canadian Patient Claim from any source other than the Patient Settlement Payment (as defined in the Canadian Patient Claim Settlement Stipulation) made from the Canadian Patient Settlement Trust and (ii) in order to receive a recovery in respect of any other Claim for which a Proof of Claim was filed by a Holder of a Settled Canadian Patient Claim, such Holder shall have the burden of proving that such Proof of Claim is not in respect of a Settled Canadian Patient Claim that was released and discharged pursuant to the Canadian Patient Claim Settlement Stipulation and such Holder has not received any recovery from the Canadian Patient Settlement Trust on account of such Claim. No Distributions shall be made on account of any Claims that may constitute Settled Canadian Patient Claims unless and until (x) the Saskatchewan Court of Queen's Bench approves the Canadian Patient Settlement Agreement and all funds in the Canadian Patient Settlement Trust have been distributed to Holders of Settled Canadian Patient Claims in accordance with the Canadian Patient Settlement Agreement or (y) the Saskatchewan Court of Queen's Bench denies the Canadian Patient Settlement Agreement. For the avoidance of doubt, nothing in Article X of the Plan shall affect the validity or enforceability of the Canadian Patient Settlement Agreement.

4.11 ***Avrio General Unsecured Claims (Class 11(a))***.

(a) Treatment: Except to the extent a Holder of an Allowed Avrio General Unsecured Claim and Avrio Health L.P. agree to different treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Avrio General Unsecured Claim shall receive, on account of such Allowed Claim, including interest, payment in full in Cash.

(b) Impairment and Voting: Avrio General Unsecured Claims are Unimpaired. Holders of Avrio General Unsecured Claims are conclusively presumed to accept this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Avrio General Unsecured Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited.

4.12 ***Adlon General Unsecured Claims (Class 11(b)).***

(a) Treatment: Except to the extent a Holder of an Allowed Adlon General Unsecured Claim and Adlon Therapeutics L.P. agree to different treatment, on the Effective Date, or as

soon as reasonably practicable thereafter, each Holder of an Allowed Adlon General Unsecured Claim shall receive, on account of such Allowed Claim, including interest, payment in full in Cash.

(b) Impairment and Voting: Adlon General Unsecured Claims are Unimpaired. Holders of Adlon General Unsecured Claims are conclusively presumed to accept this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Adlon General Unsecured Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited.

4.13 ***Other General Unsecured Claims (Class 11(c)).***

(a) Treatment: All Other General Unsecured Claims are Disputed. Except to the extent a Holder of an Allowed Other General Unsecured Claim and the Debtor against which such Claim is asserted agree to different treatment, after the Effective Date upon the Allowance of such Claim in accordance with Article VII of the Plan, each Holder of an Allowed Other General Unsecured Claim shall receive, on account of such Allowed Claim, such Holder's Pro Rata Share of the Other General Unsecured Claim Cash, up to payment in full of such Allowed Claim.

(b) Impairment and Voting: Other General Unsecured Claims are Impaired. Holders of Other General Unsecured Claims are entitled to vote to accept or reject the Plan.

4.14 ***Intercompany Claims (Class 12).***

(a) Treatment: Except as otherwise provided in the NewCo Transfer Agreement or the Restructuring Steps Memorandum, on or after the Effective Date, Intercompany Claims shall be (x) in the case of Intercompany Claims held by a Liquidating Debtor against another Liquidating Debtor, at the discretion of the Debtors (or the Plan Administration Trustee, as applicable), (y) in the case of Intercompany Claims held by a Transferred Debtor against another Transferred Debtor, at the discretion of NewCo and (z) otherwise, at the discretion of the Debtors (or the Plan Administration Trustee, as applicable) with the consent (not to be unreasonably withheld, conditioned or delayed) of the Governmental Consent Parties:

(i) Reinstated; or

(ii) Compromised and settled or canceled and extinguished with no distribution on account thereof.

(b) Impairment and Voting: Intercompany Claims are either Unimpaired or Impaired with no distribution on account thereof. Holders of Intercompany Claims are either conclusively presumed to accept this Plan pursuant to section 1126(f) of the Bankruptcy Code or deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Intercompany Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Intercompany Claims.

4.15 ***Shareholder Claims (Class 13).***

(a) Treatment: Holders of Shareholder Claims shall not receive or retain any property on account of such Claims. As of the Effective Date, in accordance with the terms of and except as otherwise expressly provided in the Shareholder Settlements, all Shareholder Claims shall automatically, and without further act, deed or court order, be deemed to have been released without any distribution on account thereof, and such Claims shall be of no further force or effect.

(b) Impairment and Voting: Shareholder Claims are Impaired. Holders of Shareholder Claims are deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Shareholder Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Shareholder Claims.[5]

4.16 ***Co-Defendant Claims (Class 14).***

(a) Treatment: In full and final satisfaction and release of each Co-Defendant Claim, the Holder thereof shall (i) not receive or retain any property on account of such Co-Defendant Claim and not have any recourse to any Debtor or any Assets of any Debtor, any Estate or any Assets of any Estate, or any other Protected Party or any Assets of any Protected Party and (ii) retain its Co-Defendant Defensive Rights, which may be exercised solely in accordance with Section 10.18. As of the Effective Date, Co-Defendant Claims shall be deemed expunged, released and extinguished without further action by or order of the Bankruptcy Court, and shall be of no further force or effect. Notwithstanding the release, satisfaction, expungement and extinguishment of Co-Defendant Claims, a Co-Defendant retains its Co-Defendant Defensive Rights, which includes the ability to recover from Persons that are not Protected Parties or from any insurance policies that are not Purdue Insurance Policies or other insurance policies of Protected Parties.

(b) Impairment and Voting: Co-Defendant Claims are Impaired. Holders of Co-Defendant Claims are deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Co-Defendant Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Co-Defendant Claims.

4.17 ***Other Subordinated Claims (Class 15).***

(a) Treatment: Other Subordinated Claims are subordinated pursuant to the Plan and section 509(c) and/or 510 of the Bankruptcy Code and/or other applicable law. Holders of Other Subordinated Claims shall not receive or retain any property under this Plan on account of such Claims. As of the Effective Date, Other Subordinated Claims shall be deemed expunged, released and extinguished without further action by or order of the Bankruptcy Court, and shall be of no further force or effect.

(b) Impairment and Voting: Other Subordinated Claims are Impaired. Holders of Other Subordinated Claims are deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Other Subordinated Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Other Subordinated Claims.

4.18 ***PPLP Interests (Class 16).***

(a) Treatment: In accordance with the terms of the Shareholder Settlement Agreements, Holders of PPLP Interests shall relinquish such Interests and shall not receive or retain any property under the Plan on account of such Interests. As of the PPLP Dissolution Date, all PPLP Interests shall be deemed surrendered, canceled and/or redeemed without further action by or order of the Bankruptcy Court, and shall be of no further force or effect.

(b) Impairment and Voting: PPLP Interests are Impaired. Holders of PPLP Interests are deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore,

[5] Although Holders of Shareholder Claims are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code, the Shareholder Payment Parties, in all capacities (including as Holders of Claims), have agreed to support the Plan pursuant to the Master Shareholder Settlement Agreement.

Holders of PPLP Interests are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such PPLP Interests.

4.19 ***PPI Interests (Class 17).***

(a) Treatment: In accordance with the terms of the Shareholder Settlement Agreements, Holders of PPI Interests shall relinquish such Interests and shall not receive or retain any property under this Plan on account of such Interests. As of the Effective Date, PPI Interests shall be deemed surrendered, canceled and/or redeemed without further action by or order of the Bankruptcy Court, and shall be of no further force or effect.

(b) Impairment and Voting: PPI Interests are Impaired. Holders of PPI Interests are deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of PPI Interests are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such PPI Interests.

4.20 ***Intercompany Interests (Class 18).***

(a) Treatment: Except as otherwise provided in the NewCo Transfer Agreement or the Restructuring Steps Memorandum, on the Effective Date, Intercompany Interests shall be:

(i) with respect to Intercompany Interests in any Transferred Debtor held by PPLP, Reinstated and transferred to NewCo (or one of its Subsidiaries) in accordance with the NewCo Transfer Agreement;

(ii) with respect to Intercompany Interests in any Transferred Debtor held by another Transferred Debtor, Reinstated or otherwise treated in accordance with the NewCo Transfer Agreement; and

(iii) with respect to Intercompany Interests in any Debtor that is not a Transferred Debtor, Reinstated solely for administrative convenience until canceled when such Debtor is dissolved or merged out of existence by the Plan Administration Trustee.

(b) Impairment and Voting: Intercompany Interests are either Unimpaired or Impaired with no distribution on account thereof. Holders of Intercompany Interests are either conclusively presumed to accept this Plan pursuant to section 1126(f) of the Bankruptcy Code or deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Intercompany Interests are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Intercompany Interests.

4.21 ***Debtors' Rights with Respect to Unimpaired Claims.***

Except as otherwise provided in this Plan, nothing under the Plan shall affect the rights of the Debtors with respect to an Unimpaired Claim, including all rights with respect to legal and equitable defenses to, or setoffs or recoupments against, any such Unimpaired Claims.

ARTICLE V MEANS FOR IMPLEMENTATION.

5.1 ***Restructuring Transactions***.

On or before the Effective Date or as soon as reasonably practicable thereafter, the Debtors may take all actions consistent with this Plan as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate the Restructuring Transactions under and in connection with this Plan, including (a) the execution and delivery of all appropriate agreements or other documents of merger, consolidation, sale, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the Plan; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any Asset, property, interest, right, liability, debt or obligation on terms consistent with the Plan; (c) the filing of appropriate certificates or articles of organization, limited partnership, incorporation, reincorporation, merger, consolidation, conversion or dissolution pursuant to applicable law; (d) the execution, delivery, filing, recordation and issuance of any other documents, instruments or agreements in connection with the Restructuring Transactions; and (e) any transactions described in the Restructuring Steps Memorandum.

5.2 ***Plan Settlements***.

(a) As further described in the Disclosure Statement, the provisions of this Plan (including the provisions contained in Section 5.9 of the Plan and the release and injunctive provisions contained in Article X of the Plan), the Shareholder Settlements and the other Plan Documents constitute a good faith compromise and settlement of Claims and controversies among the Debtors, the Supporting Claimants, the Settling Creditors, the Shareholder Payment Parties, certain other participants in the Mediation and other parties in interest reached in connection with the Mediation and otherwise, which such compromise and settlement is necessary and integral to the Plan and the Plan Documents and the success of these Chapter 11 Cases. The Debtors, the Supporting Claimants, the Settling Creditors and the Shareholder Payment Parties believe the treatment provided in respect of Claims against and Interests in the Debtors and the treatment of competing Classes of Claims is fair and appropriate only when combined with the distribution scheme, including without limitation all Distributions to be made under the Plan, and the release, injunction and all other provisions contained in the Plan, all of which are material aspects of the Plan and the terms of the Shareholder Settlements. More than 614,000 Proofs of Claim alleging liability arising out of or in connection with Opioid-Related Activities were filed against the Debtors by the General Bar Date. Approximately 10% of the submitted Proofs of Claim allege a specific amount of liability. The aggregate alleged liability associated with these Proofs of Claim is more than $40 trillion (exclusive of one personal injury claim that asserted $100 trillion in alleged liability). Approximately 90% of Claims alleging liability arising out of or in connection with Opioid-Related Activities do not allege a specific amount of liability. The Debtors believe that any reasonable estimate, projection or valuation of their total liability and obligation to pay for Claims asserted against them, if they had the ability to pay those Claims outside of these Chapter 11 Cases, exceeds by many multiples the total value of all assets of their Estates, including but not limited to contributions from third parties and the full face value of all of Purdue's insurance. The Debtors have structured the Plan on the basis of this understanding, and the Confirmation Order shall include a finding consistent with this understanding.

(b) The Plan, including the explanation set forth in the Disclosure Statement, and the Plan Documents shall be deemed a motion to approve the Plan Settlements, including the Shareholder Settlements, and the good faith full and final comprehensive compromise and settlement of all of the Claims, Interests and controversies described in the foregoing Section 5.2(a) pursuant to Bankruptcy Rule 9019, and entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Plan Settlements under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a

finding by the Bankruptcy Court that the Plan Settlements are fair, equitable, reasonable and in the best interests of the Debtors and their Estates.

(c) The Plan, the Plan Settlement, the Plan Documents (including the Creditor Trust Documents), the Shareholder Settlements and the Confirmation Order constitute a good faith full and final comprehensive compromise and settlement of all Claims, Interests and controversies described in the Plan based upon the unique circumstances of these Chapter 11 Cases (such as the total distributable value available, the unique facts and circumstances relating to these Debtors and the need for an accelerated resolution without additional avoidable litigation) such that (i) none of the foregoing documents (including the provisions contained in Section 5.9 of the Plan), nor any materials used in furtherance of Plan confirmation (including, but not limited to, the Disclosure Statement, and any notes related to, and drafts of, such documents and materials), may be offered into evidence, deemed an admission, used as precedent or used by any party or Person in any context whatsoever beyond the purposes of this Plan, in any other litigation or proceeding, except as necessary, and as admissible in such context, to enforce their terms and to evidence the terms of the Plan and the Plan Documents before the Bankruptcy Court or any other court of competent jurisdiction and (ii) any obligation by any party, in furtherance of such compromise and settlement, to not exercise rights that might be otherwise available to such party shall be understood to be an obligation solely in connection with this specific compromise and settlement and to be inapplicable in the absence of such compromise and settlement. The Plan, the Plan Settlement, the Plan Documents and the Confirmation Order will be binding as to the matters and issues described therein, but will not be binding with respect to similar matters or issues that might arise in any other litigation or proceeding in which none of the Debtors or any other Protected Party is a party; *provided* that such litigation or proceeding is not to enforce or evidence the terms of the Plan, the Plan Settlement, the Plan Documents, the Shareholder Settlements or the Confirmation Order. Any Person's support of, or position or action taken in connection with, this Plan, the Plan Settlement, the Plan Documents, the Shareholder Settlements and the Confirmation Order may differ from such Person's position or testimony in any other litigation or proceeding not in connection with these Chapter 11 Cases. Further, and, as all parties to the Mediation agreed, this Plan Settlement is not intended to serve as an example for, or represent the parties' respective positions or views concerning, any other chapter 11 cases relating to opioids, nor shall it be used as precedent by any Person or party in any other such chapter 11 cases or in any other proceeding, situation or litigation.

(d) The "allocation" of dollars between the Shareholder Direct Settlement Portion of any Distribution and the Estate Distributions is part of an overall compromise and settlement under Bankruptcy Rule 9019 between the Mediation Parties, including the Debtors, the Creditors' Committee, the Shareholder Payment Parties, and all creditors and creditor groups that are Mediation Parties, and upon confirmation of this Plan will be deemed to be a settlement between the Debtors, the Creditors' Committee, the Supporting Claimants and the Shareholder Payment Parties in which, among other things, the Shareholder Payment Parties are providing up to $6.5 billion in consideration over 15 years. The "allocation" is intended by the Shareholder Payment Parties and the other Mediation Parties to, among other things, facilitate the distribution of proceeds for opioid abatement, victim compensation, and other permitted uses under the Plan, and otherwise. All such parties, including but not limited to the Shareholder Payment Parties, Sackler Parties, the Debtors, the Ad Hoc Committee and the States AG Negotiating Group, including each member of such groups, has agreed that neither the settlement amount nor the "allocation" (including any allocation between the Shareholder Payment Party of payment responsibility) reflects any concession or agreement by any party as to the strength, validity, merits, collectability, amount, or otherwise of the Shareholder Released Estate Claims or of the Shareholder Released Direct Claims or any defenses to the Shareholder Released Estate Claims or the Shareholder Released Direct Claims, and if for whatever reason the agreement in principle is not consummated, neither the settlement amount nor the "allocation" shall be cited or used by the Debtors, the Creditors' Committee, the Supporting Claimants or the Shareholder Payment Parties (or the Released Parties) – or any party to the Shareholder Settlements or any other Mediation Party – for any purpose whatsoever in any pleading or

proceeding wherever or whenever. Further, no party to the compromise and settlement will be bound by this Plan or the agreement set forth in this provision (other than as set forth in this Section 5.2(d)) with regard to what it may state in a pleading, court hearing, proceeding, or otherwise about the strength, validity, merits, collectability, amount, or otherwise of the Shareholder Released Estate Claims or of the Shareholder Released Direct Claims, or any defenses thereto, including, without limitation, in any pleading filed in connection with the Shareholder Settlements and this Plan. This paragraph shall be binding forever upon all parties from the earlier of (i) the time that this agreement in principle is reached and (ii) the time that this Section 5.2(d) is made publicly available (on the Bankruptcy Court docket or otherwise), regardless of whether a settlement including that represented in the Plan is consummated, and shall be specifically enforceable by the Bankruptcy Court (with no cap on damages that may be awarded).[6] This Section 5.2(d) is non-severable from the overall compromise and settlement, and is an integral part of the Plan. This Section 5.2(d) is specifically subject to Federal Rule of Evidence 408 and analogous state provisions barring the use of settlement offers and communications to prove the validity or amount of disputed claim.[7]

(e) **Private Entity Settlements**.

(i) On the Effective Date, the Private Creditor Trusts shall receive their respective Initial Private Creditor Trust Distributions and their respective MDT Private Claims; *provided* that with respect to Private Creditor Trusts that are the subject of Opt-Out Class Action Settlements, if, as of the Effective Date, the applicable Opt-Out Class Action Settlement has not been consummated, the Shareholder Direct Settlement Portion of the Initial Private Creditor Trust Distribution (exclusive of amounts that would constitute Direct Claim Settlement Retained Payment Amounts under the applicable Opt-Out Class Action Settlement, to the extent known) for such Private Creditor Trust shall be placed by the Master Disbursement Trust into a third-party interest bearing escrow in accordance with the Master Shareholder Settlement Agreement (the "**Class Action Escrow Accounts**"). If any such Opt-Out Class Action Settlement is consummated on or prior to the ten (10) month anniversary of the Effective Date, amounts held in the applicable Class Action Escrow Account shall be distributed to the corresponding Private Creditor Trust, other than the applicable Direct Claim Settlement Retained Payment Amounts, if any, which shall be released to the Shareholder Payment Parties. If any Opt-Out Class Action Settlement is not consummated by the (10) month anniversary of the Effective Date, amounts held in the applicable Class Action Escrow Account shall be promptly released to the Shareholder Payment Parties. If such Opt-Out Class Action Settlement is consummated after such release from the Class Action Escrow Account to the Shareholder Payment Parties, each Shareholder Payment Party shall pay to the Master Disbursement Trust such amounts due and payable by it within ten (10) Business Days of delivery to such Shareholder Payment

[6] This sentence shall not apply to the States.

[7] While all parties understand that the Plan is not enforceable until confirmation, all Mediation Parties have agreed to be bound by this provision as of March 18, 2025.

Party of notice of such Opt-Out Class Action Settlement having been consummated, pending final payment from the Shareholder Released Parties, and the applicable Private Creditor Trust shall receive the Shareholder Direct Settlement Portion of the applicable Initial Private Creditor Trust Distribution from the Master Disbursement Trust, which shall only be funded from amounts received by it from the Shareholder Payment Parties in accordance with the amounts set forth in the Plan and the applicable Direct Claims Shareholder Settlement Agreement.

(ii) Notwithstanding anything to the contrary in the Master Shareholder Settlement Agreement or the Governmental Entity Shareholder Direct Settlement Agreement, the Master Disbursement Trust shall have an obligation under this Plan to distribute to the PI Trust, on account of the MDT PI Claim, (A) on a first priority basis, the first $50 million of proceeds, payments, and benefits (including, but not limited to, the MDT Insurance Proceeds) of (I) any MDT Causes of Action (other than those Retained Causes of Action relating to or necessary to enforce the MDT Shareholder Rights) and (II) the MDT Insurance Rights (assets described in clauses (I) and (II), collectively, the "**Subject MDT Assets**"), and (B) in the absence of payment in full of such $50 million prior to the second anniversary of the Effective Date from proceeds, payments, and benefits of the Subject MDT Assets, the remaining unpaid amount thereof (which may be the entire amount) in full in cash on the first Scheduled MDT Distribution Date following such second anniversary of the Effective Date from MDT Transferred Assets or the proceeds thereof other than the Subject MDT Assets on a priority basis in accordance with Section 5.2(g) hereof (the payment obligations described in clauses (A) and (B), the "**PI Trust Obligation**").[8]

(iii) Until such time as the PI Trust Obligation has been satisfied in full in accordance with Section 5.2 of the Plan

(A) the Master Disbursement Trust shall not (I) permit a Lien or other encumbrance to attach to the Subject MDT Assets or (II) incur any Claim (including any Channeled Claim) or otherwise grant any right of payment in respect of the Subject MDT Assets, in each case, senior to the PI Trust Obligation;

(B) the Master Disbursement Trust shall afford the PI Trustee (or its designated representative) with periodic reporting

[8] For the avoidance of doubt, to the extent the PI Trust Obligation has not been paid in full by the second anniversary of the Effective Date in accordance with this Section 5.2(e) of the Plan, the priority of the PI Trust Obligation shall only be second to the funding of the Replenishment Transfer with Cash and cash equivalents that are Shareholder Estate Settlement Distributions, but not, for the avoidance of doubt, second with respect to application of the Total Direct Settlement Amount under the Governmental Entity Shareholder Direct Settlement Agreement.

as contemplated by Section 5.6(f)(v) of the Plan and subject to Section 5.6(f)(iv);

(C) none of the protections with respect to the PI Trust Obligation in this Section 5.2(e) of the Plan nor the priority afforded to the PI Trust Obligation in Section 5.2(g) of the Plan shall be modified or eliminated from the MDT Agreement, the Master Shareholder Settlement Agreement, or the Governmental Entity Shareholder Direct Settlement Agreement, solely to the extent applicable, without the written consent of the PI Trustee; and

(D) the PI Trustee reserves all legal and equitable rights under the Plan, the Confirmation Order, and federal and common law with respect to the PI Trust Obligation.

(iv) The Master Disbursement Trust shall reserve amounts from the Total Direct Settlement Amount under the Governmental Entity Shareholder Direct Settlement Agreement, as needed, to satisfy the PI Trust Obligation, solely to the extent the PI Trust Obligation has not been paid in full by the [first Scheduled MDT Distribution Date following the] second anniversary of the Effective Date in accordance with this Section 5.2(e) of the Plan.

(v) In the event the PI Trust Obligation is not satisfied in full by the first Scheduled MDT Distribution Date following the second anniversary of the Effective Date in accordance with Section 5.2 of the Plan, the PI Trustee shall be entitled to seek enforcement of the PI Trust Obligation by motion to enforce the Plan filed with the Bankruptcy Court, which shall be heard on an expedited basis subject to the Bankruptcy Court's availability, and the PI Trustee may seek legal and/or equitable remedies available under applicable law, including, but not limited to, specific performance, disgorgement, and/or damages against any successor of the Debtors or their Estates, including the Master Disbursement Trust.

(f) **Non-Federal Public Entity Settlements**.[9]

(i) On the Effective Date, the Governmental Remediation Trust and the Tribe Trust shall receive their respective Initial Public Creditor Trust Distributions, and the Governmental Remediation Trust and the Tribe Trust shall receive their respective MDT Interests. The MDT Interests shall entitle the Governmental Remediation Trust

[9] Any characterization of the Public School Claims in this Plan as a "Private" claimant" or "Public" claimant is for administrative convenience only, and is not intended to, nor may it be construed as, having any significance for any other purpose.

and the Tribe Trust to the payments from the Master Disbursement Trust and other benefits set forth below.

(A) Subject to Section 5.2(g), on each MDT Distribution Date, the Master Disbursement Trust shall make Public Creditor Trust Distributions from all MDT Distributable Value in accordance with Section 5.2(f)(i)(B) of the Plan.

(B) All Public Creditor Trust Distributions to the Governmental Remediation Trust and/or the Tribe Trust shall be allocated between the Governmental Remediation Trust and the Tribe Trust as follows, in each case, as calculated before accounting for any amounts payable pursuant to Section 5.9 of this Plan: (I) with respect to the Estate Distributions, (X) 96.7% to the Governmental Remediation Trust and (Y) 3.3% to the Tribe Trust; and (II) with respect to the Shareholder Direct Settlement Portion, (X) 96.7% of the Maximum Governmental Direct Settlement Amount on the payment dates indicated therein to the Governmental Remediation Trust, subject to, and payable in accordance with, the terms of the Governmental Entity Shareholder Direct Settlement Agreement, and (Y) 3.3% of the Maximum Governmental Direct Settlement Amount on the payment dates indicated therein to the Tribe Trust, subject to, and payable in accordance with, the terms of the Tribe Trust Agreement.

(C) All Public Creditor Trust Distributions to the Governmental Remediation Trust shall be further allocated between States and Subdivisions in accordance with the Governmental Remediation Trust Documents. The allocation of the applicable Shareholder Direct Settlement Portion to Subdivisions who become Initial Participating Subdivisions may be higher than Later Joining Subdivisions (each as defined in and as more fully described in the Governmental Entity Shareholder Direct Settlement Agreement). Subdivisions located in Oklahoma shall be entitled to participate in the Governmental Entity Shareholder Direct Settlement as though Oklahoma was a Settling State. Subdivisions in Non-Settling States and Subdivisions which previously litigated and resolved their claims against the Debtors and/or Shareholder Released Parties shall not be eligible to be Participating Subdivisions unless and until, in the case of the Subdivisions located in Non-Settling States, a Subdivision's corresponding State becomes a Settling State. For the avoidance of doubt, each Non-Settling Subdivision shall be entitled to receive Estate Distributions pursuant to Section 7.7 of the Plan upon

Allowance of its Claim in accordance with Sections 7.6 or 7.9 of the Plan.

(D) Oklahoma Litigating Political Subdivisions will receive Oklahoma's allocation, which allocation amount has already been reduced by $12.5 million that the State of Oklahoma set aside in accordance with the Oklahoma Political Subdivisions Opioid Abatement Grants Act (the "Act") for distribution to Oklahoma subdivisions pursuant to Oklahoma's settlement with the Shareholder Released Parties and the Debtors (the "**Prepetition Oklahoma Settlement**"). The Oklahoma subdivision allocation is set forth in Exhibit [●] of the Plan and will be administered as agreed between the State of Oklahoma and the Oklahoma Litigating Political Subdivisions. Any release requirements contained in the Prepetition Oklahoma Settlement that are a condition for a Subdivision to participate in the Purdue Oklahoma Subdivision Fund shall be waived by the Debtors and Shareholder Payment Parties such that the Oklahoma Litigating Political Subdivisions may participate in both the Purdue Oklahoma Subdivision Fund and receive distributions from the Governmental Remediation Trust. The Debtors and Shareholder Payment Parties also waive any requirement in the Prepetition Oklahoma Settlement that funds not distributed by the Purdue Oklahoma Subdivision Fund within a certain amount of time will revert to the Foundation or the National Center for Addiction Studies and Treatment established pursuant to the Prepetition Oklahoma Settlement, and acknowledge that the entire Purdue Oklahoma Subdivision Fund shall be distributed to Oklahoma subdivisions. Oklahoma's allocation shall be paid from the Governmental Remediation Trust to a settlement fund established for the benefit of the Oklahoma Litigating Political Subdivisions. Distributions from such settlement fund to the Oklahoma Litigating Political Subdivisions shall be made in accordance with the ratios set forth in Exhibit [●] of the Plan. The Oklahoma Litigating Political Subdivisions shall either hire an administrator for the funds from the Remediation Trust Account or receive the funds directly from the Governmental Remediation Trust. The administrator may be reasonably compensated by the Governmental Remediation Trust to perform its administrative function, but not to exceed 5% of the money distributed to Oklahoma Litigating Political Subdivisions by the Governmental Remediation Trust.

(ii) On the Effective Date, the Public School Trust shall receive the Initial Public Schools Distribution (less any required payments to the Common Benefit Fund and/or in respect of attorneys' fees and

expenses of the Public School District Claimants in accordance with Section 5.9(c) and (h) of the Plan) and the MDT Public School Districts Claim. On account of the MDT Public School Districts Claim, the Master Disbursement Trust shall pay to benefit the Public School Trust: (i) $7.5 million on the first anniversary of the Effective Date *less* the applicable Direct Claim Settlement Retained Payment Amount (the "***Second Public Schools Distribution***"), and (ii) $7.5 million on the second anniversary of the Effective Date *less* the applicable Direct Claim Settlement Retained Payment Amount (the "***Third Public Schools Distribution***").

(g) **MDT Priority Waterfall**. On each MDT Distribution Date, all Cash and cash equivalents of the Master Disbursement Trust shall be applied as follows: (i) *first*, to fund any Replenishment Transfer solely to the extent such Cash and cash equivalents are Shareholder Estate Settlement Distributions; (ii) *second*, to fund the PI Trust Obligation in accordance with Section 5.2(e)(ii) of the Plan; (iii) *third*, to fund the MDT Operating Reserve in an amount determined by the MDT Trustees; (iv) *fourth*, to the extent there are outstanding amounts then due on account of the MDT Claims, to pay the MDT Claims; (v) *fifth*, to reimburse the applicable Public Creditor Trust for any Shareholder Direct Settlement Portion previously applied in respect of adjustments implemented in accordance with Section 5.2(e)(iv); and (vi) *sixth*, as Public Creditor Trust Distributions in respect of the MDT Interests; *provided*, *however*, that, except to the extent expressly set forth in Exhibit M to the Governmental Entity Shareholder Direct Settlement Agreement, payments received by the Master Disbursement Trust: (A) on account of the Governmental Entity Shareholder Direct Settlement shall be immediately transferred to the Governmental Remediation Trust and (B) on account of the Tribal Shareholder Direct Settlement Agreement shall be immediately transferred to the Tribe Trust, and the amounts in (A) and (B) shall not be used to fund a Replenishment Transfer to fund the MDT Operating Reserve or pay the MDT Claims.

(h) **Shareholder Settlements**. On or before the Effective Date, the Debtors, the Shareholder Payment Parties and the Settling Creditors shall enter into the Shareholder Settlement Agreements. Pursuant to the Public Entity Settlements, the Private Entity Settlements, the Shareholder Settlement Agreements and the Plan, in exchange for among other things, the Shareholder Settlement Releases and the Channeling Injunction, as set forth in Sections 10.6, 10.7 and 10.8 of the Plan, and the other agreements set forth in the Shareholder Settlement Agreements, (i) the Shareholder Payment Parties shall pay the applicable Shareholder Settlement Amount on the dates and pursuant to the terms set forth in the applicable Shareholder Settlement Agreements, (ii) the Shareholder Claims shall be deemed released on the Effective Date pursuant to Section 4.15 of the Plan, (iii) the MDT Shareholder Insurance Rights shall be transferred to the Master Disbursement Trust in accordance with Section 5.6(j) of the Plan, (iv) the Shareholder Payment Parties have agreed to support the Plan and (v) the Shareholder Payment Parties have provided the other agreements and consideration set forth in the applicable Shareholder Settlement Agreement, in each case, as more fully set forth in, and subject to the terms and conditions of, the Shareholder Settlement Agreement. The Master Disbursement Trust shall distribute all proceeds of the MDT Shareholder Rights, including each applicable Shareholder Settlement Amount, in accordance with the Plan, including Section 5.2(e)–(g) of the Plan.

(i) **[Potential United States-PI Claimant Medical Expense Claim Settlement**. The United States-PI Claimant Medical Expense Claim Settlement is as follows:

(i) On the Effective Date of the Plan, the PI Trust shall be deemed, without further action of the Bankruptcy Court or the PI Trust, to have irrevocably assigned to the United States the PI Trust's right

to receive $26 million from the Master Disbursement Trust, which amount shall be paid by the Debtors or the Master Disbursement Trust, as applicable, to the United States in installments equal to 3.7143% of any amounts received and retained by the PI Trust under the Plan in the form of the Initial PI Trust Distribution and distributions made on account of the MDT PI Claim, and on the same distribution schedule as such distributions are received and retained by the PI Trust, until the United States has received payments aggregating to $26 million. For the avoidance of doubt, in no event shall (A) the stated amount of the Initial PI Trust Distribution or the stated amount of the MDT PI Claim be altered in a manner that would reduce the aggregate amount to be paid to the United States pursuant to this Section 5.2(i)(i) of the Plan, (B) the aggregate amount paid to the United States pursuant to this Section 5.2(i)(i) of the Plan exceed $26 million, or (C) the United States' claim against the Master Disbursement Trust arising from the assignment described in this Section 5.2(i)(i) of the Plan be released until the United States has received payments thereof aggregating to $26 million. Should the PI Trust obtain recoveries under the Plan from a source other than the Master Disbursement Trust as a result of litigation following and resulting from either a modification of the MDT Insurer Injunction pursuant to Section 10.10 of the Plan or election by the Master Disbursement Trust of a Shareholder Release Remedy, the PI Trust shall pay over 3.7143% of any such recoveries to the United States until the United States shall have received payments aggregating to $26 million pursuant to the United States-PI Claimant Medical Expense Claim Settlement. The United States shall have the right to enforce the obligations set forth in this Section 5.2(i)(i) of the Plan notwithstanding the United States-PI Claimant Medical Expense Claim Releases.

(ii) Notwithstanding Section 10.19 of the Plan, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the PI Trust, each Holder of a PI Claim and, in respect of each of the PI Trust and each Holder of a PI Claim, its respective agents, representatives, heirs, successors and assigns, in their respective capacities as such, shall, without any further action by the Bankruptcy Court, be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by each Holder of a United States-PI Claimant Medical Expense Claim of all United States-PI Claimant Medical Expense Claims and all Causes of Action based on or relating to, or in any manner arising from, in whole or in part, the United States-PI Claimant Medical Expense Claim Settlement (other than a Cause of Action to enforce the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, the release set forth in Section 5.2 (i)(iii) of the Plan) that each Holder of a United States-PI Claimant Medical Expense Claim has asserted or could assert on its own behalf or on behalf of another Person or party, notwithstanding section 1542 of the

California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), against the PI Trust, a Holder of a PI Claim, Distributions to Holders of PI Claims pursuant to the PI TDP or under the Plan and, in respect of each of the PI Trust and each Holder of a PI Claim, its respective agents, representatives, heirs, successors and assigns, in their respective capacities as such; *provided*, *however*, that, if a Holder of a PI Claim commences a legal action against a Holder of a United States-PI Claimant Medical Expense Claim challenging all or any portion of the United States-PI Claimant Medical Expense Claim Settlement, then, from and after the commencement of such legal action, the United States-PI Claimant Medical Expense Claim Release shall be *void ab initio* solely with respect to such Holder of a PI Claim, and the heirs, successors and assigns of such Holder of a PI Claim, in their capacities as such, and not with respect to any other Person or party, including, but not limited to, the PI Trust, counsel to such Holder of a PI Claim and, in respect of each of the PI Trust and such counsel, its respective agents, representatives, heirs, successors and assigns, in their respective capacities as such; *provided further* that no such legal action against a Holder of a United States-PI Claimant Medical Expense Claim shall impair or reduce the amount that the United States shall receive pursuant to Section 5.2(i)(i). Nothing in this Section 5.2(i)(ii) creates any rights of a Holder of a PI Claim to sue the United States or any of its agencies, including a Holder of a United States-PI Claimant Medical Expense Claim, and the United States and its agencies reserve all rights and defenses in that regard; and nothing in this paragraph is or shall be deemed a waiver of any applicable sovereign immunity with respect to any legal action against the United States or any of its agencies challenging all or any portion of the United States-PI Claimant Medical Expense Claim Settlement brought by a Holder of a PI Claim or the heirs, successors or assigns of such Holder of a PI Claim, in their capacities as such.

(iii) As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, each Holder of a United States-PI Claimant Medical Expense Claim shall, without any further action by the Bankruptcy Court, be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the PI Trust and its agents, representatives, successors and assigns, in their respective capacities as such, of all Causes of Action based on or relating to, or in any manner arising from, in whole or in part, the United States-PI Claimant Medical Expense Claim Settlement (other than a Cause of Action to enforce the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, any United States-PI Claimant Medical Expense Claim Release) that the PI Trust has asserted or could assert on its own behalf or on behalf of another Person or party, notwithstanding

section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), against a Holder of a United States-PI Claimant Medical Expense Claim and, in respect of each Holder of a United States-PI Claimant Medical Expense Claim, its respective agents, representatives, successors and assigns, in their respective capacities as such.

(iv) The payments made to the United States pursuant to Section 5.2(i)(i) of the Plan are a prepayment by the PI Trust of amounts that would otherwise be payable by certain Holders of PI Claims to Holders of United States-PI Claimant Medical Expense Claims upon receipt by such Holders of PI Claims of Distributions pursuant to the PI TDP and under the Plan. Such prepayment shall be borne equitably by such Holders of PI Claims in the form of a reduction in the Distributions otherwise payable to such Holders of PI Claims pursuant to the PI TDP.

(v) The United States Department of Defense, Defense Health Agency (in respect of the TRICARE Program) submits to the jurisdiction of the Bankruptcy Court for purposes of the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, the United States-PI Claimant Medical Expense Claim Releases.

(vi) The United States Department of Health and Human Services, on its own behalf and on behalf of its component agencies, which are the Centers for Medicare & Medicaid Services and the Indian Health Service on behalf of its federally-operated programs; the United States Department of Defense, Defense Health Agency (in respect of the TRICARE Program); and the United States Department of Veterans Affairs submit to the exclusive jurisdiction of the Bankruptcy Court for purposes of any proceeding in respect of the interpretation or enforcement of the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, the United States-PI Claimant Medical Expense Claim Releases.][10]

(j) **Individual Settlement Agreements**: Each of the Settling States, Participating Subdivisions, the Master Disbursement Trust, and the Debtors shall not enter into any side letter or separate agreement with any Sackler Family Member that grants more favorable terms or benefits,

[10] [**NTD**: Section 5.2(i) reflects terms that were agreed to in 2021 in connection with the 12th Amended Plan among PI claimants and the federal government. The parties do not currently have an agreement on any of these issues. If an agreement is reached, it will be reflected in subsequent versions of the Plan and Disclosure Statement. There can be no assurances that any such agreement will be reached. If no agreement is reached, the federal government reserves its rights to seek recoveries from appropriate parties (including PI claimants and/or their attorneys) under the Medicare Secondary Payer Act, 42 USC §§ 1395y(b), section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. 110-173), or the Federal Medical Care Recovery Act, 42 U.S.C. §§ 2651-2653; and other parties (including the PI claimants and their attorneys) reserve all rights and defenses to such claims and any attempts by the federal government to recover on such claims.]

when taken as a whole, to such Sackler Family Member's Shareholder Family Group than those set forth in the Plan and the Shareholder Settlement Agreements.

5.3 ***The Plan Administration Trust***.

(a) **Establishment and Purpose of Plan Administration Trust**. On or before the Effective Date, the Debtors shall take all necessary steps to form the Plan Administration Trust in accordance with the Plan and the PAT Agreement. The Plan Administration Trust shall be established for the purposes described in this Plan and any others more fully described in the PAT Agreement, shall have no objective to continue or engage in the conduct of trade or business and shall be subject to the jurisdiction of the Bankruptcy Court. The Plan Administration Trust shall, in each case in accordance with the Plan and the PAT Agreement:

(i) hold, manage, sell and invest the PAT Assets for the benefit of Holders of Allowed Claims (other than Channeled Claims and Federal Government Unsecured Claims);

(ii) administer, process, resolve and liquidate Claims (other than Channeled Claims and Federal Government Unsecured Claims), including through the prosecution and resolution of objections to Disputed Avrio General Unsecured Claims, Disputed Adlon General Unsecured Claims or Disputed Other General Unsecured Claims;

(iii) hold and maintain the PAT Reserves and the PAT Distribution Account and maintain the Professional Fee Escrow Account and the account described in Section 5.3(e) of the Plan; and

(iv) make Distributions to Holders of Allowed Claims (other than Channeled Claims and Federal Government Unsecured Claims) and other payments from the Plan Administration Trust, the Professional Fee Escrow Account and the account described in Section 5.3(e) of the Plan.

(b) **Vesting of the PAT Assets in the Plan Administration Trust**. The Plan Administration Trust shall consist of the PAT Assets. On the Effective Date, the PAT Assets shall vest in the Plan Administration Trust, free and clear of all Claims, Interests, Liens, other encumbrances and liabilities of any kind.

(c) **Appointment and Role of the Plan Administration Trustee**. The Plan Administration Trustee shall be an existing employee of the Debtors selected by the Debtors in their sole discretion or another individual selected by the Debtors with the consent of the Creditors' Committee and the Governmental Consent Parties (which consent shall not be unreasonably withheld, conditioned or delayed). The identity and compensation of the Plan Administration Trustee shall be disclosed in the Plan Supplement. The appointment of the Plan Administration Trustee shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date. In accordance with the PAT Agreement, the Plan Administration Trustee shall serve in such capacity through the earlier of (x) the date that the Plan Administration Trust is dissolved in accordance with the PAT Agreement and (y) the date the Plan Administration Trustee resigns, is terminated or is otherwise unable to serve for any reason. In furtherance of and consistent with the purpose of the Plan Administration Trust and the Plan, the Plan Administration Trustee shall:

(i) have the power and authority to perform all functions on behalf of the Plan Administration Trust;

(ii) undertake all administrative responsibilities as are provided in the Plan and the PAT Agreement, including filing the final monthly operating report (for the month in which the Effective Date occurs) and all subsequent quarterly operating reports and administering the closure of the Chapter 11 Cases, which reports shall be delivered to the Master Disbursement Trust;

(iii) be responsible for all decisions and duties with respect to the Plan Administration Trust and the PAT Assets; and

(iv) take such other actions as the Plan Administration Trust determines to be necessary or desirable to carry out the purposes of the Plan, *provided* that such authority shall be subject to Section 5.4 and Section 5.6 of this Plan, and nothing herein or in any Plan Supplement document shall grant the Plan Administration Trust any rights with respect to NewCo or its operations or the Master Disbursement Trust or its operations.

(d) **Funding of the Wind-Up Reserve; Costs and Expenses of the Plan Administration Trust**. On the Effective Date, the Debtors shall establish and fund the Wind-Up Reserve, which shall vest in the Plan Administration Trust and be held and maintained by the Plan Administration Trustee. In the event of any shortfall of funding in the Wind-Up Reserve, NewCo shall be obligated to satisfy any such deficiency, subject to the consent (not to be unreasonably withheld) of the NewCo Managers and the MDT Trustees (which obligation shall be assumed by NewCo and any successor to NewCo's business). The costs and expenses of the Plan Administration Trust, including the compensation, fees and expenses of the Plan Administration Trustee and its retained professionals, shall be paid out of the Wind-Up Reserve. The Plan Administration Trustee shall be entitled to reasonable compensation, in an amount to be determined by the Debtors, subject to the consent (not to be unreasonably withheld, conditioned or delayed) of the Creditors' Committee and the Governmental Consent Parties, and to retain and reasonably compensate counsel and other professionals, including any professional who represented parties in interest, including the Debtors, in the Chapter 11 Cases, to assist in its duties as Plan Administration Trustee on such terms as the Plan Administration Trustee deems appropriate without Bankruptcy Court approval, subject to the provisions of the PAT Agreement.

(e) **[Attorneys' Fees and Expenses of Directors, Officers, Employees and Agents**. The Plan Administration Trust will promptly advance or reimburse as and when incurred the reasonable actual attorneys' fees and related expenses incurred by any current or former director, officer, employee or authorized agent of the Debtors (other than any Sackler Family Member) after the Effective Date and before the sixth (6th) anniversary of the Effective Date in connection with such individual's cooperation with, or in connection with the defense of such individual with respect to, any investigation, prosecution and/or litigation involving conduct relating to the Debtors or the Debtors' business or property or any defense of the Releases or the Channeling Injunction. On or before the Effective Date, the Debtors will establish and fund a segregated account in the amount of $[●] million, which shall be held and maintained by the Plan Administration Trustee to fund the foregoing advancement and reimbursement obligations. If, at any time, the balance in such segregated account is less than $[●] million, NewCo (or, at any time after a sale of all or substantially all Assets of or Interests in NewCo, the Master Disbursement Trust) shall replenish such account so that amounts in the account are not less than $[●] million, provided that (x) the aggregate amount deposited into the segregated account may not exceed $[●] million, and (y)

on the sixth (6th) anniversary of the Effective Date, any funds remaining in the segregated account will be released to the Master Disbursement Trust and NewCo's and the Master Disbursement Trust's funding obligations with respect to such account will cease. Notwithstanding the foregoing, the Plan Administration Trust will not advance or reimburse any such amounts incurred by any individual who (i) does not provide an appropriate undertaking consistent with the undertakings required for indemnification during the pendency of the Chapter 11 Cases, (ii) has at any time prior to the Effective Date refused or does at any time after the Effective Date refuse to testify based on a claim of privilege against self-incrimination in any proceeding relating to the Debtors or the Debtors' business or property, or (iii) is at any time indicted for a felony relating to the Debtors or the Debtors' business or property (*provided*, *however*, that if such individual is found to be not guilty of such felony, then expenses shall be promptly reimbursed).][11]

(f) **Institution and Maintenance of Legal and Other Proceedings**. As of the date upon which the Plan Administration Trust is established, the Plan Administration Trust shall be empowered to initiate, prosecute, defend and resolve all legal actions and other proceedings related to any Asset, liability or responsibility of the Plan Administration Trust. Such legal actions and other proceedings shall be limited solely to those required for the purposes of reconciling, administering and defending against Claims (other than Channeled Claims) and the other responsibilities of the Plan Administration Trust. The Plan Administration Trust shall be empowered to initiate, prosecute, defend and resolve all such actions in the name of the Debtors or their Estates, in each case if deemed necessary or appropriate by the Plan Administration Trustee. The Plan Administration Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees and other charges incurred subsequent to the date upon which the Plan Administration Trust is established arising from, or associated with, any legal action or other proceeding brought pursuant to the foregoing. For the avoidance of doubt, the Plan Administration Trust, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code and applicable state corporate law, is appointed as the successor-in-interest to, and representative of, the Debtors and their Estates for the retention, enforcement, settlement or adjustment of Claims against the Debtors (other than the Channeled Claims). For the further avoidance of doubt, neither the Plan Administration Trust nor the Plan Administration Trustee shall be vested with the rights to pursue any MDT Insurance Rights or MDT Insurance Collateral.

(g) **U.S. Federal Income Tax Matters Relating to Plan Administration Trust**. The Plan Administration Trust is intended to be treated as a trust described in IRC sections 661 through 664 and the regulations promulgated thereunder (a "complex trust"). The Plan Administration Trustee shall file (or cause to be filed) such statements, returns, or disclosures relating to the Plan Administration Trust as are required by any Governmental Unit, including IRS Form 1041, IRS Form 1041-ES, and IRS Schedule K-1. The Plan Administration Trustee shall be responsible for payment, out of the PAT Assets, of any taxes imposed on the Plan Administration Trust or the PAT Assets, including, without limitation, estimated and annual U.S. federal income taxes. The Plan Administration Trustee may request an expedited determination of taxes of the Plan Administration Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Plan Administration Trust for all taxable periods through the dissolution of the Plan Administration Trust. Nothing in this Section 5.3(g) shall be deemed to determine, expand or contract the jurisdiction of the Bankruptcy Court under section 505 of the Bankruptcy Code.

(h) **Dissolution, Release of Reserves and Residual Value**. The Plan Administration Trust shall be dissolved and the Plan Administration Trustee shall be discharged from its duties with respect to the Plan Administration Trust upon completion of its duties as set forth in the Plan and satisfaction of the purposes of the Plan Administration Trust as set forth in the Plan and the PAT

[11] [**NTD**: Subject to ongoing review]

Agreement, which, for the avoidance of doubt, shall be no earlier than the later of (i) the PPLP Dissolution Date and (ii) the date on which (A) all Disputed Claims (other than Non-Participating Channeled Claims) have been resolved, (B) all PAT Assets have been liquidated and (C) all Distributions and other payments required to be made by the Plan Administration Trustee under the Plan and the PAT Agreement have been made, unless dissolution on an earlier date is authorized pursuant to a Final Order of the Bankruptcy Court. Any Cash or cash equivalents in the Plan Administration Trust remaining upon dissolution of the Plan Administration Trust, including any Surplus Reserve Cash remaining in the PAT Reserves, shall be distributed in accordance with Section 5.14(c) of the Plan.

(i) **Exculpation and Indemnification of the Plan Administration Trustee**. To the maximum extent permitted by applicable law, the Plan Administration Trustee shall not have or incur any liability for actions taken or omitted in its capacity as the Plan Administration Trustee, or on behalf of the Plan Administration Trust, except those acts found by Final Order to be arising out of its willful misconduct, bad faith, gross negligence or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of its actions or inactions in its capacity as the Plan Administration Trustee, or on behalf of the Plan Administration Trust, and for any other liabilities, losses, damages, claims, costs and expenses arising out of or due to the implementation or administration of the Plan or the PAT Agreement, in each case, except for any actions or inactions found by Final Order to be arising out of its willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of the Plan Administration Trustee shall be satisfied from the Wind-Up Reserve.

5.4 ***NewCo***.[12]

(a) **Establishment and Ownership of NewCo**. On or before the Effective Date, NewCo and any Subsidiaries of NewCo shall be formed in accordance with the Plan and the NewCo Operating Agreement. Upon completion of the Restructuring Transactions, the Foundation shall hold the NewCo Interest, representing 100% of the voting and economic Interests in NewCo.

(b) **Purpose of NewCo**. From and after the Effective Date, NewCo shall operate the NewCo Transferred Assets in accordance with the terms of the NewCo Operating Agreement, and subject to the NewCo Operating Injunction and the NewCo Governance Covenants set forth in the Confirmation Order. NewCo shall be operated in a responsible and sustainable manner, balancing (i) the interests of its stakeholders to fund and provide abatement of the opioid crisis, (ii) effective deployment of its assets to address the opioid crisis and (iii) the interests of those materially affected by its conduct. In connection with any action of NewCo, all elements of NewCo's purpose as set forth in this Section 5.4(b) shall be taken into account, and NewCo shall not be required (and the NewCo Managers shall not be required to cause NewCo) to maximize NewCo's or NewCo's subsidiaries' sales or profits.

(c) **Vesting of the NewCo Transferred Assets in NewCo**. On or prior to the Effective Date, pursuant to the Plan and in accordance with the NewCo Transfer Agreement, the NewCo Transferred Assets, including the Initial NewCo Cash, shall be transferred to and vest in NewCo or one or more Subsidiaries of NewCo, in each case free and clear of all Claims, Interests, Liens, other encumbrances and liabilities of any kind; *provided* that NewCo shall comply with its obligations under the Plan, including NewCo's obligation to distribute directly to the Governmental Remediation Trust, the Tribe Trust and the Foundation the NewCo Distributable Cash in accordance with the Plan and to satisfy any deficiency of funding in the Wind-Up Reserve subject to the consent (not to be unreasonably withheld) of the NewCo Managers and the MDT Trustees (which obligation shall be assumed by NewCo and any successor to

[12] [**NTD**: Section remains subject to ongoing discussion]

NewCo's business) and NewCo shall assume the Assumed Liabilities. Except as described in the foregoing sentence, NewCo shall have no liability for, and the NewCo Transferred Assets shall vest in NewCo free and clear of, any prepetition and postpetition Causes of Action of any kind, in each case that have been or could have been asserted against the Debtors, their Estates or their property (including, but not limited to, Claims based on successor liability) based on any acts or omissions prior to the Effective Date.

(d) **NewCo Managers**.

(i) Appointment. The board of managers of NewCo will consist of five (5) NewCo Managers, each with experience in one or more of the following areas: pharmaceuticals, public policy (including public health policy), law enforcement, ethics and compliance, finance, audit, general business and/or corporate governance issues. The initial NewCo Managers shall be disinterested and independent, and shall be selected by the Settling States with the consent (not to be unreasonably withheld) of the Ad Hoc Committee and in consultation with the Debtors and the Creditors' Committee, and pursuant to a selection process that is reasonably acceptable to the Debtors; *provided* that the DOJ shall have the right, in its discretion, to observe such selection process. The identity of the initial NewCo Managers shall be included in the Plan Supplement. The appointment of the initial NewCo Managers shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date.

(ii) Responsibilities. The NewCo Managers shall, among other things, (A) determine appropriate expenditure levels for commercial operations and the Public Health Initiatives of NewCo, and (B) make all decisions with respect to NewCo operations (including, for the avoidance of doubt, to effectuate a Disposition Event (as defined in the NewCo Operating Agreement)), taking into account the public interest and NewCo's purpose; *provided*, in each of clauses (A) and (B) above, any such actions of the NewCo Managers shall be subject to oversight by the Foundation.

(e) **NewCo Distributable Cash**. On an annual basis following the Effective Date, NewCo shall pay (i) 96.7% of the Governmental NewCo Distributable Cash directly to the Governmental Remediation Trust, (ii) 3.3% of the Governmental NewCo Distributable Cash directly to the Tribe Trust and (iii) the Foundation Distributable Cash directly to the Foundation. The obligation to pay the Governmental NewCo Distributable Cash in accordance with this Section 5.4(e) shall be otherwise documented in an agreement to be negotiated between NewCo, the Governmental Remediation Trust and the Tribe Trust.

(f) **NewCo Insurance**. On or prior to the Effective Date, the Debtors shall fund an upfront premium payment from Effective Date Cash to purchase insurance required and appropriate for the business needs of NewCo, including liability and other insurance for NewCo, including, without limitation, product liability insurance and directors' and officers' liability insurance for the NewCo Managers, officers and other authorized agents, in an amount and on terms acceptable to the Debtors and the Governmental Consent Parties.

(g) **NewCo Operating Injunction and NewCo Governance Covenants**. The Confirmation Order will provide for the issuance of the NewCo Operating Injunction and the NewCo

Governance Covenants. Any purchaser of NewCo's opioid business shall remain subject to the NewCo Operating Injunction and the NewCo Governance Covenants.

(h) **NewCo Monitor**. The Confirmation Order will provide for the appointment of the NewCo Monitor. The initial NewCo Monitor shall be the Purdue Monitor in place as of the Effective Date or otherwise selected by the Governmental Consent Parties with the consent of the Debtors, and in consultation with the Creditors' Committee. The identity of the NewCo Monitor shall be disclosed in the Plan Supplement. The NewCo Monitor shall be responsible for reviewing NewCo's compliance with the NewCo Operating Injunction. NewCo and its professionals and representatives, including the NewCo Managers, shall cooperate and reasonably respond to requests by the NewCo Monitor in the performance of its responsibilities, including reasonable requests for access to relevant books and records of NewCo. In furtherance of the responsibilities of the NewCo Monitor, the NewCo Monitor shall be authorized to seek relief from the Bankruptcy Court to the extent necessary to carry out its obligations hereunder. The NewCo Monitor shall prepare and publish [quarterly][13] reports regarding the matters for which the NewCo Monitor is responsible, including NewCo's compliance with the NewCo Operating Injunction. All compensation, costs and fees of the NewCo Monitor and any professionals retained by the NewCo Monitor shall be paid by NewCo.

(i) **U.S. Federal Income Tax Matters Relating to NewCo**. The NewCo Managers shall cause NewCo to make a timely election to be treated as a corporation for U.S. federal income tax purposes effective as of the date immediately succeeding the Effective Date by the deadline for making such election. NewCo shall be responsible for filing all tax returns of NewCo and the payment, out of the Assets of NewCo, of any taxes due by or imposed on NewCo or NewCo Transferred Assets, including, without limitation, estimated and annual U.S. federal income taxes.

(j) **Exculpation and Indemnification of the NewCo Managers**. To the maximum extent permitted by applicable law, no NewCo Manager shall have or incur any liability for actions taken or omitted in his or her capacity as a NewCo Manager, or on behalf of NewCo, except those acts found by Final Order to be arising out of his or her willful misconduct, bad faith or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all actions or inactions in his or her capacity as a NewCo Manager, or on behalf of NewCo, except for any actions or inactions found by Final Order to be arising out of his or her willful misconduct, bad faith or fraud. Any valid indemnification claim of any NewCo Manager shall be satisfied by NewCo.

5.5 ***Foundation***.

(a) **Establishment and Ownership of the Foundation**. On or before the Effective Date, the Foundation shall be formed in accordance with the terms of the Plan and the Foundation Bylaws.

(b) **Appointment of the Foundation Trustees**. The board of trustees of the Foundation will consist of three (3) Foundation Trustees, each of whom shall be disinterested and independent, provided that one (but no more than one) Creditor Trustee of the [Master Disbursement Trust] may serve as a Foundation Trustee; *provided* further that any action taken by such individual in his or her capacity as Foundation Trustee shall not be subject to the fiduciary duties of such individual in his or her capacity as a Creditor Trustee of the Master Disbursement Trust.[14] The initial Foundation Trustees shall be selected by the Settling States with the consent (not to be unreasonably withheld) of the Ad Hoc Committee

[13] [**NTD:** Subject to ongoing review]

[14] [**NTD**: Subject to ongoing discussion]

and in consultation with the Debtors and the Creditors' Committee, and pursuant to a selection process that is reasonably acceptable to the Debtors; *provided* that the DOJ shall have the right, in its discretion, to observe such selection process. The identity of the initial Foundation Trustees shall be included in the Plan Supplement. The appointment of the initial Foundation Trustees shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date.

(c) **Foundation D&O Insurance and Indemnification**. On or prior to the Effective Date, the Debtors shall fund an upfront premium payment from Effective Date Cash to purchase directors' and officers' liability insurance for the Foundation Trustees in an amount and on terms acceptable to the Debtors and the Governmental Consent Parties.

(d) **U.S. Federal Income Tax Matters Relating to the Foundation**. The Foundation Trustees shall cause the Foundation to (A) be formed as a non-stock corporation and (B) be organized as a corporation that is intended to be treated as an exempt organization for U.S. federal and applicable state and local income tax purposes. Neither the Foundation nor any Foundation Trustee shall make an election for the Foundation to be classified as other than a corporation pursuant to Treasury Regulations section 301.7701-3.

(e) **Exculpation and Indemnification of the Foundation Trustees**. To the maximum extent permitted by applicable law, no Foundation Trustee shall have or incur any liability for actions taken or omitted in his or her capacity as a Foundation Trustee, or on behalf of NewCo, except those acts found by Final Order to be arising out of his or her willful misconduct, bad faith or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all actions or inactions in his or her capacity as a Foundation Trustee, or on behalf of NewCo, except for any actions or inactions found by Final Order to be arising out of his or her willful misconduct, bad faith or fraud. Any valid indemnification claim of any Foundation Trustee shall be satisfied by the Foundation.

5.6 ***Master Disbursement Trust***.

(a) **Establishment and Purpose of the Master Disbursement Trust**. On or before the Effective Date, the Debtors shall take all necessary steps to establish the Master Disbursement Trust in accordance with the Plan and the MDT Agreement. The Master Disbursement Trust shall be established for the purposes described in this Plan and any other purposes more fully described in the MDT Agreement and shall be subject to the jurisdiction of the Bankruptcy Court. The Master Disbursement Trust shall, in each case in accordance with the Plan and the MDT Agreement:

(i) hold, manage, sell, invest and distribute the MDT Transferred Assets for the benefit of the MDT Beneficiaries in accordance with the Private Entity Settlements and the Public Entity Settlements;

(ii) enforce, pursue, prosecute, compromise and/or settle the MDT Causes of Action, the MDT Insurance Rights and the MDT Shareholder Rights, including monitoring and enforcing the Shareholder Settlement Agreements;

(iii) make payments in satisfaction of the MDT Claims;

(iv) make Public Creditor Trust Distributions from MDT Distributable Value;

(v) administer the Special Operating Reserve; and

(vi) serve as administrative agent with respect to the Released Claims Reserves.

(b) **Vesting of the MDT Transferred Assets in the Master Disbursement Trust**. The corpus of the Master Disbursement Trust shall consist of the MDT Transferred Assets. On the Effective Date, pursuant to the Plan and in accordance with the MDT Agreement, the MDT Transferred Assets shall be irrevocably transferred to and vest in the Master Disbursement Trust free and clear of all Claims, Interests, Liens, other encumbrances and liabilities of any kind; *provided* that, to the extent certain Assets comprising the MDT Transferred Assets are not known or identified as of the Effective Date, such Assets shall automatically, and without further act or deed, be transferred to and vest in the Master Disbursement Trust upon the discovery or identification thereof, including, with respect to the Surplus Reserve Cash, in accordance with Section 5.14(c) of the Plan. The Master Disbursement Trust shall have no liability for any prepetition or postpetition Causes of Action of any kind, in each case that have been or could have been asserted against the Debtors, their Estates or their property (including, but not limited to, Claims based on successor liability) based on any acts or omissions prior to the Effective Date, except as expressly set forth in the Plan and the MDT Agreement; *provided* that the Master Disbursement Trust will assume the Channeled Claims solely for the purpose of effectuating the Master TDP in accordance with Section 5.6(g) of the Plan and issue the MDT Claims and MDT Interests in accordance with the Public Entity Settlements and the Private Entity Settlements. From and after the Effective Date, all proceeds of the MDT Transferred Assets, including, without limitation, amounts paid by Insurance Companies under the MDT Insurance Policies and amounts paid under the Master Shareholder Settlement Agreement, shall be paid to the Master Disbursement Trust to be applied in accordance with the MDT Priority Waterfall and the MDT Agreement.

(c) **Funding of the Master Disbursement Trust**. The Master Disbursement Trust shall be funded with the proceeds of the MDT Transferred Assets.

(d) **Appointment and Role of the MDT Trustees**. The board of trustees of the Master Disbursement Trust will consist of three (3) MDT Trustees with relevant experience. The MDT Trustees shall be disinterested and independent; *provided*, *however*, that such requirements shall not preclude any professional who represented parties in interest from serving as MDT Trustee nor any firm in which an MDT Trustee holds a financial interest from serving as a professional for the Master Disbursement Trust based solely on such previous representations. At least one (1) initial MDT Trustee shall be selected by the Settling States that have attorneys general from the Democratic Party, and at least one (1) initial MDT Trustee shall be selected by the Settling States that have attorneys general from the Republican Party, and such MDT Trustees shall select the third MDT Trustee (the "**Settling States MDT Trustees**"); *provided* that notwithstanding the above, in each case, each MDT Trustee shall be appointed with the consent of the Ad Hoc Committee in consultation with the MSGE Group and the Debtors, and the DOJ shall have the right, in its discretion, to observe such selection process. The identity of the initial MDT Trustees shall be disclosed in the Plan Supplement. The appointment of the initial MDT Trustees shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date. Each Settling States MDT Trustee may be removed and replaced at any time by the unanimous vote of the MDT Advisory Council Representatives from the same political party as such Settling States that selected such Settling States MDT Trustee. In furtherance of and consistent with the purpose of the Master Disbursement Trust and the Plan, the MDT Trustees shall:

(i) have the power and authority to perform all functions on behalf of the Master Disbursement Trust;

(ii) have the power and authority to perform all functions necessary to operate the Master Disbursement Trust, including, but not limited to, hiring employees or financial, tax, legal, or other necessary professionals to achieve the Master Disbursement Trust's objectives;

(iii) be responsible for all decisions and duties with respect to the Master Disbursement Trust and the MDT Transferred Assets; and

(iv) in all circumstances and at all times, act in a fiduciary capacity for the benefit and in the best interests of the MDT Beneficiaries, in furtherance of the purpose of the Master Disbursement Trust, and in accordance with the Plan, including Section 5.6(f) of the Plan, and the MDT Agreement.

(e) **Appointment and Role of the MDT Advisory Council**. There shall be an MDT Advisory Council established under the MDT Agreement that will consist of a total of seven (7) representatives (the "***MDT Advisory Council Representatives***," and each an "***MDT Advisory Council Representative***"), selected in the following manner: (i) two (2) representatives shall be selected by the representatives of Settling States that have a state attorney general from the Democratic Party; (ii) two (2) representatives shall be selected by the representatives of Settling States that have a state attorney general from the Republican Party, and (iii) these four (4) MDT Advisory Council Representatives shall select the fifth MDT Advisory Council Representative. In addition, one (1) MDT Advisory Council Representative shall be selected by the MDL Plaintiffs' Executive Committee and one (1) MDT Advisory Council Representative shall be selected by the MSGE Group. Notwithstanding anything in the foregoing to the contrary, in each case, each MDT Advisory Council Representative shall be appointed with the consent of the Ad Hoc Committee. The Master Disbursement Trust shall regularly report to the MDT Advisory Council with respect to the operations and activities of the Master Disbursement Trust and the handling of all payments and Distributions made from the Master Disbursement Trust to the extent set forth in the MDT Agreement.

(f) **Obligations of the MDT Trustees**. The MDT Trustees shall take into account the interests of, and owe fiduciary duties to, each of the MDT Beneficiaries in making all decisions on behalf of the Master Disbursement Trust. In furtherance thereof:

(i) in the event of a Specified Breach (as defined in the Master Shareholder Settlement Agreement), the MDT Trustees will take into account the remaining rights of the Holders of MDT Claims as well as the interests of the Holders of MDT Interests in formulating and exercising appropriate remedies as they relate to the Shareholder Payment Parties and the Shareholder Release Snapback Parties, but shall in all events, to the extent there are obligations remaining to the Private Creditor Trusts upon such default, seek to utilize all other available sources of assets (including by first utilizing commercially reasonable efforts to pursue a Payment Remedy (as defined in the Master Shareholder Settlement Agreement) before electing to pursue a Shareholder Release Remedy) to pay all outstanding amounts owed to the Holders of MDT Claims then-due or to be paid in the future from amounts due from such Breaching Shareholder Family Group until such outstanding amounts have been paid in full;

(ii) the Master Disbursement Trust shall provide no less than ten (10) Business Days' advance written notice (unless urgent circumstances require less notice) to each MDT Beneficiary of any material action proposed to be taken in respect of the MDT Shareholder Rights, including any exercise of remedies under the Shareholder Settlement Agreements or the commencement or settlement of any litigation against any Shareholder Payment Party or Shareholder Release Snapback Party;

(iii) to the extent there are any disputes raised by any MDT Beneficiary regarding the operation of the Master Disbursement Trust or the actions of the MDT Trustees (including, without limitation, any action related to the MDT Shareholder Rights), (A) any MDT Beneficiary shall have the right to seek resolution by the Bankruptcy Court of such a dispute, including seeking to enjoin any disputed action by the Master Disbursement Trust, and all MDT Trustees and MDT Beneficiaries shall have the right to be heard with regard to any such dispute, including by filing objections, declarations, statements in support or other pleadings (including with supporting evidence) or providing witness testimony at any hearing and (B) the Bankruptcy Court shall have exclusive jurisdiction to hear and resolve any such disputes, and shall be authorized to order appropriate relief (subject to the provisions of this Section 5.6(f)) and make a determination in an expedited manner, and in all events, shall make such a decision within thirty (30) days from the request for relief;

(iv) upon the payment in full in Cash of any MDT Claim, the holder of such MDT Claim shall immediately cease to be an MDT Beneficiary for all purposes under the MDT Agreement, and the MDT Trustees shall have no further fiduciary duties to such holder, and such holder shall have no further rights to commence or participate in any action relating to the operations of the Master Disbursement Trust or the actions of the MDT Trustees;

(v) the Master Disbursement Trust shall (A) provide reasonable reporting to each of the other Creditor Trusts that hold MDT Claims regarding the MDT Trustees' activities at least every four (4) months (both cumulatively and in the period just ended), including with regard to the MDT Shareholder Rights (or any reporting received), any insurance proceedings, assets (including the value thereof), expenditures, distributions and forward-looking projections (subject to appropriate limitations to be agreed by the Debtors, the Governmental Consent Parties and the Creditors' Committee), (B) make themselves reasonably available in addition to holding at least one (1) call every four (4) months for the other Creditor Trustees to answer questions of such other Creditor Trustees relating to the Master Disbursement Trust's activities, (C) provide each Private Creditor Trust and the Public School Trust with quarterly reporting regarding Litigation Costs (as defined in the Master Shareholder Settlement

Agreement) and other items relating to litigation claims pertaining to such Creditor Trusts' applicable Creditor category as well as all other Creditor categories, and (D) provide the PI Trust with the information, consultation rights and notice as required pursuant to Section 5.2(e) of the Plan. Notwithstanding anything in the foregoing to the contrary, the Master Disbursement Trust shall not be required to provide any reporting to any Creditor Trust to which the Master Disbursement Trust's duties cease pursuant to Section 5.6(f)(iv).

(vi) the MDT Trustees shall be obligated to comply with the terms of the Plan, including this Section 5.6(f), and the MDT Agreement; and

(vii) in the event of any inconsistency between the terms of this Section 5.6(f) and any other provision of this Plan or the MDT Agreement, the terms of this Section 5.6(f) shall govern unless the MDT Trustees and the Creditor Trustees for each of the Creditor Trusts mutually agree.

(g) **Assumption of Channeled Claims and Master TDP**. As of the Effective Date, any and all liability of the Debtors and the other Protected Parties for any and all Channeled Claims shall automatically, and without further act, deed or court order, be channeled to and assumed by the Master Disbursement Trust solely for the purpose of effectuating the Master TDP, pursuant to which each Channeled Claim shall either be automatically channeled to and assumed exclusively by a Creditor Trust or otherwise Disallowed and released in full. All Channeled Claims channeled to a Creditor Trust in accordance with the Master TDP shall be administered and resolved solely pursuant to, and solely to the extent provided in, the applicable Creditor Trust TDP for such Creditor Trust. Distributions, in accordance with the applicable Creditor Trust TDP, from the Creditor Trust to which a Channeled Claim is channeled, in accordance with the Master TDP, shall be the sole source of recovery, if any, in respect of such Channeled Claim, and the Holder of such Channeled Claim shall have no other or further recourse to the Protected Parties, including the Master Disbursement Trust. All Channeled Claims that are Disallowed and released and not channeled to a Creditor Trust in accordance with the Master TDP shall have no recourse to any Protected Party, including the Master Disbursement Trust. For the avoidance of doubt, in no event shall any Channeled Claim have any recourse to the Assets of the Master Disbursement Trust. In furtherance of the foregoing, the Master Disbursement Trust, subject to and only to the extent provided in the MDT Documents, shall have all defenses, cross-claims, offsets and recoupments regarding the Channeled Claims that the Debtors, the Released Parties and the Shareholder Released Parties, as applicable, have, or would have had, under applicable law, but solely to the extent consistent with the MDT Documents and the Plan; *provided* that, subject to Section 10.8(c), no such Claims, defenses or rights may be asserted against any Protected Party; and *provided*, *further*, that all such defenses, cross-claims, offsets and recoupments regarding any Channeled Claim that is channeled to a Creditor Trust in accordance with the Master TDP shall be transferred to such Creditor Trust with such Channeled Claim, at which point, the Master Disbursement Trust shall no longer have such defenses, cross-claims, offsets and recoupments regarding such Channeled Claim. For the avoidance of doubt, nothing in this Section 5.6(g) shall limit or affect the transfer of the MDT Insurance Rights.

(h) **MDT Operating Expenses**. On the Effective Date, the Debtors shall establish and fund the MDT Operating Reserve, which shall vest in the Master Disbursement Trust in accordance with Section 5.6(b) of the Plan and be held and maintained by the MDT Trustees. Periodically, until the dissolution of the Master Disbursement Trust, the MDT Trustees will replenish the MDT Operating

Reserve from Cash held or received by the Master Disbursement Trust to the extent deemed necessary by the MDT Trustees to satisfy and pay estimated future MDT Operating Expenses; *provided*, *however*, that subject only to Section 5.2(g) of this Plan, payments received by the Master Disbursement Trust on account of the Governmental Entity Shareholder Direct Settlement shall be immediately transferred to the Governmental Remediation Trust and shall not be used to fund a Replenishment Transfer or the MDT Operating Reserve, and shall not be used to pay the MDT Claims. The MDT Trustees shall create and maintain an annual budget of MDT Operating Expenses, which shall be reviewed by, and reasonably acceptable to, the MDT Advisory Council. All MDT Operating Expenses shall be satisfied and paid from the MDT Operating Reserve. The MDT Trustees shall be entitled to reasonable compensation and to retain and reasonably compensate counsel and other professionals, including any professional who represented parties in interest in the Chapter 11 Cases, to assist in the duties of the Master Disbursement Trust on such terms as the MDT Trustees deem appropriate without Bankruptcy Court approval, subject to the provisions of the MDT Agreement. The initial compensation of the MDT Trustees shall be reasonably acceptable to the Debtors and the Governmental Consent Parties, and thereafter shall be subject to the annual budgets prepared by the MDT Trustees.

(i) **Transfer of the MDT Insurance Rights**. In furtherance of the transfer of the MDT Transferred Assets to the Master Disbursement Trust and in accordance with the MDT Agreement, on the Effective Date, the Debtors shall irrevocably transfer, grant and assign to the Master Disbursement Trust, and the Master Disbursement Trust shall receive and accept, any and all of the MDT Causes of Action and MDT Insurance Rights. To the extent any Insurance Company would be obligated in respect of any MDT Insurance Policy to pay any Channeled Claim on behalf of one or more of the Debtors, the Debtors shall transfer and assign to the Master Disbursement Trust the right to enforce such Insurance Company's obligation. The foregoing transfer shall be (i) free and clear of all encumbrances and Causes of Action of any nature whatsoever, (ii) made to the maximum extent possible under applicable law, (iii) absolute and without requirement of any further action by the Debtors, the Liquidating Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Bankruptcy Court or any other Person, and (iv) governed by, and construed in accordance with, the Bankruptcy Code and the other applicable laws governing the applicable MDT Insurance Policies. Notwithstanding the foregoing, the Master Disbursement Trust shall become and remain liable in full for and shall satisfy, to the extent required under applicable law, any prospective premiums, deductibles, self-insured retentions and any other amounts or obligations arising in any way out of the receipt of payment from an Insurance Company in respect of the MDT Insurance Rights; *provided* that, for the avoidance of doubt, the Master Disbursement Trust will not be required to pay premiums or any other amounts for Purdue Insurance Policies that are not MDT Insurance Policies. The transfer of the MDT Insurance Rights contemplated in this Section 5.6(i) is not an assignment of any insurance policy itself. The Confirmation Order shall contain findings reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties related to or necessary to preserve all MDT Insurance Rights.

(j) **Transfer of MDT Shareholder Insurance Rights**. On the Effective Date, in consideration of the Shareholder Releases, the Shareholder Released Parties shall irrevocably transfer, grant, and assign to the Master Disbursement Trust, and the Master Disbursement Trust shall receive and accept, any and all MDT Shareholder Insurance Rights. Each Shareholder Released Party shall be deemed to have irrevocably transferred, granted, and assigned to the Master Disbursement Trust any and all MDT Shareholder Insurance Rights without further action and without further consideration to such Shareholder Released Party. Pursuant to the Plan, the foregoing transfer shall be (i) free and clear of all encumbrances and Causes of Action of any nature whatsoever, (ii) made to the maximum extent possible under applicable law, (iii) absolute and without requirement of any further action by the Shareholder Released Parties, the Debtors, the Liquidating Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Bankruptcy Court or any other Person, and (iv) governed by, and construed in accordance with, the Bankruptcy Code and the other applicable laws governing the MDT Shareholder

Insurance Rights. The transfer of the MDT Shareholder Insurance Rights is not an assignment of any insurance policy itself. For the avoidance of doubt, the transfer of the MDT Shareholder Insurance Rights is in addition to the other obligations of the Shareholder Released Parties set forth herein. The Shareholder Released Parties will make best efforts to provide the Master Disbursement Trust access to information and copies of documents that are reasonably necessary to preserve, secure, or obtain the benefit of the MDT Shareholder Insurance Rights, and will comply in all respects with the Plan to preserve, secure, or obtain the benefit of the MDT Shareholder Insurance Rights, including but not limited to the obligations set forth in Section 8.8(b). The Confirmation Order shall contain findings reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties related to or necessary to preserve all MDT Shareholder Insurance Rights. Notwithstanding the foregoing in this paragraph, to the extent that (y) a Shareholder Released Party has, prior to the Effective Date, provided notice of a Claim under a Reserved MDT Insurance Policy under which a Shareholder Released Party is covered and (z) such Claim is not one for which such Shareholder Released Party receives the benefit of the Shareholder Releases (a "***Retained Shareholder Insurance Claim***"), such Shareholder Released Party shall not be deemed to have irrevocably transferred, granted, and assigned to the Master Disbursement Trust the Retained Shareholder Insurance Claim, and such Shareholder Released Party shall be entitled to pursue any such Retained Shareholder Insurance Claim prior to and after the Effective Date; *provided* that, notwithstanding the foregoing, with respect to the Retained Shareholder Insurance Claims, each Shareholder Released Party, in consideration of the Shareholder Releases, (A) will confer and fully cooperate with the Master Disbursement Trust in connection with the settlement of all claims or rights under such MDT Insurance Policy, including the Retained Shareholder Insurance Claims, and including but not limited to as set forth in Section 8.8(b)(i) of the Plan, and (B) in the event the Master Disbursement Trust has obtained settlement terms that it deems acceptable in its sole discretion, and such settlement terms include a settlement of any Retained Shareholder Insurance Claim, each Shareholder Released Party with rights under such Retained Shareholder Insurance Claim shall be deemed to consent to the release of any claims or rights held by such Shareholder Released Party against and under such MDT Insurance Policy, with the same effect as if such Shareholder Released Party had executed such settlement agreement, and without further consideration to such Shareholder Released Party from the insurance settlement proceeds or otherwise in respect of such settlement. After the Effective Date, no Shareholder Released Party shall be entitled to submit a claim under any MDT Insurance Policy (with the exception of a current or former director, officer, manager, authorized agent or employee that is not a Sackler Family Member, but solely to the extent such individual has a right to submit a claim after the Effective Date pursuant to Section 8.8(b)(ii) of the Plan).

(k) **Shareholder Insurance Release**. On the Effective Date, in consideration of the Shareholder Releases, all Sackler Family Members shall irrevocably, fully and forever release and discharge any obligation to indemnify and/or to defend the Sackler Family Members under the Isosceles Insurance Ltd. policy number PPLP-01/2019 for any Claim or loss of any type or nature whatsoever, whether known or unknown. The Sackler Family Members hereby surrender all rights, interest in and Claim to any benefit under the Isosceles Insurance Ltd. policy number PPLP-01/2019, and acknowledge that (i) all rights, interest in and Claim to any benefit they may have under the Isosceles Insurance Ltd. policy number PPLP-01/2019 are fully terminated on the Effective Date; and (ii) after the Effective Date, the Sackler Family Members will not receive and cannot claim any further benefits under the Isosceles Insurance Ltd. policy number PPLP-01/2019 for any time period and shall have no rights whatsoever under or relating to the Isosceles Insurance Ltd. policy number PPLP-01/2019.

(l) **Institution and Maintenance of Legal and Other Proceedings**. As of the date upon which the Master Disbursement Trust is established, the Master Disbursement Trust shall be empowered to initiate, prosecute, defend and resolve all legal actions and other proceedings related to any Asset, liability or responsibility of the Master Disbursement Trust, including in respect of the MDT Causes of Action, the MDT Insurance Rights and the MDT Shareholder Rights. Such legal actions and other proceedings shall be limited solely to those required for the purposes of satisfying the responsibilities of

the Master Disbursement Trust, including in respect of the MDT Causes of Action, the MDT Insurance Rights and the MDT Shareholder Rights. The Master Disbursement Trust shall be empowered to initiate, prosecute, defend and resolve all such actions in the name of the Debtors or their Estates, in each case if deemed necessary or appropriate by the MDT Trustees. The Master Disbursement Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees and other charges incurred subsequent to the date upon which the Master Disbursement Trust is established arising from, or associated with, any legal action or other proceeding brought pursuant to the foregoing.

(m) **U.S. Federal Income Tax Matters Relating to the Master Disbursement Trust**. The Master Disbursement Trust is intended to be treated, and shall be reported, as a "qualified settlement fund," and the receipt of (i) any MDT Transferred Assets (and any other amounts received by the Master Disbursement Trust pursuant to the Plan) that are treated as amounts transferred to the Master Disbursement Trust for purposes of Treasury Regulations section 1.468B-2(b)(1) and (ii) the proceeds received in respect of any MDT Transferred Assets (and any other amounts received by the Master Disbursement Trust pursuant to the Plan) that are not described in clause (i) above (including, without limitation, proceeds received in respect of the MDT Shareholder Rights) by the Master Disbursement Trust are intended to be treated as amounts transferred by, or on behalf of, a "transferor" to a "qualified settlement fund," within the meaning of Treasury Regulations sections 1.468B-1 and 1.468B-2 for U.S. federal income tax purposes and shall be treated consistently for state and local tax purposes, to the extent applicable. All parties (including, without limitation, the Shareholder Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) shall report consistently with the foregoing for all applicable tax reporting purposes. An MDT Trustee shall be the "administrator," within the meaning of Treasury Regulations section 1.468B-2(k)(3), of the Master Disbursement Trust. The administrator of the Master Disbursement Trust shall be responsible for filing all tax returns required to be filed by or on behalf of the Master Disbursement Trust and the payment, out of the Assets of the Master Disbursement Trust, of any taxes due by or imposed on the Master Disbursement Trust. The MDT Trustees may request an expedited determination under section 505(b) of the Bankruptcy Code for all tax returns filed by or on behalf of the Master Disbursement Trust for all taxable periods through the dissolution of the Master Disbursement Trust. Nothing in this Section 5.6(m) shall be deemed to determine, expand or contract the jurisdiction of the Bankruptcy Court under section 505 of the Bankruptcy Code.

(n) **Distributions from the Master Disbursement Trust Free and Clear**. All Distributions made by the Master Disbursement Trust to the MDT Beneficiaries shall be made in accordance with the notice provisions of the Shareholder Settlement Agreements, as applicable, and in the absence of applicable notice provisions therein to the applicable Creditor Trust, as directed in writing by the corresponding trustees, on no less than ten (10) Business Days' notice to all MDT Beneficiaries; *provided* that such advance notice requirements shall not be required for the Initial Private Creditor Trust Distributions, Initial Public Creditor Trust Distributions or the Initial Public Schools Distribution. Such Distributions thereafter shall become the property of such MDT Beneficiary, free and clear of all Claims, Liens or other recourse or encumbrances, and shall not be subject to attachment, disgorgement or recoupment by any Person. Such distributions to each Creditor Trust shall become the property of such Creditor Trust, and shall be used for the administration (including the payment of Creditor Trust Operating Expenses) of such Creditor Trust, to make Distributions on account of Channeled Claims channeled to such Creditor Trust in accordance with the applicable Creditor Trust TDP and for such other purposes as may be specifically set forth in the applicable Creditor Trust Documents.

(o) **Dissolution, Release of Reserves and Residual Value**. The Master Disbursement Trust shall be dissolved and the MDT Trustees shall be discharged from their respective duties with respect to the Master Disbursement Trust upon completion of their duties as set forth in this Plan and the MDT Agreement, which, for the avoidance of doubt, shall be no earlier than the date on which

(i) all Assets held by the Master Disbursement Trust, including the MDT Transferred Assets, have been liquidated and (ii) all payments and other distributions required to be made from the Master Disbursement Trust under the Plan and the MDT Agreement have been made, including payment in full in Cash of all MDT Claims, unless dissolution on an earlier date is authorized pursuant to a Final Order of the Bankruptcy Court. Upon dissolution of the Master Disbursement Trust, any Cash remaining in the MDT Operating Reserve or otherwise held by the Master Disbursement Trust shall be distributed in accordance with the MDT Priority Waterfall and the MDT Agreement; *provided* that, in the event the Master Disbursement Trust is dissolved prior to the payment in full in Cash of all MDT Claims, all outstanding amounts under such MDT Claims shall be deemed due and payable for purposes of the distribution of such remaining Cash pursuant to the MDT Priority Waterfall. Subject to the foregoing sentences, the Master Disbursement Trust shall be dissolved at such time as the MDT Trustees determine that the administration of any remaining assets of the Master Disbursement Trust is not likely to yield sufficient additional proceeds to justify further pursuit.

(p) **Exculpation and Indemnification of the MDT Trustee and the MDT Advisory Council Representatives**. To the maximum extent permitted by applicable law, each of the MDT Trustees and MDT Advisory Council Representatives shall not have or incur any liability for actions taken or omitted in his or her capacity as an MDT Trustee or MDT Advisory Council Representative, or on behalf of the Master Disbursement Trust, except those acts found by Final Order to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of his or her actions or inactions in his or her capacity as an MDT Trustee or MDT Advisory Council Representative, or on behalf of the Master Disbursement Trust, and for any other liabilities, losses, damages, claims, costs and expenses arising out of or due to the implementation or administration of the Plan or the MDT Agreement, in each case, except for any actions or inactions found by Final Order to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of the MDT Trustees or the MDT Advisory Council Representatives shall be satisfied from the MDT Operating Reserve.

5.7 ***Special Operating Reserve; Released Claims Reserves***.

(a) **Establishment of Special Operating Reserve and Released Claims Reserves**.

(i) On or before the Effective Date, the Debtors shall establish the Special Operating Reserve which shall vest in the Master Disbursement Trust in accordance with Section 5.6(b) of the Plan and be held and maintained by the Master Disbursement Trust. The Special Operating Reserve shall be funded initially in the aggregate amount of $200 million by withholding, in each case from Shareholder Estate Settlement Distributions, (a) $20 million from the Initial Private Creditor Trust Distributions and (b) $180 million from the Initial Public Creditor Trust Distributions (the "***SOR Holdback***")[; *provided*, *however*, that neither the Initial Public Schools Distribution, nor any additional payments due under the MDT Public School District Claim, shall be subject to the SOR Holdback].[15] The Master Disbursement Trust, as administrative agent, shall facilitate the releases from the Special Operating Reserve in accordance with terms and consent

[15] [**NTD**: Public Schools' SOR Holdback subject to ongoing discussions.]

procedures set forth in [Exhibit N] to the Master Shareholder Settlement Agreement.

(ii) On the Effective Date, each Creditor Trust and the Plan Administration Trust shall establish the Released Claims Reserves and, once amounts are funded from the corresponding Creditor Trust PRA Non-Participating Claims Reserves or the Disputed Other General Unsecured Claims Reserve in accordance with Section 7.8(b) or Section 7.8(c), as applicable, be otherwise held and maintained by such Creditor Trust or the Plan Administration Trust, in each case, with the Master Disbursement Trust serving as administrative agent with respect thereto. The Master Disbursement Trust, as administrative agent, shall facilitate the releases from the Released Claims Reserves in accordance with terms and consent procedures set forth in Exhibit N to the Master Shareholder Settlement Agreement.

(b) **Reversion of Special Operating Reserve and Released Claims Reserves**. Subject in all respects to the Master Shareholder Settlement Agreement, on the First Reversion Date, (A) one third (1/3) of the balance of each of the Special Operating Reserve and each Released Claims Reserves will be released to the Master Disbursement Trust, the applicable Creditor Trust or Plan Administration Trust, respectively, after completion of all requirements set forth in the Master Shareholder Settlement Agreement and (B) Replenishment Transfers shall cease.

(i) Unless and until Material Litigation is commenced or continued prior to any of the times set forth below against any Shareholder Released Party after the First Reversion Date, then:

(A) Upon the first anniversary of the First Reversion Date, if and only if no Material Litigation is or has been pending for the prior thirty (30) days, fifty percent (50%) of each of the remaining balance of the Released Claims Reserves and Special Operating Reserves will be released to the applicable Creditor Trust, the Plan Administration Trust or the Master Disbursement Trust, respectively;

(B) Upon the second anniversary of the First Reversion Date, if and only if no Material Litigation is or has been pending for the prior thirty (30) days, fifty percent (50%) of each of the remaining balance of the Released Claims Reserves will be released to the applicable Creditor Trust, the Plan Administration Trust or the Master Disbursement Trust, respectively; and

(C) Thereafter, upon the date when no litigation is or has been pending for the prior thirty (30) days, the remaining balance of each of the Released Claims Reserves and Special Operating Reserve will be released to the applicable Creditor Trust, the Plan Administration Trust or the Master Disbursement Trust, respectively.

(ii) Upon a Suspension Event:

(A) All releases from the Released Claims Reserves and Special Operating Reserve described in Section 5.7(b)(i) of the Plan shall cease; and

(B) If the Material Litigation is of the type referenced in clause (1)(a) of the definition of "Material Litigation" in the Master Shareholder Settlement Agreement (i.e., any litigation by a Material Litigant against Shareholder Released Parties regarding Covered Conduct) or clause (2) thereof (500 or more separate lawsuits (i.e., not aggregated and not in a class) pending against Shareholder Released Parties concerning Covered Conduct being pursued by non-Material Litigants), the Master Disbursement Trust shall resume Replenishment Transfers pursuant to Section 5.7(b)(i) of the Plan.

(C) Following a Suspension Event, a new First Reversion Date shall occur on the next date when no Material Litigation is or has been pending for thirty (30) days. The Sackler Parties' Representative shall report the occurrence of a new First Reversion Date to the Master Disbursement Trust in accordance with Section 7(b)(v)(B) of Exhibit N the Master Shareholder Settlement Agreement. On such new First Reversion Date or as soon as reasonably practicable thereafter, Replenishment Transfers shall cease and one third (1/3) of the balance of each of the Special Operating Reserve and Released Claims Reserves will be released to the Master Disbursement Trust, the applicable Creditor Trust and/or Plan Administration Trust, respectively, in accordance with Section 5.7(b)(iii) of the Plan, after completion of all requirements set forth in Exhibit N to the Master Shareholder Settlement Agreement.

Thereafter:

(D) Upon the first anniversary of the First Reversion Date, if and only if no Material Litigation is or has been pending for the prior thirty (30) days, one half (1/2) of the remaining balance of each of the Special Operating Reserve will be released to the Master Disbursement Trust and Released Claims Reserves will be released to the applicable Creditor Trust or Plan Administration Trust, as applicable; and

(E) Upon the second anniversary of the First Reversion Date, if and only if no Material Litigation is or has been pending for the prior thirty (30) days, one half (1/2) of the remaining balance of each of the Special Operating Reserve will be released to the Master Disbursement Trust and Released Claims Reserves will be released to

the applicable Creditor Trust or Plan Administration Trust, as applicable.

(F) Thereafter, upon the date when no litigation against any of the Shareholder Released Parties with respect to Covered Conduct is or has been pending for the prior thirty (30) days, the remaining balance of each of the Special Operating Reserve will be released to the Master Disbursement Trust and Released Claims Reserves will be released to the applicable Creditor Trust or Plan Administration Trust, as applicable;

provided, that if money remains in the Released Claims Reserves or the Special Operating Reserve after the twelfth (12th) SSA Payment Date, then:

(G) All remaining funds in the Released Claims Reserves will be released to the applicable Creditor Trust or Plan Administration Trust, as applicable, no later than thirty (30) days after the first date that no Material Litigation against any of the Shareholder Released Parties with respect to Covered Conduct is pending.

(H) All but $25 million of the remaining funds in the Special Operating Reserve will be released to the Master Disbursement Trust for the benefit of the applicable Creditor Trust(s) no later than six (6) months after the first date that no Material Litigation against any of the Shareholder Released Parties with respect to Covered Conduct is pending; and all funds remaining in the Special Operating Reserve from the $25 million described in clause (H) of this proviso will be released to the Master Disbursement Trust for distribution to the Creditor Trusts pursuant to Section 5.7(b)(iii) no later than six (6) months after the first date that no litigation against any of the Shareholder Released Parties with respect to Covered Conduct is pending

(iii) Master Disbursement Trust shall first allocate all reversion funds received from the Special Operating Reserve to the Private Creditor Trusts in proportion to their respective SOR Holdback until they have received a cumulative amount of such reversion funds equal to the Private Claimants' Priority Reversion.

(iv) If by the ninth (9th) SSA Payment Date the Master Disbursement Trust has not made allocations to the Private Creditor Trusts pursuant to Section 5.7(b)(iii) of the Plan in an amount equal to the Private Claimants' Priority Reversion, then the Special Operating Reserve shall release funds to the Master Disbursement Trust for distribution to the Private Creditor Trusts on the ninth (9th) SSA Payment Date in an amount equal to the shortfall. Upon a release from the Special Operating Reserve to the Master

Disbursement Trust pursuant to Sections 5.7(b)(i)(C) or 5.7(b)(ii)(C)5.7(b)(ii)(F) of the Plan, the Master Disbursement Trust will allocate $200,000 immediately prior to such release to the Private Creditor Trusts.

(c) **[U.S. Federal Income Tax Matters Relating to the Special Operating Reserve and Released Claims Reserves.** The Special Operating Reserve and each of the Released Claims Reserves is intended to be treated and shall be reported as a qualified settlement fund for U.S. federal income tax purposes. Pursuant to the Master Shareholder Settlement Agreement, PRA L.P. will timely elect to treat the Special Operating Reserve and each of the Released Claims Reserves as a "grantor trust" pursuant to Section 1.468B-1(k) of the Treasury Regulations, for U.S. federal income tax purposes and, to the extent permitted under applicable law, for state and local tax purposes, for which PRA L.P. is the sole grantor, owner and transferor, and will not revoke such election. All parties (including the Shareholder Payment Parties, the Debtors, the Foundation, the Plan Administration Trustee, each applicable Creditor Trustee, the MDT Trustees and Holders of Non-Participating Claims and other Disputed Claims) shall be required to report for tax purposes in a manner consistent with the foregoing. An MDT Trustee shall be the "administrator," within the meaning of Treasury Regulations section 1.468B-2(k)(3), of the Special Operating Reserve. The Creditor Trustee corresponding to the Creditor Trust that holds each Released Claims Reserve shall be the "administrator," within the meaning of Treasury Regulations section 1.468B-2(k)(3), of each such Released Claims Reserve. PRA L.P. shall be responsible for payment of any taxes imposed on or collected from the Special Operating Reserve, any of the Released Claims Reserves or the assets or income of any of the foregoing.

5.8 ***Creditor Trusts***.

(a) **Establishment and Purpose of the Creditor Trusts**. The Confirmation Order shall endorse and direct, to the extent not already established, the establishment of the Creditor Trusts on or prior to the Effective Date in accordance with the terms of the respective Creditor Trust Documents. The Creditor Trusts shall be independent from the Holders of Claims against the Debtors and shall be subject to the exclusive jurisdiction of the Bankruptcy Court (other than as specifically set forth in the Creditor Trust Documents). The Creditor Trusts shall be established for the purposes described in this Plan and any other purposes more fully described in the Creditor Trust Documents. Each Creditor Trust shall, in each case, in accordance with the Plan, the Confirmation Order and the applicable Creditor Trust Documents:

(i) hold, manage and invest all funds and other Assets received by such Creditor Trust from the Debtors and the Master Disbursement Trust, as applicable (including, with respect to the Public Creditor Trusts, the MDT Interests), in each case, for the benefit of the beneficiaries of such Creditor Trust;

(ii) hold and maintain the Creditor Trust Operating Reserve of such Creditor Trust;

(iii) administer, process, resolve and liquidate Channeled Claims, including Non-Participating Channeled Claims, applicable to such Creditor Trust, in each case as provided in the applicable Creditor Trust Documents;

(iv) establish and administer the applicable Creditor Trust Non-Participating Claims Reserve;

(v) establish and administer the applicable Released Claims Reserves; and

(vi) exercise rights over any proposed use of funds in the applicable Released Claims Reserve held in such Creditor Trust to the extent set forth in Exhibit N to the Master Shareholder Settlement Agreement.

(b) **Role of the Creditor Trustees**. In furtherance of and consistent with the purposes of the Creditor Trusts and the Plan, the Creditor Trustees shall have the power and authority to perform all functions on behalf of the respective Creditor Trusts, subject to the Creditor Trust Documents for such Creditor Trusts. The Creditor Trustees shall undertake all administrative responsibilities as are provided in the Plan and the applicable Creditor Trust Documents. The Creditor Trustees shall be responsible for all decisions and duties with respect to the respective Creditor Trusts, subject to the Creditor Trust Documents for such Creditor Trusts. In all circumstances, each Creditor Trustee shall be independent and disinterested and, in its capacity as a Creditor Trustee, shall act in the best interests of the beneficiaries of such Creditor Trust, in furtherance of the purpose of such Creditor Trust and in accordance with this Plan and the applicable Creditor Trust Documents. In accordance with the Creditor Trust Documents, each Creditor Trustee shall serve in such capacity through the earlier of (x) the date that the applicable Creditor Trust is dissolved in accordance with the applicable Creditor Trust Documents and (y) the date such Creditor Trustee resigns, is terminated or is otherwise unable to serve for any reason.

(c) **Appointment of the Creditor Trustees and Creditor Trust Overseers**. In furtherance of and consistent with the purposes of the Creditor Trusts and the Plan, the Creditor Trust Documents for each of the Creditor Trusts shall provide for the appointment of the Creditor Trustees and, if applicable, Creditor Trust Overseers for each of the Creditor Trusts. The identity of the initial Creditor Trustees and the initial Creditor Trust Overseers shall be as disclosed in the Plan Supplement as of the date hereof, or shall otherwise be:

(i) with respect to the Governmental Remediation Trust, selected in accordance with the terms of the Governmental Remediation Trust Documents;

(ii) with respect to the Tribe Trust, selected by the Native American Tribe Group with the consent of the Debtors (which consent shall not be unreasonably withheld, delayed or denied);

(iii) with respect to each of the following Private Creditor Trusts, selected as follows: (A) with respect to the TPP Trust, by the Third-Party Payor Group, (B) with respect to the Hospital Trust, by the Ad Hoc Group of Hospitals, (C) with respect to the ERP Trust, by the ERP Trustee (and, for the avoidance of doubt, the Creditor Trustee and/or Creditor Trust Overseer for the ERP Trust may be the ERP Trustee) and (D) with respect to the PI Trust, by the Ad Hoc Group of Individual Victims; and

(iv) with respect to the Public School Trust, by the Public School District Claimants.

(d) **PI Trust Distributions**. The PI Trust shall, in accordance with the Plan, the Confirmation Order and the PI Trust Documents, make Distributions on account of Allowed PI Channeled Claims to Holders of such Allowed PI Channeled Claims, subject to the PI Trust Deductions

and Holdbacks, which Distributions may be made directly to the Holder of the PI Claim (if pro se), to counsel for the Holder of the PI Claim by payment to the respective counsel's client trust account or by sending a check to the respective counsel's address that is payable jointly to such counsel and the Holder of the PI Claim. The PI Trust shall establish the PI Trust NAS Fund and the PI Trust Non-NAS Fund, and shall deposit (i) the NAS PI Portion into the PI Trust NAS Fund and (ii) the Non-NAS PI Portion into the PI Trust Non-NAS Fund, in each case, periodically as funds are received by the PI Trust. The PI Trust shall make Distributions on account of Allowed NAS PI Channeled Claims solely from the PI Trust NAS Fund in accordance with the NAS PI TDP, and shall make Distributions on account of Allowed Non-NAS PI Channeled Claims solely from the PI Trust Non-NAS Fund in accordance with the Non-NAS PI TDP, in each case, subject to the PI Trust Deductions and Holdbacks.

(e) **Rights of the Creditor Trustee for the TPP Trust under the LRP Agreement**. Pursuant to and in accordance with the LRP Agreement, the Creditor Trustee for the TPP Trust shall have the right (i) to inquire periodically with the Creditor Trustee for the PI Trust, the claims administrator appointed in respect of the PI Trust and the escrow agent for the TPP LRP Escrow Account as to whether the TPP LRP Escrow Account has been properly funded and payments therefrom are being made to the LRP Participating TPPs as required under the LRP Agreement, and to request evidence of the same, and (ii) to seek entry of an order by the Bankruptcy Court enforcing the LRP Agreement, including the obligations to provide such information and evidence, in the event the Creditor Trustee for the TPP Trust reasonably believes that the TPP LRP Escrow Account has not been properly funded as required by the LRP Agreement, payments have not been made to LRP Participating TPPs as required by the LRP Agreement, and/or any of the Creditor Trustee for the PI Trust, the claims administrator appointed in respect of the PI Trust and the escrow agent for the TPP LRP Escrow Account is not responding to reasonable requests by the Creditor Trustee for the TPP Trust for such information and evidence.

(f) **Assumption of Obligations and Liabilities**. In furtherance of the purposes of the Plan and the Creditor Trusts, pursuant to the Master TDP and subject to the applicable Creditor Trust Documents, each Creditor Trust shall (i) expressly assume sole and exclusive responsibility and liability for (A) the Channeled Claims channeled to such Creditor Trust in accordance with the Master TDP and (B) all Creditor Trust Operating Expenses of such Creditor Trust and (ii) have (A) the rights provided to such Creditor Trust in accordance with the Private Entity Settlements and Public Entity Settlements and (B) all defenses, cross-claims, offsets and recoupments regarding such Channeled Claims that the Debtors, the Released Parties and the Shareholder Released Parties, as applicable, have, or would have had, under applicable law, but solely to the extent consistent with the applicable Creditor Trust Documents and this Plan; *provided* that no such Claims, defenses or rights may be asserted against any Protected Party.

(g) **Administration of Channeled Claims and Creditor Trust TDPs**. Pursuant to the Master TDP, (i) all Non-Federal Domestic Governmental Channeled Claims will be administered by the Governmental Remediation Trust and resolved in accordance with, and to the extent provided in, the Governmental Remediation Trust Documents, (ii) all Tribe Channeled Claims will be administered by the Tribe Trust and resolved in accordance with, and to the extent provided in, the Tribe TDP, (iii) all Third-Party Payor Channeled Claims will be administered by the TPP Trust and resolved in accordance with, and to the extent provided in, the TPP TDP, (iv) all Hospital Channeled Claims will be administered by the Hospital Trust and resolved in accordance with, and to the extent provided in, the Hospital TDP, (v) all Public School Channeled Claims will be administered by the Public School Trust and resolved in accordance with, and to the extent provided in, the Public School TDP, (vi) all ER Physician Channeled Claims will be administered by the ERP Trust and resolved in accordance with, and to the extent provided in, the ERP TDP, and (vii) all PI Channeled Claims will be administered by the PI Trust and resolved in accordance with, and to the extent provided in, the PI TDP. Each of the Creditor Trusts shall be funded in accordance with the Public Entity Settlements and the Private Entity Settlements, as applicable.

The Creditor Trust shall, in accordance with, and to the extent provided in, the applicable Creditor Trust Documents and/or the Creditor Trust TDPs, (y) determine the eligibility, amount and Allowance (if applicable) of such Channeled Claims; and (z) make all determinations with respect to Distributions to be made by the respective Creditor Trusts. The foregoing determinations by the Creditor Trusts shall be final and binding, and shall not be subject to any challenge or review of any kind, by any court or other Person, except as set forth in the Creditor Trust TDPs. Distributions by the Creditor Trusts shall be the sole source of recovery, if any, in respect of Channeled Claims, and Holders of Channeled Claims shall have no other or further recourse to the Protected Parties; *provided* that the foregoing shall not diminish, or otherwise alter, the rights of LRP Participating TPPs under the LRP Agreement or the rights of non-LRP Participating TPPs at law.

(h) **Trust Reporting Obligations**. Each of the Plan Administration Trust and the Creditor Trusts shall be required to provide (i) any periodic forwarding, not more frequently than every three months, of applicable bank statements with respect to the Released Claims Reserves and Claims Reserves, or, (ii) solely at the applicable trustee's election, such other reporting as provides the Master Disbursement Trust with substantially similar relevant information as appears in such bank statements, in each case, which the applicable trustee may redact (or cause to be redacted) to exclude information that it considers not reasonably necessary for the Master Disbursement Trust to provide information with respect to the Released Claims Reserves and Claims Reserves

(i) **Institution and Maintenance of Legal and Other Proceedings**. As of the date upon which each Creditor Trust is established, such Creditor Trust shall be empowered to initiate, prosecute, defend and resolve all legal actions and other proceedings related to any Asset, liability or responsibility of such Creditor Trust. Such legal actions and other proceedings shall be limited solely to those required for purposes of reconciling, administering or defending against the Channeled Claims channeled to such Creditor Trust and for enforcing the rights of such Creditor Trust under the Plan and the Plan Documents (including the rights of the Creditor Trustee for the TPP Trust specifically enumerated in the LRP Agreement). Each Creditor Trust shall be empowered to initiate, prosecute, defend and resolve all such actions in the name of the Debtors or their Estates, in each case if deemed necessary by the applicable Creditor Trustee to fulfill the purposes for which such Creditor Trust was created. Each Creditor Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees and other charges incurred subsequent to the date upon which such Creditor Trust is established arising from, or associated with, any legal action or other proceeding brought pursuant to the foregoing. For the avoidance of doubt, each Creditor Trust, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code and applicable state corporate law, is appointed as the successor-in-interest to, and representative of, the Debtors and their Estates for the retention, enforcement, settlement or adjustment of the applicable Channeled Claims channeled to such Creditor Trust.

(j) **Creditor Trust Operating Expenses**. The Creditor Trustees shall be entitled to reasonable compensation and to retain and reasonably compensate counsel and other professionals to assist in their duties without Bankruptcy Court approval, subject to the provisions of the applicable Creditor Trust Documents. Creditor Trust Operating Expenses of each Creditor Trust shall be satisfied and paid from such Creditor Trust's Creditor Trust Operating Reserve in accordance with the applicable Creditor Trust Documents. Periodically, until the dissolution of a Creditor Trust, the applicable Creditor Trustee will replenish the Creditor Trust Operating Reserve from Cash held or received by such Creditor Trust to the extent deemed necessary by such Creditor Trustee to satisfy and pay estimated future Creditor Trust Operating Expenses in accordance with the Creditor Trust Documents.

(k) **U.S. Federal Income Tax Matters Relating to the Creditor Trusts**. Each Creditor Trust (other than any Tribe Trust entity that is formed as a legal entity other than a trust) is intended to be treated, and shall be reported, as a "qualified settlement fund," and the Initial Private Creditor

Trust Distributions, distributions on account of the MDT Private Claims, Public Creditor Trust Distributions, Initial Public Schools Distribution, distributions on account of the MDT Public School Districts Claim, the right to receive Governmental Remediation Trust and Tribe Trust NewCo Distributable Cash, and any other amounts received pursuant to the Plan, as applicable, made to such Creditor Trust are intended to be treated as amounts transferred by, or on behalf of, a "transferor" to a "qualified settlement fund," within the meaning of Treasury Regulations sections 1.468B-1 and 1.468B-2 for U.S. federal income tax purposes and shall be treated consistently for state and local tax purposes to the extent applicable. All parties (including, without limitation, the Shareholder Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) will be required to report consistently with the foregoing for all applicable tax reporting purposes. A Creditor Trustee from each relevant Creditor Trust shall be the "administrator" within the meaning of Treasury Regulations section 1.468B-2(k)(3) of the applicable Creditor Trust. The administrator of each such Creditor Trust shall be responsible for filing all tax returns required to be filed by or on behalf of the applicable Creditor Trust and the payment, out of the assets of such Creditor Trust, of any taxes due by or imposed on such Creditor Trust. Each Creditor Trustee may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all tax returns filed by or on behalf of the applicable Creditor Trust for all taxable periods through the dissolution of such Creditor Trust. Nothing in this Section 5.8(k) shall be deemed to determine, expand or contract the jurisdiction of the Bankruptcy Court under section 505 of the Bankruptcy Code.

(l) **Exculpation and Indemnification of the Creditor Trustees and the Creditor Trust Overseers**. To the maximum extent permitted by applicable law, each of the Creditor Trustees and Creditor Trust Overseers shall not have or incur any liability for actions taken or omitted in his or her capacity as a Creditor Trustee or Creditor Trust Overseer, or on behalf of the applicable Creditor Trust, except those acts found by Final Order to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of his or her actions or inactions in his or her capacity as a Creditor Trustee or Creditor Trust Overseer, or on behalf of the applicable Creditor Trusts, and for any other liabilities, losses, damages, claims, costs and expenses arising out of or due to the implementation or administration of the Plan or the applicable Creditor Trust Documents, in each case, except for any actions or inactions found by Final Order to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of any of the Creditor Trustees or Creditor Trust Overseers shall be satisfied from the respective Creditor Trusts.

(m) **Dissolution of the Creditor Trusts**. Each Creditor Trust shall be dissolved and the applicable Creditor Trustee shall be discharged from its duties with respect to such Creditor Trust upon completion of its duties and the satisfaction of the purposes of the Creditor Trust as set forth in this Plan and the applicable Creditor Trust Documents.

5.9 ***Attorneys' Fees and Costs***.[16]

(a) **Local Government Costs and Expenses**. On the Effective Date, the Local Government Costs and Expenses Fund shall be established for the payment of certain attorneys' fees and costs of Holders of Non-Federal Domestic Governmental Channeled Claims (other than States) subject to the terms set forth herein, other than amounts paid pursuant to the AHC Reimbursement Agreement Assumption Order, the MSGE Group Reimbursement Order or any other Order of the Bankruptcy Court.

[16] [**NTD**: Section 5.9 under discussion by relevant parties]

(i) The Local Government Costs and Expenses Fund shall be funded beginning on the second MDT Distribution Date (the "**Initial LG Costs Funding Date**") and continuing on each Scheduled MDT Distribution Date thereafter, from periodic distributions in an amount equal to [8.5]% of the Distributions made on account of Non-Federal Domestic Governmental Channeled Claims, excluding (A) any Distributions relating to MDT Insurance Proceeds, and (B) any amounts distributed on account of such Non-Federal Domestic Governmental Channeled Claims on the Effective Date, but including any Distributions on account of amounts payable under the Governmental Entity Shareholder Direct Settlement (other than such Distributions on the Effective Date); *provided* that the amount to be distributed to the Local Government Costs and Expenses Fund shall not exceed $[370] million in the aggregate (the "**Aggregate LG Cost Cap**"); provided, further that amounts funded pursuant to this section 5.9(a) shall be allocated and applied solely in accordance with Exhibit R to the Governmental Entity Shareholder Direct Settlement for the benefit of counsel to Subdivisions constituting Prior Litigating Subdivisions (as defined in the Governmental Entity Shareholder Direct Settlement Agreement) as of the Petition Date, in each case, as follows: (i) $4 million annually for a maximum of five (5) years (plus [4.25%] of any Distribution constituting a Settlement Prepayment (as defined under the Master Shareholder Settlement Agreement)), to the "Cost Fund," as defined in Exhibit R, established in the MDL Proceeding, not to exceed $20 million in the aggregate, and (ii) for any additional amounts (A) [40%] to the "Contingency Fee Fund," as defined in Exhibit R, established in the MDL Proceeding (which fund is to be managed by the fee panel appointed in connection with the MDL Proceeding), not to exceed $140 million, and (iii) [60%] to the "Common Benefit [Fee] Fund," as defined in Exhibit R, established in the MDL Proceeding, not to exceed $210 million in the aggregate; provided further, as consideration for the settlement between holders of certain public and private Claims regarding Special Operating Reserves, timing of payment and allocation matters, the Local Government Costs and Expenses Fund shall also be funded with, and allocated solely in accordance with Exhibit R, Distributions made on account of Non-Federal Domestic Governmental Channeled Claims (as qualified in this Section 5.9(a)(i) above) in an amount equal to [8.5]% of (i) the incremental $80 million of Initial Private Creditor Trust Distributions (provided that funding of the Local Government Costs and Expenses Fund with respect to such distributions shall not be made until the Initial LG Costs Funding Date); and (ii) up to $20 million of amounts payable in respect of (A) the Private Claimants' Priority Reversion and (B) the other amounts contemplated to be paid under [Section 5.05(e)] of the Master Shareholder Settlement Agreement, in each case, that become payable to the Private Creditor Trusts in accordance with the

Master Shareholder Settlement Agreement, which amounts shall be subject in each case to the Aggregate LG Cost Cap;

(ii) In addition to the amounts described in subsection (i) above, the Local Government Costs and Expenses Fund shall be funded, and allocated solely in accordance with Exhibit R, on or after the Initial LG Costs Funding Date with an additional amount equal to 12.4% of the MDT Insurance Proceeds which amounts, if any, shall be deposited into an account designated by the MDL Plaintiffs' Executive Committee for the benefit of the "Common Benefit [Fee] Fund" established in the MDL Proceeding, and as described in Exhibit R, and shall be incremental to, and not otherwise count against, the Aggregate LG Cost Cap; provided, for the avoidance of doubt, such funded amounts shall not be considered "Distributions" for the purpose of subsection (i) above; provided, further, such amounts shall be subject, to the prior payment in full of the MDT PI Claim pursuant to and in accordance with Section 5.2(e)(ii).

(iii) Payments from the Local Government Costs and Expenses Fund shall be [administered in accordance with Exhibit R to the Governmental Entity Shareholder Direct Settlement and be][17] the exclusive means of payment from the Creditor Trusts for costs and expenses (including attorneys' fees) of any Holder of a Non-Federal Domestic Governmental Channeled Claim (other than a State) or any attorney therefor, other than (i) amounts paid or to be paid from the Creditor Trusts in accordance with existing agreements, contracts or statutes setting forth the allocation and uses of abatement funds or backstop fee arrangements between States and their Subdivisions; and (ii) amounts paid in accordance with the order of the MDL Court establishing the Common Benefit Fund; provided, however, nothing in this section 5.9(a)(iii) [or Exhibit R to the Governmental Entity Shareholder Direct Settlement] shall override the payment obligations contemplated by Section 5.9(a)(i).

(iv) [Except as otherwise agreed in writing by the MSGE Group and the MDL Plaintiffs' Executive Committee, the MSGE Fee Allocation Agreement shall be and remain fully enforceable and shall apply to the Local Government Costs and Expenses Fund]; provided that the costs associated with the arbitration process contemplated under the MSGE Fee Allocation Agreement shall not be paid by the Debtors, their Estates or any Creditor Trust.

(b) **State Costs and Expenses**. On the Effective Date, the State Expenses Fund shall be established for the payment of expenses (including attorneys' fees) of the States (including any ad hoc group thereof), other than amounts already paid, or any amounts paid or payable under the AHC

[17] [**NTD:** Exhibit R remains under negotiation among the parties, and all parties rights with respect to the terms of Exhibit R and any related plan terms are expressly reserved.]

Reimbursement Agreement Assumption Order, the MSGE Group Reimbursement Order or any other Order of the Bankruptcy Court; provided that the State Expenses Fund shall be funded beginning on the second MDT Distribution Date and continuing on each Scheduled MDT Distribution Date thereafter. The State Expenses Fund shall be funded from periodic distributions in an amount equal to [4.5]% of the Distributions made on account of Non-Federal Domestic Governmental Channeled Claims, excluding any amounts distributed on account of such Non-Federal Domestic Governmental Channeled Claims on the Effective Date, but including (a) any Distributions on account of amounts payable under the Governmental Entity Shareholder Direct Settlement (other than such Distributions on the Effective Date), and (b) any Distributions relating to MDT Insurance Proceeds; *provided* that such amount shall not exceed $[200][18] million in the aggregate (the "**Aggregate State Expenses Cap**").

For the avoidance of doubt, in no event shall any of the provisions of Section 5.9(a) or (b), [Exhibit R to the Governmental Entity Shareholder Direct Settlement] [or any order of the MDL Court (including the order establishing the Common Benefit Fund)] have any effect on the Distributions made to Holders of Claims in Classes [____] (or the rights of any of their attorneys to receive payment) other than the recognition of the priority of section 5.2(e)(ii) in such provisions.[19]

(c) **Common Benefit Fund Assessments**. On the Effective Date, the following assessments shall be made to the account directed in Exhibit [●], which is the Common Benefit Fund established by the MDL Court (the "**Common Benefit Fund**"): (i) 5% of each Distribution made by the Private Creditor Trusts, and (i) 5% of the Initial Public Schools' Distribution. Assessments from the Private Creditor Trusts shall be paid [on periodic schedules for each Private Creditor Trust acceptable to the Governmental Consent Parties, the Ad Hoc Group of Hospitals, the Third-Party Payor Group, the NAS Committee and the Ad Hoc Group of Individual Victims,] as applicable. The assessments payable by the Public School Trust shall be deducted from and paid at the time of the fee award described in Section 5.9(h)(ii). All assessments of 5% of each Distribution made by the Private Creditor Trusts shall be transferred to and distributed in accordance with the order of the MDL Court establishing the Common Benefit Fund. To the extent a Holder of a Hospital Channeled Claim, a Third-Party Payor Channeled Claim, an NAS PI Channeled Claim or a Non-NAS PI Channeled Claim (or any ad hoc group consisting of Holders of any of the foregoing) has retained counsel through a contingency fee arrangement, any contingency fees owed to such contingency counsel payable from Distributions under the Plan shall be reduced by the full amount payable under this Section 5.9(c).[20] However, the applicable Holder and its counsel, in their sole discretion, may agree that an amount up to but not exceeding 40% of the amount payable under this Section 5.9(a) may be applied to the reimbursement of actual costs and expenses incurred by such Holder's counsel, in which case such agreed cost-reimbursement amount shall not reduce the contingency fee amounts payable to such counsel.

(d) **Hospital Costs and Expenses**. On the Effective Date, the Hospital Attorney Fee Fund shall be established for the payment of attorneys' fees and costs of the Ad Hoc Group of Hospitals with respect to Hospital Channeled Claims. The Hospital Attorney Fee Fund shall be funded with (i) 20% of each Distribution made to the Hospital Trust less (ii) the amount of such Distributions

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[18] [**NTD**: Amount subject to ongoing review]

[19] For the avoidance of doubt, no order of the MDL Court establishing the Common Benefit Fund will have any effect on any Private Claimant or its counsel, nor will the MDL Court have jurisdiction to interpret, decide, hear disputes, or enforce any provision of or regarding this Plan or the Confirmation Order [[or any of the agreements or documents related thereto]].

[20] For the avoidance of doubt, any amount payable to counsel to the Ad Hoc Group of Individual Victims or the Ad Hoc Group of NAS Children on an hourly basis (including incremental amounts in consideration of deferring payment of hourly fees) shall not constitute a "contingency fee," and the agreement in respect thereof shall not constitute a "contingency fee arrangement," in each case for purposes of Section 5.9 of the Plan.

payable to the Common Benefit Fund under Section 5.9(c). The Hospital Attorney Fee Fund shall be administered by the Hospital Trust on terms acceptable to the Ad Hoc Group of Hospitals.

(e) **Ratepayer Costs and Expenses**. In the event that the Ratepayer Mediation Participants Stipulation has been entered into on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter, the attorneys' fees of the Ratepayer Mediation Participants shall be paid from Effective Date Cash in an amount not to exceed $1.4 million.

(f) **ERP Costs and Expenses**. The ERP Trust shall pay or reimburse, as applicable, the compensation, costs and expenses of professionals that represented or advised the ERP Trustee in connection with the Chapter 11 Cases, to the extent provided for in the ERP Trust Documents.

(g) **Holder of the PI Claims Costs and Expenses**.

(i) Debtors shall pay the reasonable and documented fees and expenses of the Ad Hoc Group of Individual Victims subject to the entry of a Final Order granting the Ad Hoc Group of Individual Victims' request for allowance of such fees and expenses under section 503(b) of the Bankruptcy Code, which request shall be supported by the Debtors and the Creditors' Committee and considered at the Confirmation Hearing. In the event such a Final Order is (i) not entered or (ii) entered allowing fees and expenses in an amount less than reasonable and documented fees and expenses requested, then (A) the PI Trustee shall pay or reimburse, as applicable, the reasonable and documented fees and expenses of professionals that represented or advised the Ad Hoc Group of Individual Victims in connection with the Chapter 11 Cases, as and to the extent provided in the PI Trust Agreement and subject to Bankruptcy Court approval of such fees and expenses as provided in the Confirmation Order and (B) such fees and expenses paid or reimbursed, as applicable, by the PI Trust shall be deducted from Distributions from the PI Trust Non-NAS Fund to Holders of Allowed Non-NAS PI Channeled Claims pursuant to the PI Trust Documents.

(ii) The PI Trustee shall pay or reimburse, as applicable, the reasonable and documented fees and expenses of professionals that represented or advised the NAS Committee in connection with the Chapter 11 Cases, as and to the extent provided in the PI Trust Agreement and subject to Bankruptcy Court approval of such fees and expenses as provided in the Confirmation Order. Such compensation, costs and fees paid or reimbursed, as applicable, by the PI Trust shall be deducted from Distributions from the PI Trust NAS Fund to Holders of Allowed NAS PI Channeled Claims and pursuant to the PI Trust Documents. Nothing in this Section 5.9 shall impair or otherwise affect any fee contract that is not a contingency fee contract between the Ad Hoc Group of Individual Victims and its professionals, or between the NAS Committee and its professionals.

(h) **Public Schools' Costs and Expenses**. From the Initial Public Schools Distribution, the Public School Trust shall:

(i) dedicate an amount of $500,000 for payment or reimbursement, as applicable, of the out-of-pocket litigation expenses, such as for special bankruptcy counsel and expert fees and expenses, of professionals that represented or advised the Public School District Claimants to be computed based upon reasonable hourly rates and costs incurred, and not to include any premium to reasonable hourly rates, and subject to Bankruptcy Court approval of such litigation expenses as provided in the Confirmation Order; and

(ii) pay or reimburse, as applicable, the reasonable attorneys' fees and litigation costs of the Public School District Claimants' putative class counsel in an amount determined by mediator Ken Feinberg (which amount is not to exceed such class counsel's contractual contingency fee of 25% of the Initial Public Schools Distribution) subject to Bankruptcy Court approval of such litigation expenses as provided in the Confirmation Order, *less* the amount payable to the Common Benefit Fund under Section 5.9(c).

(i) **No Impairment of Contingency Fee Contracts; No Further Assessment**. Except as expressly set forth in this Section 5.9, nothing in the Plan shall impair or otherwise affect any contingency fee contract between any Holder of a Claim (or any ad hoc group of Holders of Claims) and such Holder's (or ad hoc group's) counsel. In this regard, the payment of the assessments described in this Section 5.9 shall be the only payment that such Holders (or their counsel) shall ever have to make to the Common Benefit Fund with respect to amounts distributed under this Plan, and amounts distributed pursuant to the Plan to such Holders or payments to attorneys in respect thereof shall not be subject to any further or other common benefit or similar assessments.

5.10 ***Transferability of Distribution Rights***.

Any right to receive a Distribution or other payment from the Plan Administration Trust (including any PAT Distribution Account or PAT Reserve), a Creditor Trust or the Master Disbursement Trust shall not be evidenced by any certificate, security, receipt or in any other form or manner whatsoever, except on the books and records of the Plan Administration Trust (as maintained by the Plan Administration Trustee), the applicable Creditor Trust (as maintained by the applicable Creditor Trustees) or the Master Disbursement Trust (as maintained by the MDT Trustees), as applicable. Further, any right to receive a Distribution or other payment from the Plan Administration Trust (including any PAT Distribution Account or PAT Reserve), a Creditor Trust or the Master Disbursement Trust shall be nontransferable and nonassignable except by will, intestate, succession or operation of law or as otherwise provided in the Plan, the applicable Creditor Trust Documents, Governmental Entity Shareholder Direct Settlement Agreement or the MDT Agreement. Any rights to receive a Distribution or other payment from the Plan Administration Trust (including any PAT Distribution Account or PAT Reserve), a Creditor Trust or the Master Disbursement Trust shall not constitute "securities" and shall not be registered pursuant to the Securities Act. If it is determined that such rights constitute "securities," the exemption provisions of section 1145(a)(1) of the Bankruptcy Code would be satisfied and such securities would be exempt from registration.

5.11 ***Insurance Neutrality***.

Nothing in the Plan, the Plan Documents or the Confirmation Order shall alter, supplement, change, decrease or modify the terms (including conditions, limitations and/or exclusions) of the Purdue Insurance Policies, including the MDT Insurance Policies; *provided* that, notwithstanding

anything in the foregoing to the contrary, the enforceability and applicability of the terms (including conditions, limitations and/or exclusions) of the Purdue Insurance Policies, including the MDT Insurance Policies, and thus the rights or obligations of any of the Insurance Companies, the Debtors and the applicable post-Effective Date Entities, including the Master Disbursement Trust, arising out of or under any Purdue Insurance Policy, including any MDT Insurance Policy, whether before or after the Effective Date, are subject to the Bankruptcy Code and applicable law (including any actions or obligations of the Debtors thereunder), the terms of the Plan and the Plan Documents, the Confirmation Order (including the findings contained therein or issued in conjunction therewith, including but not limited to any findings pursuant to Sections 5.2 and 5.6(i) of the Plan) and, to the extent the Insurance Companies have or had adequate notice from any source, any other ruling made or order entered by the Bankruptcy Court whether prior to or after the Confirmation Date. For the avoidance of doubt, nothing contained in the Plan, the Plan Documents or the Confirmation Order shall operate to require any Insurance Company to pay under any Purdue Insurance Policy the liability of any Person that was not an insured prior to the Petition Date.

5.12 ***Transfer of Books and Records; Cooperation; Privilege***.

(a) **Transfer of Books and Records to NewCo and the Plan Administration Trust**. Except with respect to Excluded Assets, all documents, books and records of the Debtors shall be transferred and assigned to NewCo on or prior to the Effective Date pursuant to the NewCo Transfer Agreement; *provided* that, from and after the date of such transfer, the Plan Administration Trustee shall have the right to retain copies of all transferred documents, books and records and NewCo shall permit the Plan Administration Trustee and its counsel and representatives to have full access to such transferred documents, books and records. All documents, books and records of the Debtors that are Excluded Assets shall be transferred and assigned to the Plan Administration Trust; *provided* that, except for the Excluded Privileged Materials, NewCo shall receive copies of all documents, books and records of the Debtors that are Excluded Assets. Any documents transferred under this Section 5.12(a) that are documents that were produced to the Debtors by Shareholder Released Parties in connection with Purdue Legal Matters shall continue to remain subject to the terms of the Protective Order and any order of the Bankruptcy Court or provision of this Plan affording confidentiality protections to such documents, unless such documents are included in the Public Document Repository in accordance with the Plan and the Master Shareholder Settlement Agreement.

(b) **Cooperation with the Master Disbursement Trust and the Creditor Trusts**. On the Effective Date or as soon as reasonably practicable thereafter, the Debtors shall transfer and assign, or cause to be transferred and assigned, (i) to the MDT Trustees, (A) copies of all MDT Insurance Policies, (B) information and copies of documents, including books and records of the Debtors that reasonably relate to (I) any Claims previously noticed, tendered or submitted or paid by any Insurance Company under the MDT Insurance Policies and (II) any MDT Causes of Action, and (C) other information and copies of all other documents, including books and records of the Debtors that are reasonably necessary to preserve, secure or obtain the benefit of the MDT Insurance Rights, pursue the MDT Causes of Action or liquidate any other MDT Transferred Assets and (ii) to each Creditor Trust, a copy of the Proofs of Claims for Channeled Claims channeled to such Creditor Trust. Subject to Section 5.12(c) of the Plan, the materials to be provided pursuant to this Section 5.12(b) include those in the possession of the Debtors' current and former insurance coverage counsel. On and after the Effective Date, the Plan Administration Trustee and NewCo may maintain their respective documents, books and records in accordance with their respective document retention policies set forth in the PAT Agreement and the NewCo Operating Agreement, respectively. Prior to the Effective Date, the Debtors shall use reasonable best efforts to provide the Creditors' Committee and the Governmental Consent Parties reasonable access to current employees and professionals of the Debtors (including insurance brokers) with knowledge concerning the information and documents to be provided to the Master Disbursement Trust under this Section 5.12(b), and, after the Effective Date, NewCo shall use best efforts to provide the Master Disbursement Trust reasonable access

to employees and professionals of NewCo with knowledge concerning such information and documents and to facilitate access to former employees and professionals of the Debtors (including insurance brokers). The Plan Administration Trustee and NewCo shall respond to reasonable requests of (x) the MDT Trustees for information and documents related to the MDT Insurance Rights, the MDT Causes of Action or otherwise, in each case to the extent reasonably necessary for the administration of the Master Disbursement Trust, and (y) each Creditor Trustee for information and documents relating to the applicable Channeled Claims or otherwise, in each case to the extent reasonably necessary for the administration of the applicable Creditor Trust. In the event of any dispute between the MDT Trustees and NewCo regarding the delivery of information or documents requested pursuant to clause (x) of the foregoing sentence, the MDT Trustees shall have the right to request intervention by the Foundation Trustees to resolve any such dispute.

(c) **Privilege**. The transfer or assignment of information and copies of documents, including books and records, in accordance with this Section 5.12, shall not result in the destruction or waiver of any applicable Privileges. On the Effective Date, all Privileges in connection with the information or documents transferred in accordance with this Section 5.12 shall be transferred to, and vest exclusively in, NewCo, the MDT Trustees, the Plan Administration Trustee and the Creditor Trustees in accordance herewith. Further, with respect to the transfer of Privileges to the MDT Trustees and the Creditor Trustees, such Privileges shall (i) be transferred to such MDT Trustees and Creditor Trustees for the purpose of enabling such Persons to perform their respective duties as set forth in the Plan or in the MDT Agreement or the applicable Creditor Trust Documents and for no other reason, (ii) vest solely in the MDT Trustees and the Creditor Trustees and not in the Master Disbursement Trust or the Creditor Trusts, or any other committee or subcomponent of the Master Disbursement Trust or the Creditor Trusts, or any other Person (including counsel and other professionals) who is (or has been engaged by, represents or has represented) any Holder of a Claim against or Interest in the Debtors or any Person that alleges or may allege a Claim, directly or indirectly, relating to or arising out of the Debtors' Products or operations and (iii) be preserved and not waived as a result of such transfer. For the avoidance of doubt, any such transfer shall have no effect on any right, Claim or Privilege of any Person other than the Debtors. No information subject to a Privilege shall be disclosed or communicated by the MDT Trustees or the Creditor Trustees (x) to any Person not entitled to receive such information, including for the avoidance of doubt any Person (including counsel and other professionals) who is (or has been engaged by, represents or has represented) any Holder of a Claim against or Interest in the Debtors or any Person that alleges or may allege a Claim, directly or indirectly, relating to or arising out of the Debtors' Products or operations or (y) for any reason or in any manner other than as necessary for such Persons to perform their respective duties as set forth in the Plan or in the MDT Documents or the applicable Creditor Trust Documents. Notwithstanding the foregoing, nothing herein shall preclude the MDT Trustees from providing information or documents received pursuant to this Section 5.12 to any Insurance Company as necessary to preserve, secure or obtain the benefit of the MDT Insurance Rights.

5.13 ***Public Document Repository***.

(a) **Summary**. The document disclosure program provided in this Plan will lead to the public disclosure of the most significant documents about Purdue, the Sackler family and the opioid crisis, including video depositions and millions of documents that Purdue produced in investigations and litigation over the past two decades. In addition, it will lead to the public disclosure of millions of documents not previously available to the public, including documents not previously produced in any investigation or litigation and certain privileged documents from the years when Purdue developed and promoted OxyContin, as identified below. The document disclosure program and Public Document Repository will be conducted in a way to maximize public confidence and public access and will set a new standard for transparency.

(b) **DOJ Repository Obligation**. The Debtors bear sole responsibility for complying with the DOJ document repository obligation set forth in the Plea Agreement ("***DOJ Repository Obligation***"), and the DOJ Repository Obligation is not modified by this Plan. Similarly, the Debtors' satisfaction of the DOJ Repository Obligation shall not diminish the additional commitment to disclosure provided by this Plan. Instead, the public shall receive the full benefit of both, and the Public Document Repository shall contain the full set of documents that the Debtors have agreed to host under the DOJ Repository Obligation.

(c) **Disclosure Oversight Board**. As described further below, the disclosure program provided in this Plan shall be overseen by the DOB created on the Confirmation Date, consisting of up to four (4) representatives appointed by each of the Ad Hoc Committee, the Creditors' Committee, the States AG Negotiating Group and the MSGE Group and one (1) representative appointed by the Native American Tribe Group. No current or former director, officer, employee or attorney of the Debtors shall serve on the DOB or oversee the disclosure program.

(d) **Purdue Legal Matters**. As described further below, important material for the disclosure program is contained in documents that the Debtors preserved, collected, logged and produced in connection with investigations and litigation about Purdue's opioid business. Many non-privileged documents were produced in those matters, and many privileged documents were identified and logged. This Section 5.13 provides for the disclosure of many documents from the Purdue Legal Matters, which is a broad set of investigations and litigation defined in the Plan.

(e) **Disclosure Program Budget**. As described further below, the disclosure program is designed to avoid unnecessary expense, including by employing an unpaid volunteer oversight board and by using negotiated agreements to avoid the need for litigation. The disclosure program shall be funded in an aggregate amount of $39 million, which shall be paid in the following installments: (i) $2 million on the Effective Date, (ii) $10 million on the second Scheduled MDT Distribution Date, (iii) $10 million on the third Scheduled MDT Distribution Date, (iv) $8.5 million on the fourth Scheduled MDT Distribution Date and (v) $8.5 million on the fifth Scheduled MDT Distribution Date (collectively, the "***Disclosure Program Budget***"). The Disclosure Program Budget shall be spent at the direction of the DOB. In addition, as provided in the Plan, Domestic Governmental Entities may elect (but are not required) to direct portions of their distributions to the Public Document Repository under terms provided in the Plan. Moreover, the DOB shall be permitted, but not required, to coordinate its work on this disclosure program with the work of state Attorneys General on related disclosures in the opioid industry, in a manner that reduces the costs and increases the benefits of this disclosure program. Finally, to make efficient use of the knowledge and expertise of the Debtors and their professionals, the Plan provides for significant materials to be collected by the Effective Date, or as soon as reasonably practicable thereafter, as described further below. For the avoidance of doubt, the Public Document Repository shall not be owned, held, administered or operated by the DOB, the Master Disbursement Trust or any Creditor Trust; the role of the DOB is to develop and oversee a temporary program to set up the appropriate Public Document Repository and achieve the goals of the disclosure program.

(f) **Access Materials**.

(i) Subject to the Protected Information review, as described in Section 5.13(o) of the Plan, the Debtors, the Plan Administration Trust, or any entity or law firm designated by the Debtors or the Plan Administration Trust to assist in that review, shall provide the DOB access to a set of non-privileged materials for the purpose of accomplishing the Public Document Repository

(collectively, the "***Access Materials***") on a rolling basis following the Effective Date. These Access Materials shall include:

(A) all transcripts and audio or video recordings of depositions taken in the Purdue Legal Matters, together with the exhibits to those depositions;

(B) all documents produced by the Debtors in the Purdue Legal Matters (which comprise more than thirteen million documents and more than one hundred million pages);

(C) the non-privileged documents from the Relativity Database (as defined below) (which are estimated to comprise more than twenty million additional documents beyond those produced in the Purdue Legal Matters);

(D) all privilege logs regarding documents withheld by the Debtors in the Purdue Legal Matters; and

(E) documents obtained during the Chapter 11 Cases by the NAS Committee regarding clinical and pre-clinical studies conducted by the Debtors or other companies associated with the Sackler Family Members.

(ii) The Debtors, the Plan Administration Trust, or any entity or law firm designated by the Debtors or the Plan Administration Trust, will use their best efforts to complete the review of Protected Information and production of the Access Materials no later than 12 months after the Effective Date. Following entry of the Confirmation Order, the Debtors shall pay Wiggin and Dana LLP $5 million as a retainer on account of Wiggin and Dana LLP's fees and expenses in connection with the review of Protected Information as contemplated pursuant to Section 5.13(o) of the Plan. Upon its completion of such review, Wiggin and Dana LLP shall refund any unused portion of the $5 million to the Master Disbursement Trust concurrent with the final release of Access Materials to the DOB.

(iii) All documents containing information that is redacted as described in Section 5.13(o) of the Plan, and not included in the Access Materials provided to the DOB, will be provided to the Plan Administration Trust. The Plan Administration Trust will retain these materials for the period described in Section 5.13(aa).

(g) **Debtors' Relativity Database**. In the course of the Purdue Legal Matters, the Debtors collected a significant set of documents that are stored in a Relativity database (the "***Relativity Database***"). This collection includes files from more than two hundred custodians who played important roles at Purdue, including every Sackler Family Member who sat on the board or worked at the company. It also includes non-custodial documents, such as collections from electronic drives and paper archives. The custodial and non-custodial documents collected for the Relativity Database are from files that Purdue has preserved pursuant to broad document preservation policies in place for over twenty years, including from an email archive containing emails dating to the 1990s. Pursuant to the terms provided

in this Section 5.13, materials from the Relativity Database created before February 2018 will be available for the disclosure program as described in this Section 5.13.

(h) **Additional Collections**. On or before the Effective Date, the DOB will identify to the Debtors the additional custodians whose documents should be collected, to the extent possible, from the email archive and other preserved files, and the Debtors will load those files into the Relativity Database for inclusion as Access Materials or Sequestered Materials, as applicable.

(i) **Sequestered Materials**. On the Effective Date, or as soon as reasonably practicable thereafter, the Debtors shall provide the Plan Administration Trust with certain Privileged documents, described below, collected by the Debtors during the course of the Purdue Legal Matters and stored in the Relativity Database ("***Sequestered Materials***"), to be preserved for access by the DOB. The provision of the Sequestered Materials to the Plan Administration Trust shall not constitute a waiver of any applicable privileges, and, for clarity, no waiver of any applicable Privilege shall occur prior to the Sequestration Date (as defined below). The Sequestered Materials are estimated to include hundreds of thousands of documents. To leverage efficiencies, the Debtors' current document review teams with experience reviewing Purdue's documents for privilege will screen and review, as necessary, all documents currently in the Relativity Database for Privilege, attorney work product, confidentiality, the Health Insurance Portability and Accountability Act or similar state or federal statute and critical business information before turning over documents as Access Materials or as Sequestered Materials. The DOB will aid the Debtors' document review team in setting parameters and search terms to effectuate accurate screening and review. The DOB may, confidentially and subject to privilege, request and be provided with information, and, as necessary, an appropriate, expert-aided statistically valid sampling of the relevant documents or other methodologies to aid in the foregoing review under an appropriate protective order and non-waiver agreement.

(i) Subject to the Sequestration Date, the Debtors agree to waive attorney client and work product privilege over documents created before May 1, 2014 ("***Cutoff Date***") that fall within the following categories:

(A) Marketing materials, promotional materials and sales strategies. This will include, for example, legal advice on: marketing and promotional materials as part of the medical, regulatory, legal review process and other reviews of statements in promotional and marketing materials to ensure consistency with a product's labeling and legal requirements; sales training materials (such as how to instruct the sales team on what they can and cannot say about the products); review of all call notes and whether statements on sales calls were appropriate; call planning; and sales bulletins. For the avoidance of doubt, "sales strategies" in this paragraph includes documents related to (I) medical liaisons, (II) continuing medical education, (III) the evolve to excellence program, (IV) Purdue's interactions with medical advocacy groups, and (V) legal advice regarding the performance, selection, retention, management and compensation of personnel in sales and marketing;

(B) Materials reflecting legal advice on submissions to the FDA and compliance with FDA regulations. This will include, for example, advice on the decision to reformulate OxyContin, advice on interactions and communications with FDA and advice on FDA requirements;

(C) Legal advice regarding distributions to or for the benefit of the Sackler Family Members;

(D) Legal advice regarding the organization or function of the board of directors;

(E) Legal advice regarding grants, gifts and other payments with respect to naming rights of Purdue and its shareholders;

(F) Legal advice regarding the performance, selection, retention, management and compensation of the CEO of Purdue Pharma;

(G) Legal advice regarding Purdue's interactions with state licensing boards and the federation of state medical boards;

(H) Legal advice regarding Purdue's interactions with key opinion leaders, advisory boards and treatment guidance;

(I) Legal advice regarding advocacy before the United States Congress or a state legislative branch with respect to (i) any opioid product sold by Purdue, including OxyContin, or (ii) any public policies regarding the availability and accessibility of opioid products;

(J) Employment records and files created before the Cutoff Date pertaining to employment terminations or disciplinary actions related to opioid sales and marketing, including documents created before the Cutoff Date pertaining to internal investigations of personnel related to marketing of opioids, in all cases subject to applicable federal and state privacy and similar laws with respect to employees and with any redactions necessary to comply therewith; and

(K) To the extent provided during the time period while the corporate integrity agreement was in effect, legal advice regarding compliance with the corporate integrity agreement entered into between Purdue and the DOJ Office of the Inspector General of the U.S. Department of Health and Human Services;

(L) Legal advice regarding compliance with the consent judgments entered into between Purdue, the Debtors and the State Attorneys General and other state representatives in 2007;

(M) Legal advice to Purdue's public relations department regarding the promotion, sales, or distribution of Purdue's opioid products, including but not limited to their safety, efficacy, addictive properties, or availability of opioid products; and

(N) Legal advice to Purdue's compliance department regarding the organizational structure of the compliance department, including its processes for implementing order monitoring systems, suspicious order monitoring programs, and abuse deterrence and detection programs.

(ii) Subject to the Sequestration Date, below, the Debtors agree to waive attorney client and work product privilege over the following categories of documents:

(A) Documents reflecting law department reviews of, and decisions regarding, health care providers and pharmacies pursuant to Purdue's abuse and diversion detection, order monitoring system and suspicious order monitoring programs, which will have been or will be provided to the DOJ under a June 2019 non-waiver agreement;

(B) Documents created before February 2018 reflecting legal review, analysis and advice with respect to advice received from McKinsey & Company, Publicis Groupe S.A., Publicis Health, LLC, Razorfish Health, Publicis Health Media, LLC, Publicis Touchpoint Solutions, Inc., or Verilogue, Inc. related to the sale and marketing of opioids; and

(C) Documents created before June 30, 2017 reflecting legal review, analysis and advice with respect to Practice Fusion.

(iii) To the extent documents subject to any of the foregoing waivers were previously logged on a privilege log in a Purdue Legal Matter, the Debtors shall provide the DOB with amended privilege logs that indicate the entries being produced pursuant to these waivers. For the avoidance of doubt, Privileged communications (during the applicable time periods set forth in Section 5.13(i)(i) and (ii)) about interactions with the media with respect to subject matters that are otherwise waived herein are included in such waivers.

(iv) Nothing herein shall waive any third-party privilege or other rights, whether arising from a joint defense agreement, common

interest privilege or otherwise, to which any document described in Section 5.13(i)(i) and (ii) is subject and which the Debtors do not have authority to waive. The Debtors will provide the DOB with privilege logs reflecting documents subject to such third-party privileges and rights that are identified in the course of identifying and compiling the Sequestered Materials. No documents subject to such third-party privileges and rights shall be included in the Public Document Repository, absent appropriate resolution of such third parties' rights and privileges. Further, no waiver of Privilege described herein shall be construed as subject matter waiver. Subject to the foregoing, the Debtors, and the Creditors' Committee, and the Governmental Consent Parties shall work together in good faith to ensure that all documents consistent with the Sequestered Material categories shall be available to the DOB for potential inclusion in the Public Document Repository in accordance with this Section 5.13.

(j) **Protection of the Privilege**. For the avoidance of doubt, the Debtors do not waive any Privilege and do not agree to provide as Sequestered Materials for the Public Document Repository any Privileged documents or communications not otherwise identified in Section 5.13(i)(i) and (ii). Such Privileged documents and communications not otherwise identified in Section 5.13(i)(i) and (ii) shall be removed from the Relativity Database and separately preserved, and shall not be eligible for the Public Document Repository at any time. All Privileged documents removed from the Relativity Database, and not included in the Sequestered Materials described above, will be provided to the Plan Administration Trust, separately from the Sequestered Materials. The Plan Administration Trust will retain these materials for the period described in Section 5.13(aa). For clarity, except for the Sequestered Materials identified in Section 5.13(i)(i) and (ii), the Debtors shall not intentionally provide the Master Disbursement Trust or the DOB with access to any documents or content of documents that are Privileged. In the event that the Debtors inadvertently provide the Master Disbursement Trust or the DOB with access to Privileged documents except for those documents identified in Section 5.13(i)(i) and (ii), that inadvertent provision shall not operate as a waiver of the Privilege, and, upon discovery, the DOB and/or the Master Disbursement Trust, as applicable, must promptly take steps to return the documents to the Plan Administration Trust or destroy such documents.

(k) **Sequestration Date**. On the date that is the earlier of (i) six years after the Effective Date and (ii) the date no Material Litigation is or has been pending for the prior six months, including the pendency of any appeals, the Plan Administration Trust shall deliver the Sequestered Materials to the Host Institution (the "***Sequestration Date***"). Those materials shall be made available for assessment by the DOB and disclosure in the Public Document Repository, subject to the other provisions of this Section 5.13.

(l) **Responsibilities of the DOB**. The DOB shall be responsible for:

(i) accomplishing prompt, broad, permanent, public disclosure of millions of the Debtors' documents via the Public Document Repository in accordance with this Section 5.13 to allow the public to examine the Debtors' role in the opioid crisis;

(ii) engaging with survivors, advocates, journalists, scholars, policymakers and others to ensure that the disclosure program serves the public;

(iii) directing the use of the Disclosure Program Budget;

(iv) maintaining protections for Protected Information, as described below;

(v) establishing procedures for resolution of challenges to the redaction or disclosure of information, as described below;

(vi) overseeing the Host Institution's implementation of the disclosure program;

(vii) coordinating, as appropriate, the disclosure of documents from other producing parties or non-parties in opioid cases whose confidential information is included in the Access Materials, including by discussing inclusion of Access Materials containing such third-party confidential information;

(viii) ensuring the long-term sustainability and success of the disclosure program; and

(ix) retaining and overseeing staff, counsel, or such other resources as are necessary and appropriate to accomplish the DOB's responsibilities under this Section 5.13.

(m) **Host Institutions**. The host institution(s) shall be selected by the Governmental Consent Parties and the Creditors' Committee (the "***Host Institutions***"). The Host Institution will be responsible for hosting and maintaining the Public Document Repository in perpetuity, including but not limited to: maintaining control and security over documents in the Public Document Repository; providing an accessible user interface; and providing clear and transparent explanations of its procedures to the public. Subject to restrictions and oversight imposed by the DOB, the Host Institution may employ appropriate resources to accomplish its responsibilities, including but not limited to the use of permanent university employees, temporary employees, contractors and vendor services. Commensurate with the large responsibilities assigned to the Host Institution, and subject to the decisions and oversight of the DOB and the requirements of this Plan, much of the Disclosure Program Budget may be directed to the Host Institution to fund the accomplishment of its responsibilities. As soon as practicable, the Debtors shall meet with the Host Institutions to agree upon the processes to be used by the Debtors to prepare the documents for delivery to DOB, including, for example, protocols, methodologies and technical specifications.

(n) **Prompt Disclosure**. In keeping with the importance of the matter, the DOB shall dedicate its best efforts to ensure prompt disclosure and shall seek to ensure that the public receives substantial disclosure at least every calendar quarter. The DOB shall prioritize prompt disclosure of the transcripts and audio and video recordings of depositions taken in the Purdue Legal Matters, together with the exhibits to those depositions. The Debtors will prioritize prompt production of the documents that Debtors have agreed to host pursuant to the DOJ Repository Obligation for immediate inclusion in the Public Document Repository for the sake of efficiency and cost savings.

(o) **Redaction of Protected Information**.

(i) The Debtors, the Plan Administration Trust, a successor entity to the Plan Administration Trust, or any entity or law firm designated by the Debtors or the Plan Administration Trust, shall implement appropriate procedures to protect the following information

("***Protected Information***") by redacting Protected Information in documents before they are provided to the DOB or disclosed to the public in the Public Document Repository and by promptly catching and correcting errors if Protected Information is disclosed. Protected Information is (i) any information protected from disclosure by the Health Insurance Portability and Accountability Act or similar state or federal statute; (ii) Social Security or tax identification numbers; (iii) personal financial account numbers; (iv) passport numbers and drivers' license numbers; (v) home addresses, personal email addresses, residential addresses, and personal phone numbers, including mobile phone numbers; (vi) information subject to confidentiality or trade secret rights of third parties that Debtors are without authority to abrogate; (vii) information subject to current Trade Secrets protection; (viii) information regarding individuals that is of a purely personal nature and does not pertain to the Debtors' opioid business or related practices; and (ix) other personally identifiable information otherwise protected by law. For the avoidance of doubt, Protected Information that should be redacted in a written document shall also be redacted in audio or video, such as deposition recordings.

(ii) The Plan Administration Trust must provide to the DOB a redaction log identifying the basis for the redaction with sufficient detail to allow assessment of the redaction's merits. The States AG Negotiating Group and Debtors will discuss and agree upon a robust audit process sufficient for the DOB to verify the Debtors' redactions are consistent with the final Plan, and the DOB's designee(s) and/or any auditors designated by the DOB will be given access to unredacted documents for this purpose subject to confidential safeguards to be agreed upon.

(iii) The Debtors and the Plan Administration Trust will prioritize the review of certain documents and custodians at the DOB's request.

(iv) **Trade Secret**. A 'trade secret' is information, including a formula, pattern, compilation, program, device, method, technique or process, that (i) derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure and use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Information reflecting opioid sales or promotional strategies, tactics, targeting, or data, or internal communications regarding sales or promotion of opioids will not be considered subject to trade secret protection unless the information is or contains specifically enumerated categories of Debtors' Information subject to trade secret protection set forth in Section 5.13(o)(v) of the Plan, and then only such information will be redacted.

(v) **Debtors' Information Subject to Current Trade Secrets Protection**. The following Debtor documents will be subject to trade secret protection: (i) documents that contain Debtors' trade secrets regarding (a) ANDA/NDA information that is not publicly available or is redacted in FDA filings, including development reports, batch records, and inspections, provided the redacted information contains trade secrets, and (b) Debtors' proprietary models, including the Rebate Return Model and the License & Supply Analysis Model; and (ii) documents dated less than ten (10) years before the disclosure that contain Debtors' trade secrets regarding: (a) Internal Cost of Goods Sold (COGS), including elements and calculations used to calculate COGS such as raw material sourcing, pricing, internal overhead, and capacity allocations, (b) Return on Rebate Model Data Output, and (c) License & Supply Analysis Model Data Output, including COGS, demand data, and gross-to-net information. Only the information subject to trade secrets protection will be redacted. Information reflecting opioid sales or promotional strategies, tactics, targeting, or data, or internal communications related to sales or promotion of opioids will not be considered subject to trade secret protection unless the information is or contains the narrow categories in this section, and then only the information subject to current trade secrets protection will be redacted.

(p) **Limits on Redaction**. There shall be no redaction of: (i) names of the Debtors' directors, officers, employees, agents, attorneys or consultants or of prescribers or of officials or employees of a government agency, or (ii) email addresses at the "pharma.com" or "purduepharma.com" domain.

(q) **Notice to Third Parties**. Debtors shall provide notice to third parties, consistent with such third-party agreements, whose trade secrets or confidential information may appear in documents which are to be provided to the DOB.

(r) **Inadvertent Release of Privileged or Protected Information**. Notwithstanding anything else in the Plan, the Public Document Repository shall not contain or disclose any documents or content of documents that are Privileged, except for those documents identified in Section 5.13(i)(i) and (ii) above that are eligible for the Public Document Repository, or any Protected Information. Inadvertent disclosure of Privileged documents in the Public Document Repository does not operate as a waiver of Privilege, and, upon discovery, any Privileged documents shall be promptly removed from the Public Document Repository. The DOB will establish a procedure that permits any party or member of the public to identify or challenge the disclosure of any potentially Protected Information placed in the Public Document Repository. The DOB will cause any document identified through this process to be immediately removed from the Public Document Repository pending review. Any disagreements regarding whether such material is Protected Information shall be resolved by the Special Master.

(s) **Special Master**.

(i) Shortly after the Confirmation Date, the Debtors shall file an appropriate motion asking the Bankruptcy Court or the United States District Court for the Southern District of New York to select and appoint a disclosure oversight Special Master. The

Special Master's qualifications shall include former service as a judicial officer, whether as a state or federal judge, and no current or former director, officer, employee or attorney of the Debtors, the Sackler Family Members, the Creditors' Committee, or the Governmental Consent Parties shall be eligible to be appointed as the Special Master, counsel or staff working under the Special Master, *provided* that prior work for a Governmental Consent Party that was completed prior to 2015 shall not preclude the appointment of a Special Master. The Special Master will adjudicate all privilege and related disputes. The Special Master's reasonable hourly fees and expenses shall be paid out of the Disclosure Program Budget except as the Special Master orders otherwise upon finding that a party advanced an argument that was frivolous, harassing or in bad faith.

(ii) Selection of Special Master. The selection of the Special Master shall be made by the Bankruptcy Court; *provided* that the Bankruptcy Court may consider a recommendation made jointly by the Debtors, the Sackler Family Members, the Creditors Committee, and the Governmental Consent Parties. For the purposes of determining if there is to be a joint recommendation, five (5) Business Days after the Confirmation Date, the parties ((x) the Debtors, (y) the Creditors' Committee, the Governmental Consent Parties and (z) the Sackler Family Members) each shall exchange a list of up to five (5) names as recommendations for the role of Special Master. The Debtors thereafter shall make a motion to the Bankruptcy Court to select a Special Master. If there are names in common on the exchanged lists, the Debtors' motion shall be limited to any name or names that are common to all such parties' lists. If there is no name common to each of the three lists, the Debtors' motion will ask the Bankruptcy Court, in its discretion, to select a Special Master.

(iii) Disclosure Challenges: To the extent that the DOB seeks to (A) challenge the Debtors' assertion of Privilege with respect to any documents withheld or redacted from production in the Purdue Legal Matters, or excluded by the Debtors from the Access Materials, or (B) disclose any Protected Information in the Public Document Repository, such efforts shall be subject to review by the Special Master, who shall have final say regarding whether (y) the DOB should be provided with such materials, and (z) such materials shall be protected from public disclosure.

(iv) Timing of Challenges: All challenges to the redaction or withholding of documents from the Public Document Repository, including with regard to the Privilege and to Protected Information, including challenges brought by either the DOB or members of the public, shall be brought within the later of (A) one (1) year of the Effective Date and (B) one (1) year from when the document or information at issue is first withheld from the Public Document Repository by redaction or logging.

(v) Counsel for Challenges: On or shortly after the Effective Date, the Debtors, the Governmental Consent Parties, and the Creditors' Committee shall agree to appoint a law firm to defend Privilege and Protected Information assertions against challenges ("***Defense Counsel***"); *provided, however*, that if the Debtors, the Governmental Consent Parties, and the Creditors' Committee are unable to reach an agreement regarding the identity of Defense Counsel, the Bankruptcy Court shall appoint the Defense Counsel. Third parties shall represent themselves before the Special Master and shall bear their own costs.

(vi) Procedure for Challenges: Any party seeking to initiate a challenge to the Privilege or Protected Information designation of a document or information in a document or any other challenge to the inclusion or exclusion of documents in the Public Document Repository (the "***Petitioner***") must first, as a condition precedent to any such challenge, meet and confer with the relevant defense counsel by serving a written statement of the specific material being disputed and the reasons for disputing each such material. If the meet and confer does not resolve the dispute, then the Petitioner shall submit a brief to the Special Master arguing why each individual document at issue should not be considered Privileged or Protected Information or should otherwise be included or excluded. Once a challenge has been submitted, the Special Master shall set a briefing schedule, permitting defense counsel no fewer than twenty-one (21) days to respond to the challenge, which may include in camera submissions in response. At the discretion of the Special Master, the briefing schedule may also include supplemental submissions, oral argument or other procedures the Special Master deems necessary to reach a determination. The Special Master shall then evaluate and decide the challenge based upon existing legal precedent of federal law within the U.S. Court of Appeals for the Second Circuit, and shall be empowered to determine whether such materials are subject to a valid claim of Privilege or otherwise constitute Protected Information or should have otherwise been included or excluded, but shall not be empowered to waive any Privilege ever asserted by the Debtors with respect to the Purdue Legal Matters or with respect to the Access Materials or the Sequestered Materials. If the Petitioner does not prevail, then the Special Master shall have the discretion to shift to the Petitioner some or all of the reasonable legal expense of Defense Counsel, whose reasonable fees and expenses shall otherwise be paid for by the Disclosure Program Budget. If the Special Master determines that the challenge was frivolous, harassing, needlessly increasing costs or expenses, or otherwise brought for an improper purpose, then the Special Master shall shift to the Petitioner some or all of the reasonable legal expense of Defense Counsel. For avoidance of doubt, any materials determined by the Special Master to be Privileged or to contain Protected Information shall not be included in the Public Document Repository.

(vii) Pending resolution of a challenge asserting a document was improperly disclosed, the Host Institution shall remove or redact each identified, challenged document.

(t) **Materials Produced by Shareholder Released Parties**. The Public Document Repository shall include all Sackler Family Members' documents that were produced in the Chapter 11 Cases and that relate to the manufacturing, sale or marketing of opioids in the United States, the Debtors' alleged role or liability in connection with the opioid crisis or the regulatory approval of any opioid product sold in the United States by the Debtors, but subject to appropriate exclusions for documents covered by the attorney-client and work product privileges and certain confidential information (including exclusions for information and documents related to the finances, financing activities, taxes and tax filings, investments and third party business and advisory relationships of the Shareholder Released Parties).

(i) The Special Master appointed in accordance with Section 5.13(s) shall resolve disputes regarding whether certain documents or information is required to be included in the document repository by the Sackler Family Members.

(ii) The Sackler Family Members shall have the right to claw back documents that they were entitled to exclude in accordance with this provision but inadvertently produced to the Public Document Repository, and such inadvertent production shall not operate as a waiver of rights. The Special Master shall resolve any disputes between Sackler Family Members, the Governmental Consent Parties, and the DOB concerning the exercise of clawback rights.

(iii) For the avoidance of doubt, "Sackler Family Members' documents" refer only to documents in the Sackler Family Members' possession, custody or control. Section 5.13(t) does not refer to documents including or involving Sackler Family Members that are in the Debtors' possession, custody or control.

(u) **Release of Confidentiality Rights by Parties Receiving Releases**. With regard to the disclosure of information in the Public Document Repository as authorized by this Section 5.13, the protections provided to Released Parties and Shareholder Released Parties shall be limited to the protections provided by this Plan. To the extent that Released Parties and Shareholder Released Parties possess rights to confidentiality beyond those provided this Plan (for example, a contractual confidentiality provision) or the Direct Claims Shareholder Settlement Agreements, those rights are waived to facilitate this disclosure program in exchange for the benefit of the releases provided to the Released Parties and Shareholder Released Parties by the Plan.

(v) **DOJ Settlement Communications**. Communications between the Debtors and DOJ regarding settlement or cooperation between 2015 and the final, non-appealable conclusion of *U.S. v. Purdue Pharma L.P.*, Case 2:20-cr-01028-MCA (D.N.J.) shall be protected from disclosure to the Master Disbursement Trust and the DOB and shall not be included in the Public Document Repository, nor shall any internal Debtor documents reflecting such communications or the strategy for such communications. The Debtors shall implement this exclusion when creating the set of Sequestered Materials.

(w) **Documents Produced By Certain Financial Institutions**. The disclosure program shall not include the documents produced by financial institutions pursuant to the examination authorized by the Bankruptcy Court at D.I. 1143. For the avoidance of doubt, if the same information also

appears in a second source that is subject to disclosure (e.g., a deposition exhibit), then the information in that second source is subject to disclosure.

(x) **Active Vendor Contracts**. The Public Document Repository shall not disclose the NewCo's active vendor contracts or expired contracts that would reveal the sum and substance of active contracts.

(y) **Exculpation and Indemnification of DOB members and Host Institution**. To the maximum extent permitted by applicable law, the DOB members, whenever appointed, and the Host Institution shall not have or incur any liability for actions taken or omitted in his or her capacity as a DOB member, or on behalf of the DOB, except those acts found to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of his or her actions or inactions in his or her capacity as a DOB member, except for any actions or inactions found to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of any of the DOB members shall be satisfied from the Disclosure Program Budget.

(z) **Reports**. On each of the first five anniversaries of the Effective Date, the DOB shall publish a public report describing the activities of the disclosure program, the use of any funds expended, and any funds committed for future use.

(aa) **Wind Down**. In or after one year following the Sequestration Date, the DOB shall wind itself down. If appropriate to facilitate the long-term success of the Public Document Repository, the DOB may arrange for another long-lived institution, such as one or more Attorneys General Offices, to interact with the Host Institution after the DOB is wound down (e.g., by receiving reports). Upon the wind down of the DOB, (i) the Host Institution shall be responsible for the permanent maintenance of the Public Document Repository; *provided* that, for avoidance of doubt, the access to the Access Materials and the Sequestered Materials granted to the DOB herein shall not be transferred to any successor institution other than the Host Institution and (ii) any Access Materials or Sequestered Materials in the possession of the DOB but not included in the Public Document Repository, for any reason, shall be, at NewCo's election, delivered to NewCo or destroyed or, if all or substantially all of the Assets of or Interests in NewCo have been sold, destroyed or delivered to Defense Counsel. Within ninety (90) days of the announcement of the dissolution of the Plan Administration Trust, the Plan Administration Trust shall use commercially reasonable efforts to return Privileged and Protected Information materials to Defense Counsel who shall retain the materials in a segregated client file.

(bb) **Master Disbursement Trust**. For the avoidance of doubt, nothing in this Section 5.13 limits the rights of the Master Disbursement Trust, subject to and in accordance with Section 5.12 of the Plan, to access or use Privileged documents, including Excluded Privileged Materials, in connection with any potential or actual Causes of Action, including, among other things, any potential or actual Causes of Action contemplated by or that may result from, the Shareholder Settlement Agreement, including, without limitation, with respect to a Cause of Action against a Shareholder Release Snapback Party upon the filing of a Notice of Shareholder Release Snapback.

5.14 ***Effective Date Cash; Surplus Reserved Cash***.

(a) **Effective Date Fixed Payments**. On the Effective Date, Effective Date Cash shall be used to fund (i) the Professional Fee Escrow Account in an amount necessary to satisfy Professional Fee Claims in accordance with Section 2.1(b) of the Plan, (ii) the Priority Claims Reserve in an amount necessary to satisfy estimated Allowed Administrative Claims (other than Professional Fee Claims and the DOJ Forfeiture Judgment Claim), Allowed Secured Claims and Allowed Priority Claims, (iii) the Claims Reserves in accordance with Section 7.2 of the Plan, (iv) the Disputed Cure Claims Reserve

in accordance with Section 8.2(d) of the Plan, (v) the Wind-Up Reserve in accordance with Section 5.3(d) of the Plan, (vi) the MDT Operating Reserve in accordance with Section 5.6(f) of the Plan, (vii) the Special Operating Reserve in accordance with Section 5.7(a) of the Plan, (viii) the Initial NewCo Cash in accordance with Section 5.4(c) of the Plan, (ix) the applicable PAT Distribution Account in the amounts necessary to make Distributions required in accordance with Article IV of the Plan in respect of Allowed Adlon General Unsecured Claims, Allowed Avrio General Unsecured Claims, and Allowed Other General Unsecured Claims, each to the extent Allowed as of the Effective Date, (x) the Initial Private Creditor Trust Distributions, (xi) the Initial Federal Government Distribution, (xii) the Initial Public Schools Distribution, (xiii) amounts required to establish the Public Document Repository in accordance with Section 5.13 of the Plan, (xiv) the upfront insurance premium payments and other amounts in accordance with Sections 5.3(e), 5.4(f) and 5.5(c) of the Plan and (xv) any other amounts required to be paid on the Effective Date pursuant to the Plan. No later than five (5) Business Days prior to the Effective Date, the Debtors shall provide notice to the Creditors' Committee and the Governmental Consent Parties of the then-current estimated amount of Effective Date Cash and all amounts described in this Section 5.14(a), and shall promptly notify the Creditors' Committee and the Governmental Consent Parties of any changes to such estimations prior to the Effective Date. Any objection by the Creditors' Committee or the Governmental Consent Parties with respect to the Debtors' proposed amount of funding of any PAT Reserve shall be resolved by the Bankruptcy Court.

(b) **Initial Public Creditor Trust Distributions**. On the Effective Date, all Effective Date Cash remaining after the satisfaction of all amounts described in the foregoing paragraph (a) shall be used to make the Initial Governmental Remediation Trust Distribution and the Initial Tribe Trust Distribution.

(c) **Surplus Reserved Cash**. Prior to the dissolution of the Plan Administration Trust, the Plan Administration Trustee shall determine, on each six (6)-month anniversary of the Effective Date, whether the amounts available in any PAT Reserve exceed the amounts necessary to satisfy the purpose for which such reserves were established. If the Plan Administration Trustee determines that a surplus exists in any PAT Reserve as of the date of such determination, such Surplus Reserve Cash shall be (i) *first*, used to satisfy any funding deficiency in any other PAT Reserve and (ii) *second*, with respect to any amounts not used to satisfy any such funding deficiency in another PAT Reserve, transferred to the Master Disbursement Trust in accordance with the MDT Agreement. All Cash and cash equivalents of the Plan Administration Trust remaining upon the dissolution of the Plan Administration Trust, including any remaining Surplus Reserve Cash in the PAT Reserves, shall be transferred to the Master Disbursement Trust in accordance with the MDT Agreement.

5.15 ***Corporate Action***.

(a) **Dissolution of Boards of the Debtors**. As of the Effective Date, the respective boards of directors and managers, as applicable, of each of the Debtors shall be terminated and dissolved and the members of each of the boards of directors and managers, as applicable, of the Debtors shall be deemed to have resigned.

(b) **Continued Existence of the Liquidating Debtors**. Each of the Debtors, other than the Transferred Debtors, shall continue to exist as a Liquidating Debtor after the Effective Date in accordance with the laws of the state under which such Debtor was formed and pursuant to its certificate of incorporation, bylaws, articles of formation, operating agreement, and other organizational documents, as applicable, in effect prior to the Effective Date, except to the extent such organizational documents are amended under the Plan, for the limited purposes of liquidating all of the Assets of such Debtor's Estate and making distributions in accordance with the Plan. From and after the Effective Date, except as set forth herein, the Liquidating Debtors (i) for all purposes shall be deemed to have withdrawn their business

operations from any state in which the Liquidating Debtors were previously conducting, or are registered or licensed to conduct, their business operations, and shall not be required to file any document, pay any sum, or take any other action in order to effectuate such withdrawal, (ii) shall be deemed to have canceled pursuant to the Plan all PPI Interests and, as of the PPLP Dissolution Date, all PPLP Interests, and (iii) shall not be liable in any manner to any taxing authority for franchise, business, license or similar taxes accruing on or after the Effective Date.

(c) **Appointment of the PPLP Liquidator as the Sole Representative for the Liquidating Debtors**. On the Effective Date, the PPLP Liquidator shall be appointed as the sole director and sole officer of the Liquidating Debtors, and shall succeed to the powers of the Liquidating Debtors' general partners, directors and officers. From and after the Effective Date, the PPLP Liquidator shall be the sole representative of, and shall act for, the Liquidating Debtors and administer the winding up and dissolution of the Liquidating Debtors. The PPLP Liquidator shall act for the Liquidating Debtors in the same fiduciary capacity as applicable to a board of directors and officers, subject to the provisions hereof (and all certificates of formation, partnership agreements, operating agreements, membership agreements and related documents are deemed amended by the Plan to permit and authorize the same). Any fees and expenses incurred by the PPLP Liquidator shall be paid by the Plan Administration Trustee from the Wind-Up Reserve.

(d) **Merger; Dissolution; Consolidation of the Liquidating Debtors**. On or after the date(s) upon which the Plan Administration Trust is established, the Liquidating Debtors or the PPLP Liquidator may, subject to the terms of the Plan, cause any or all of the Liquidating Debtors to be merged into one or more of the Liquidating Debtors, dissolved or otherwise consolidated and engage in any other transaction in furtherance of the Plan. Notwithstanding the foregoing, upon the dissolution of each Liquidating Debtor by the PPLP Liquidator after the completion of the acts required of such Liquidating Debtor pursuant to this Plan, such Liquidating Debtor shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of such Liquidating Debtor; *provided*, *however*, that each Liquidating Debtor or the PPLP Liquidator, as applicable, shall file with the office of the Secretary of State, or other appropriate office for the state of its organization, a certificate of cancellation or dissolution.

(e) **Charter and Bylaws**. To the extent necessary or appropriate, the charters, by-laws and other organizational documents of the Debtors shall be amended, or amended and restated as necessary, in a manner consistent with section 1123(a)(6) of the Bankruptcy Code, if applicable, and the terms of this Plan.

(f) **No Further Action**. Each of the matters provided for under the Plan involving the corporate structure of the Debtors or the Plan Administration Trust, or corporate action to be taken by or required of the Debtors, shall, as of the Effective Date, be deemed to have occurred (unless contemplated hereunder to occur before or after the Effective Date) and be effective as provided herein, and shall be authorized and approved in all respects without any requirement of further action by any Person, including, but not limited to, the Plan Administration Trustee, the PPLP Liquidator, Holders of Claims against or Interests in the Debtors or directors or officers of the Debtors.

(g) **Effectuating Documents**. Prior to or after the Effective Date, any appropriate officer of the Debtors or the PPLP Liquidator, as applicable, shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

(h) **Exculpation and Indemnification of the PPLP Liquidator**. To the maximum extent permitted by applicable law, the PPLP Liquidator shall not have or incur any liability for

actions taken or omitted in its capacity as the PPLP Liquidator, except those acts found by Final Order to be arising out of its willful misconduct, bad faith, gross negligence, or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of its actions or inactions in its capacity as the PPLP Liquidator, except for any actions or inactions found by Final Order to be arising out of its willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of the PPLP Liquidator shall be satisfied from the Wind-Up Reserve.

5.16 ***Cancellation of Notes, Interests, Instruments, Certificates and Other Documents***.

Except as otherwise provided herein, on and after the Effective Date, all PPLP Interests and PPI Interests and all notes, instruments, certificates, agreements, indentures, mortgages, security documents and other documents evidencing Claims against or Interests in the Debtors or obligations of the Debtors or the Liquidating Debtors, as applicable, thereunder or in any way related to the foregoing shall be deemed canceled, satisfied in full and of no further force or effect without any need for further action or approval of the Bankruptcy Court.

5.17 ***Closing of Chapter 11 Cases***.

After a Debtor's Estate has been fully administered, the Plan Administration Trustee shall seek authority from the Bankruptcy Court to close the applicable Chapter 11 Case in accordance with the Bankruptcy Code and Bankruptcy Rules.

ARTICLE VI DISTRIBUTIONS.

6.1 ***Distributions Generally***.

Except as otherwise provided in the Plan or the PAT Agreement, all Distributions in respect of Allowed Claims, other than Channeled Claims, shall be made by the Disbursing Agent, or such other Persons designated by the Plan, in accordance with the terms of the Plan, including this Article VI. Except with respect to Sections 6.17, 6.20, and 6.21 of the Plan, this Article VI shall not apply to Channeled Claims.

6.2 ***Distributions on the Effective Date***.

On the Effective Date or as soon as reasonably practicable thereafter, the Disbursing Agent shall make Distributions (a) from the Priority Claims Reserve in respect of Allowed Administrative Claims, Allowed Secured Claims and Allowed Priority Claims, each in an amount and to the extent Allowed as of the Effective Date, and (b) from the PAT Distribution Account in respect of Allowed Avrio General Unsecured Claims and Allowed Adlon General Unsecured Claims, each in an amount required in accordance with this Article VI of the Plan and solely to the extent Allowed as of the Effective Date.

6.3 ***Date of Distributions***.

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

6.4 ***Disbursing Agent***.

The Disbursing Agent shall be deemed to hold all property to be distributed under this Plan in trust for the Persons entitled to receive the same. The Disbursing Agent shall not hold an economic or beneficial interest in the property to be distributed under this Plan. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties.

6.5 ***Rights and Powers of Disbursing Agent***.

The Disbursing Agent shall be empowered to (a) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan, (b) make all Distributions contemplated by the Plan, (c) employ professionals to represent it with respect to its responsibilities and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

The Disbursing Agent shall only be required to act and make Distributions in accordance with the terms of the Plan and the PAT Agreement, and shall have no (x) liability for actions taken in accordance with the Plan and the PAT Agreement or in reliance upon information provided to it in accordance with the Plan or (y) obligation or liability in respect of any Channeled Claims or for Distributions under the Plan to any party who does not hold an Allowed Claim administered by the Plan Administration Trust at the time of Distribution or who does not otherwise comply with the terms of the Plan; *provided*, *however*, that the foregoing shall not affect the liability that otherwise would result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted willful misconduct, gross negligence, intentional fraud or criminal conduct of any such Person.

6.6 ***Expenses of Disbursement Agent***.

Any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date shall be paid in Cash by the Plan Administration Trustee from the Wind-Up Reserve.

6.7 ***Delivery of Distributions***.

Subject to Bankruptcy Rule 9010, the Disbursing Agent shall make all Distributions to any Holder of an Allowed Claim at the address of such Holder (a) as set forth on the Schedules filed with the Bankruptcy Court or (b) on the books and records of the Debtors or their agents, unless the Disbursing Agent has been notified in writing of a change of address, including, without limitation, by filing of a Proof of Claim by such Holder that contains an address for such Holder that is different than the address of such Holder as set forth in the Schedules or on such books and records of the Debtors.

6.8 ***Undeliverable and Unclaimed Distributions***.

In the event that any Distribution to any Holder of an Allowed Claim is returned as undeliverable, no Distribution to such Holder shall be made unless and until the Disbursing Agent has been notified of the then-current address of such Holder, at which time or as soon as reasonably practicable thereafter such Distribution shall be made to such Holder without interest; *provided*, *however*, that all Distributions made by the Disbursing Agent that are unclaimed for a period of six (6) months after the Distribution thereof shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and shall revest in the Plan Administration Trust, and any entitlement of any Holder of any Claims to such Distributions shall be extinguished and forever barred.

6.9 ***Distribution Record Date***.

As of the close of business on the Distribution Record Date, the Claims register shall be closed. The Disbursing Agent shall have no obligation to recognize any transfer of any such Claims occurring after the close of business on the Distribution Record Date and shall instead be entitled to recognize and deal, for all purposes under the Plan, with only those Holders of record as of the close of business on the Distribution Record Date.

6.10 ***Manner of Payment under Plan***.

At the option of the Disbursing Agent, any Cash payment to be made pursuant to the Plan may be made by a check or wire transfer or as otherwise required or provided in the PAT Agreement.

6.11 ***Minimum Cash Distributions***.

The Disbursing Agent shall not be required to make any Distributions of Cash in an amount less than $100, or such lower amount as determined by the Disbursing Agent in accordance with the PAT Agreement, to any Holder of an Allowed Claim; *provided*, *however*, that if any Distribution is not made pursuant to this Section 6.11, such Distribution shall be added to any subsequent Distribution to be made on behalf of such Holder's Allowed Claims. The Disbursing Agent shall not be required to make any final Distribution of Cash in an amount less than $25 to any Holder of an Allowed Claim. If the amount of any final Distribution to any Holder of Allowed Claims would be $25 or less, then such Distribution shall be made available for Distribution to all Holders of Allowed Claims in the same Class receiving final Distributions of at least $25.

6.12 ***Setoffs and Recoupment***.

Subject to Section 2.1 and Sections 10.5 through 10.13 of the Plan, the Disbursing Agent may, but shall not be required to, set off against or recoup from any Claim against the Debtors, and from any payments to be made pursuant to the Plan with respect to such Claim, any Claims of any nature whatsoever (to the extent permitted by applicable law) that the Debtors or the Plan Administration Trust, as applicable, may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Plan Administration Trust of any such Claim it may have against such Holder.

6.13 ***Claims Paid or Payable by Third Parties***.

The Plan Administration Trustee shall reduce in full a Claim against the Debtors, and such Claim shall be Disallowed without a Claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from any Person that is not a Debtor. Subject to the last sentence of this paragraph, to the extent a Holder of a Claim against the Debtors receives a Distribution on account of such Claim and receives payment from a Person that is not a Debtor on account of such Claim, such Holder shall, within fourteen (14) days of receipt thereof, repay or return the Distribution to the Plan Administration Trust to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such Distribution under the Plan. The failure of such Holder to timely repay or return such Distribution shall result in the Holder owing the Debtors annualized interest at the federal judgment rate on such amount owed for each Business Day after the fourteen (14)-day grace period specified above until the amount is repaid.

6.14 ***Distributions after Effective Date***.

Distributions made after the Effective Date to Holders of Non-Participating Channeled Claims and other Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be deemed to have been made on the Effective Date (except for U.S. federal income tax purposes).

6.15 ***No Postpetition Interest and Penalties on Claims***.

Unless otherwise provided for in the Plan or the Confirmation Order or required by the Bankruptcy Code, no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date or to penalties on any Claim. Any such interest or penalty component of any such Claims, if Allowed, shall be paid only in accordance with section 726(b) of the Bankruptcy Code.

6.16 ***Allocation of Distributions between Principal and Interest***.

To the extent that any Allowed Claim is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor or any other Person and is entitled to accrued but unpaid interest thereon, it is intended, subject to applicable law, that such Distribution shall be allocated first to the principal amount of the Allowed Claim (as determined for U.S. federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Allowed Claim, to accrued but unpaid interest.

6.17 ***No Constructive Receipt***.

No Holder of Claims shall be treated as receiving a Distribution for U.S. federal income tax purposes except to the extent such Holder is entitled to receive such Distribution directly under the Plan (or such Distribution is made in satisfaction of an obligation of such Holder). All parties (including, without limitation, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Master Disbursement Trust, the MDT Trustees and the Creditor Trusts) shall report consistently with the foregoing for U.S. federal income tax purposes.

6.18 ***No Distribution in Excess of Amount of Allowed Claim***.

Notwithstanding anything to the contrary in this Plan, no Holder of an Allowed Claim shall receive, on account of such Allowed Claim, Distributions in excess of the Allowed amount of such Claim when combined with amounts received by such Holder from other sources.

6.19 ***Satisfaction of Claims***.

Unless otherwise provided herein, the Distributions and deliveries to be made on account of Allowed Claims under this Plan shall, in the aggregate, be in complete and final satisfaction, settlement and discharge of, and exchange for, such Allowed Claims. The Distributions and deliveries to be made on account of Claims under this Plan shall additionally be in consideration of the release and discharge of any and all Released Claims and Shareholder Released Claims related to or arising from such Claims.

6.20 ***Withholding and Reporting Requirements***.

(a) **Withholding Rights**. In connection with the Plan, and all instruments or Interests issued in connection therewith and in consideration thereof, any party issuing any instrument or Interest or making any Distribution described in the Plan shall comply with all applicable withholding and

reporting requirements imposed by any U.S. federal, state or local or foreign taxing authority, and all Distributions pursuant to the Plan and all related agreements shall be subject to any such withholding or reporting requirements to the extent required under applicable law. In the case of a non-Cash Distribution that is subject to withholding, the distributing party may withhold a portion of such distributed property equal in value to the tax to the extent required to be withheld, and either (i) sell such withheld property to generate Cash necessary to pay over the withholding tax (or reimburse the distributing party for any advance payment of the withholding tax), or (ii) pay the withholding tax using its own funds and retain such withheld property. Any amounts withheld pursuant to this Section 6.20(a) and properly remitted to the applicable Governmental Unit shall be deemed to have been distributed to, and received by, the applicable recipient for all purposes of the Plan. In the event that any Person issues any instrument or Interest or makes any non-Cash Distribution pursuant to the Plan that is subject to withholding tax and such issuing or distributing party has not sold such withheld property to generate Cash to pay the withholding tax, or paid the withholding tax using its own funds and retained such withheld property as described above, such issuing or distributing party has the right, but not the obligation, to not make a Distribution until such Holder has made arrangements reasonably satisfactory to such issuing or disbursing party for payment of any such tax obligations, after which such issuing or disbursing party shall return to such Holder the portion of the property previously withheld.

(b) **Forms**. Any party entitled to receive any Cash or other property under the Plan shall, upon request, deliver to the Disbursing Agent, the Master Disbursement Trust, the applicable Creditor Trust, NewCo, the Foundation or such other Person designated by the Plan Administration Trustee (which Person shall subsequently deliver to the Disbursing Agent any applicable IRS Form W-8 or Form W-9 or other forms or documents received), as applicable, a properly executed IRS Form W-9 or Form W-8, as applicable, and any other forms or documents reasonably requested by such party, to reduce or eliminate any withholding required by any U.S. federal, state, local or foreign taxing authority. Except as otherwise provided in the Creditor Trust Documents, as applicable, if any such request is made by such party in accordance with the foregoing, and the Holder fails to comply before the date that is three hundred sixty-five (365) calendar days after the request is made, the amount of such Distribution shall irrevocably revert to the Plan Administration Trust, the Master Disbursement Trust, the applicable Creditor Trust, NewCo or the Foundation, as applicable, and any Claim with respect to such Distribution shall be discharged and forever barred from assertion against such party or its property.

(c) **Tax Liability**. Notwithstanding Section 6.20(a), each Holder of a Claim or other Person that receives or is to receive a Distribution pursuant to this Plan shall have the sole and exclusive responsibility for the satisfaction and payment (to the extent not withheld from such Distribution pursuant to Section 6.20(a) of the Plan) of any tax obligations imposed on such Holder by any Governmental Unit, including income, withholding and other tax obligations, on account of such Distribution.

6.21 ***Post-Confirmation Claims***.

Except as otherwise provided in the applicable Creditor Trust TDP, in the event a Person seeks payment at any time on account of a Channeled Claim as to which no Proof of Claim was filed before the Bar Date and/or for which no motion seeking leave or order granting leave to file a late Proof of Claim was filed or entered before the Confirmation Date, or as to which no Proof of Claim was required to be filed, such Person shall not be entitled to any payment or distribution on account of such Channeled Claim unless such Channeled Claim is held by a Settling Creditor. If such Channeled Claim is held by a Settling Creditor, such Person shall be entitled to seek to recover on such Channeled Claim solely from the Creditor Trust to which such Channeled Claim is or was channeled pursuant to the Master TDP, as determined by the Bankruptcy Court, and any such recovery shall be solely in accordance with and to the extent provided in the Creditor Trust TDP for such Creditor Trust. After the Effective Date, in addition

to the Person seeking to assert such Channeled Claim and any Person against which such Channeled Claim is purportedly asserted, only the MDT Trustees, the Creditor Trustees and NewCo shall have standing to participate in any action before the Bankruptcy Court [(or, in the event that such actions are heard before another tribunal, before such tribunal)] in respect of the foregoing. For the avoidance of doubt, nothing in this paragraph is intended or shall be construed to enlarge, amend or modify the provisions of the Bar Date Order, nor is anything in this paragraph intended to derogate from, modify or amend the terms and conditions of any Creditor Trust TDP or the Master TDP or the rights of any MDT Trustee, Creditor Trustee or claims administrator for any Creditor Trust.

ARTICLE VII PROCEDURES FOR NON-PARTICIPATING CHANNELED CLAIMS AND OTHER DISPUTED CLAIMS.

7.1 *Procedures for Non-Participating Channeled Claims and other Disputed Claims Generally*.

Except as otherwise provided in the Plan, the PAT Agreement, or the Creditor Trust Documents, all Claims against the Debtors that are Non-Participating Channeled Claims or otherwise Disputed as of the Effective Date shall be subject to the claims resolution procedures set forth in the Plan, including this Article VII. Any Distributions on account of Non-Participating Channeled Claims or other Disputed Claims shall be reserved pending the completion of the Claims resolution process in this Article VII.

7.2 *Non-Participating Claims Reserves; PAT Disputed Claims Reserves*.

(a) **Establishment**. On the Effective Date, or as soon as reasonably practicable thereafter, the Plan Administration Trustee and each applicable Creditor Trustee shall, consistent with and subject to section 1123(a)(4) of the Bankruptcy Code, with respect to each applicable Class of Claims against the Debtors, establish the PAT Disputed Claims Reserves or the applicable Non-Participating Claims Reserve(s) for such Class.

(b) **Funding of PAT Disputed Claims Reserves**. The PAT Disputed Claims Reserves shall be (i) funded on the Effective Date with Effective Date Cash in an amount determined by the Debtors and reasonably acceptable to the Creditors' Committee, the Governmental Consent Parties and, solely with respect to amounts funded on account of Disputed Other General Unsecured Claims, the Sackler Parties' Representative. Following establishment of the PAT Disputed Claims Reserves, the Plan Administration Trustee shall administer the applicable PAT Disputed Claims Reserve, in each case taking into account any changes in the projected distributions to Holders of the applicable Disputed Claims.

(c) **Funding of Creditor Trust Non-Participating Claims Reserves**. With respect to the Creditor Trust Non-Participating Claims Reserves other than the Class 4 Non-Participating Claims Reserves, (i) each Creditor Trust PRA Non-Participating Claims Reserve and each Select Private Creditor Trust Non-Participating Claims Reserve will be funded on the Effective Date, and from time to time on or after the Effective Date, by the PRA Estate Distributions to which the Holders of the Non-Participating Channeled Claims in such Class would be entitled should their Claims be Allowed Claims pursuant to the applicable Creditor Trust TDP, and (ii) each Creditor Trust Non-PRA Non-Participating Claims Reserve will be funded from time to time after the Effective Date, in an amount equal to the Non-PRA Estate Distributions to which the Holders of the Non-Participating Channeled Claims in such Class would be entitled should their Claims be Allowed Claims pursuant to the applicable Creditor Trust TDP, in each case as determined by the applicable Creditor Trustee and reasonably acceptable to the Debtors, the Creditors' Committee, the Governmental Consent Parties [and the Sackler Parties' Representative], and (i) with respect to the Class 5 Non-Participating Claims Reserves, the Native American Tribe Group, (ii) with respect to the Class 6 Non-Participating Claims Reserve, the Public School District Claimants, (iii) with

respect to the Class 7 Non-Participating Claims Reserve, the Ad Hoc Group of Hospitals, (iv) with respect to the Class 8 Non-Participating Claims Reserve, the Third-Party Payor Group, (v) with respect to the Class 9 Non-Participating Claims Reserve, the ERP Trustee, (vi) with respect to the Class 10(a) Non-Participating Claims Reserve, the NAS Committee, and (vii) with respect to the Class 10(b) Non-Participating Claims Reserves, the Ad Hoc Group of Individual Victims.

(d) **Funding of Class 4 Non-Participating Claims Reserves**. The Class 4 PRA Non-Participating Claims Reserve and Class 4 Non-PRA Non-Participating Claims Reserve shall be funded by the Governmental Remediation Trust with the Non-Settling States Holdback Distributions and the Non-Settling Subdivisions Holdback Distributions as Distributions are made by the Master Disbursement Trust to the Governmental Remediation Trust, in each case, in accordance with the following requirements;

(i) In the event that a State is a Non-Settling State on the Effective Date, then such State and each Subdivision of such State that has filed a Proof of Claim will be deemed to hold a Non-Participating Channeled Claim, and (A) a Non-Settling States Holdback Distribution on account of such State and each such Subdivision, that is a PRA Estate Distribution shall be deposited in the Class 4 Creditor Trust PRA Non-Participating Claims Reserve and (B) a Non-Settling States Holdback Distribution on account of such State and each such Subdivision, that is a Non-PRA Estate Distribution shall be deposited in the Class 4 Creditor Trust Non-PRA Non-Participating Claims Reserve. The Non-Settling States Holdback Distribution for the benefit of such Non-Settling State shall be equal to such State's share of Estate Distributions based on the interstate allocation as further described in Governmental Remediation Trust Documents. Any Non-Settling State's share shall be subdivided generally in accordance with the default state-subdivision allocation set forth in the Governmental Entity Shareholder Direct Settlement Agreement as if there was no applicable state-subdivision agreement. The portion of a Non-Settling State's share allocated to its Subdivisions who filed Proofs of Claim shall be further subdivided based on the applicable subdivision metrics developed by the MDL Plaintiffs' Executive Committee.

(ii) Subject to Section 7.2(d)(iii), in the event that a State is a Settling State, but one or more of its Subdivisions that filed Proofs of Claim are not Participating Subdivisions, then the amount of the total PRA Estate Distributions and Non-PRA Estate Distributions allocated to such State shall be reduced by an amount equal to the share that a Non-Settling Subdivision would have received under (A) the intrastate allocation agreement that exists between that Settling State and its Subdivisions (if an intrastate allocation agreement exists), (B) the intrastate allocation statute (if an intrastate allocation statute exists), or (C) the default state-subdivision allocation set forth in the Governmental Entity Shareholder Direct Settlement Agreement (if no intrastate allocation agreement or statute exists), with the Non-Settling Subdivision's share calculated based on the applicable

subdivision metrics developed by the MDL Plaintiffs' Executive Committee, with the amounts of such reductions deposited, (X) in the case of PRA Estate Distributions, in the Class 4 PRA Non-Participating Claims Reserve and (Y) in the case of Non-PRA Estate Distributions, in the Class 4 Non-PRA Non-Participating Claims Reserve. Non-Settling Subdivisions that have filed Proofs of Claim and whose Claims are or may be Allowed may be entitled to different allocations of Estate Distributions upon such Subdivision becoming a Participating Subdivision.

(iii) In the event a Non-Settling Subdivision is located in a Settling State that has a statutory bar against such Non-Settling Subdivision pursuing a Released Claim, such Creditor Trust shall not be required to reserve any amount on account of the Non-Participating Non-Federal Domestic Governmental Claim held by such Non-Settling Subdivision.

(iv) The Class 4 PRA Non-Participating Claims Reserve shall be funded over time from each PRA Estate Distribution and the Class 4 Non-PRA Non-Participating Claims Reserve shall be funded over time from each Non-PRA Estate Distribution, in each case, on account of each such Class 4 Non-Participating Channeled Claim, as applicable, including such amount(s) payable on account of Attorneys' Fees under Section 5.9 of this Plan.

(e) **U.S. Federal Income Tax Matters Relating to the Creditor Trust Non-PRA Non-Participating Claims Reserves**. [Each Creditor Trust Non-PRA Non-Participating Claims Reserve is intended to be treated and shall be reported as an account of the corresponding Creditor Trust, and not as an entity separate from the corresponding Creditor Trust, for U.S. federal income tax purposes, and shall be treated consistently for state and local tax purposes, to the extent applicable. All parties (including the Shareholder Payment Parties, the Debtors, the Foundation, the MDT Trustees, the Plan Administration Trustee, each applicable Creditor Trustee, and Holders of Non-Participating Claims and other Disputed Claims) shall be required to report for tax purposes in a manner consistent with the foregoing. Each applicable Creditor Trustee shall each be responsible for payment, out of the assets of the applicable Creditor Trust Non-PRA Non-Participating Claims Reserve, of any taxes imposed on the applicable Creditor Trust Non-PRA Non-Participating Claims Reserve or its assets.][21]

(f) **U.S. Federal Income Tax Matters Relating to the Creditor Trust PRA Non-Participating Claims Reserve**. Each Creditor Trust PRA Non-Participating Claims Reserve and each Select Private Creditor Trust Non-Participating Claims Reserve is intended to be treated and shall be reported as a qualified settlement fund for U.S. federal income tax purposes. Pursuant to the Master Shareholder Settlement Agreement, PRA L.P. will timely elect to treat each Creditor Trust PRA Non-Participating Claims Reserve and each Select Private Creditor Trust Non-Participating Claims Reserve as a "grantor trust," pursuant to Section 1.468B-1(k) of the Treasury Regulations, for U.S. federal income tax purposes and, to the extent permitted under applicable law, for state and local tax purposes, for which PRA L.P. is the sole grantor, owner and transferor, and will not revoke such election. All parties (including the Shareholder Payment Parties, the Debtors, the Foundation, the Plan Administration Trustee, each applicable Creditor Trustee, and Holders of Non-Participating Claims and other Disputed Claims) shall be required to

[21] [**NTD**: Subject to continuing tax review]

report for tax purposes in a manner consistent with the foregoing. The applicable Creditor Trustee shall be the "administrator," within the meaning of Treasury Regulations section 1.468B-2(k)(3), of each Creditor Trust PRA Non-Participating Claims Reserve and each Select Private Creditor Trust Non-Participating Claims Reserve. PRA L.P. shall be responsible for payment of any taxes imposed on or collected from a Creditor Trust PRA Non-Participating Claims Reserve or a Select Private Creditor Trust Non-Participating Claims Reserve or its respective assets or income.

7.3 ***Claim Objections***.

(a) **Prior to Effective Date**. Prior to the Effective Date, objections to Claims against the Debtors may be interposed and prosecuted by the Debtors and any other party in interest, including, for the avoidance of doubt, any Shareholder Released Party; *provided*, that no Shareholder Released Party shall interpose any objection to a Claim held by a Settling Creditor.

(b) **PAT Disputed Claims Reserves**. On or after the Effective Date, except as otherwise provided in the Plan or the PAT Agreement, objections to Avrio General Unsecured Claims, Adlon General Unsecured Claims, and Other General Unsecured Claims against the Debtors may be interposed and prosecuted only by the Plan Administration Trustee, provided that with respect to Disputed Other GUC Litigation Claims, such objections may be interposed and prosecuted by any other party in interest, including, for the avoidance of doubt, any Shareholder Released Party. Any objections to Avrio General Unsecured Claims, Adlon General Unsecured Claims, and [Other General Unsecured Claims][22] shall be served on the applicable Holders of such Claims and filed with the Bankruptcy Court (A) on or before one hundred eighty (180) days following the later of (i) the Effective Date and (ii) the date that a Proof of Claim is filed or amended or a Claim is otherwise asserted or amended in writing by or on behalf of the Holder of such Claim or (B) on such later date as may be fixed by the Bankruptcy Court (including upon request by a party in interest, including, for the avoidance of doubt, any Shareholder Released Party).

(c) **Objections to Non-Participating Channeled Claims**. On or after the Effective Date, except as otherwise provided in the Plan or the applicable Creditor Trust Documents, objections to Non-Participating Channeled Claims may be interposed and prosecuted by the Master Disbursement Trust and any other party in interest, including, for the avoidance of doubt, the applicable Creditor Trustee or any Shareholder Released Party, and the Bankruptcy Court shall retain exclusive jurisdiction to the greatest extent permitted by applicable law to hear and determine such objections.

(d) **Proceedings on Objections to Creditor Trust Channeled Claims other than in Class 4**. In connection with any objection to a Non-Participating Channeled Claim other than a Non-Participating Channeled Claim in Class 4, any judgment entered (i) as to the validity of such Claim shall constitute a binding determination that such Claim is either Allowed or Disallowed; and (ii) as to the amount of such Claim shall not be binding for purposes of Distribution, which shall instead be determined in accordance with Section 7.7(b) of this Plan and the applicable Creditor Trust Documents. The Bankruptcy Court (or any other court of competent jurisdiction in connection with such an objection) may, at its discretion, decline to enter any judgment as to the amount of a Non-Participating Channeled Claim.

(e) **Proceedings on Objections to Creditor Trust Channeled Claims in Class 4**. In connection with any objection to a Non-Participating Channeled Claim in Class 4, any judgment entered (i) as to the validity of such Claim shall constitute a binding determination that such claim is either Allowed or Disallowed; and (ii) shall not determine the amount of such Claim for purposes of Distribution, which shall instead be determined in accordance with Section 7.7(c) of this Plan. The Bankruptcy Court (or

[22] [**NTD**: Subject to ongoing discussion]

any other court of competent jurisdiction in connection with such an objection) may, at its discretion, decline to enter any judgment as to the amount of a Non-Participating Channeled Claim.

(f) **Omnibus Objections to Non-Participating Channeled Claims**. On or after the Effective Date, notwithstanding anything to the contrary in Bankruptcy Rule 3007, any party in interest, including, for the avoidance of doubt, the Creditor Trustee for the applicable Creditor Trust or any Shareholder Released Party, may object to more than one Non-Participating Channeled Claim consistent with the *Omnibus Claims Objection Procedures Approved in the Bankruptcy Court's Corrected Order Approving (I) Omnibus Claims Objection Procedures, (II) Omnibus Claims Settlement Procedures and (III) Omnibus Claims Hearing Procedures* [D.I. 2878] (the "**Omnibus Claims Objection Order**") as if (solely for purposes of such procedures) such party in interest were the Debtors. Any such omnibus objection shall be governed by the Omnibus Claims Hearing Procedures set forth in the Omnibus Claims Objection Order.

(g) **Joint Hearings on Common Issues of Law or Fact**. To the extent that multiple pending objections to Non-Participating Channeled Claims in the same Class (including when brought as an omnibus objection pursuant to Section 7.3(f) of this Plan) raise common issues of law or fact, including for the avoidance of doubt issues of fact as to the Debtors' or other parties' alleged conduct, the Bankruptcy Court may, to the extent practicable and consistent with applicable law, schedule joint hearings in respect of such common issues, including joint evidentiary hearings as to issues of fact. For the avoidance of doubt, this Section 7.3(g) shall apply notwithstanding differences in the law governing Non-Participating Channeled Claims to which this Section applies.

7.4 ***No Distribution Pending Allowance***.

Except as otherwise expressly provided in the Plan or the PAT Agreement, if any portion of any Claim in any Class in this Plan, including any Avrio General Unsecured Claims, Adlon General Unsecured Claims, or Other General Unsecured Claims is Disputed or Non-Participating, no payment or Distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim or Non-Participating Claim becomes an Allowed Claim.

7.5 ***Estimation of Claims***.

Subject in all respects to Section 7.12 of the Plan, the Debtors (before the Effective Date), and the Plan Administration Trustee (on or after the Effective Date), or any party in interest (including, for the avoidance of doubt, any Shareholder Released Party) may, at any time, request that the Bankruptcy Court estimate, pursuant to section 502(c) of the Bankruptcy Code, any Disputed Avrio General Unsecured Claims, Disputed Adlon General Unsecured Claims or Disputed Other General Unsecured Claims that the Bankruptcy Court has jurisdiction to estimate in accordance with the Bankruptcy Code or other applicable law, regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim at any time during litigation concerning any objection to any such Claim, including during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates such a Disputed Claim, such estimated amount shall constitute either the Allowed amount of such Claim, the amount used to determine the PAT Disputed Claims Reserves or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If such estimated amount constitutes a maximum limitation on such Claim, the Plan Administration Trustee or any party in interest (including, for the avoidance of doubt, any Shareholder Released Party) may elect to pursue any supplemental proceeding to object to any ultimate Distribution on account of such Claim.

7.6 ***Resolution of Claims***.

Subject in all respects to Section 7.12 of the Plan, and except as expressly provided in the Plan, the PAT Agreement, the applicable Creditor Trust Documents, or any order entered by the Bankruptcy Court before the Effective Date, including the Confirmation Order, the MDT Trustees, the Plan Administration Trustee and each applicable Creditor Trustee shall have and retain any and all rights and defenses held by the Debtors with respect to any Claim against the Debtors as of the Petition Date, and, subject in all respects to Section 7.12 of the Plan, shall have the authority to compromise, settle, otherwise resolve or withdraw any objections to such Claims and to compromise, settle or otherwise resolve any Non-Participating Channeled Claims and other Disputed Claims without approval of the Bankruptcy Court; *provided*, *however*, that no Non-Participating Channeled Claim or other Disputed Claim may be resolved as contemplated in this Section 7.6 without the consent of the corresponding Creditor Trustee or Plan Administration Trustee, as applicable. Subject to the applicable Creditor Trust Documents, if the Master Disbursement Trust, the Plan Administration Trustee or the applicable Creditor Trustee, as applicable, and a Holder of a Non-Participating Channeled Claim or other Disputed Claim are unable to reach a settlement on the Non-Participating Channeled Claim or other Disputed Claim within [●] of the Effective Date, such Non-Participating Channeled Claim or other Disputed Claim shall be submitted to the Bankruptcy Court for resolution consistent with this Article VII of the Plan. For the avoidance of doubt, nothing in this Section 7.6 shall (i) alter the processes for determining Distributions to the Holders of Allowed Channeled Claims set forth in this Plan, any order of the Bankruptcy Court, and the applicable Creditor Trust Documents or (ii) limit the rights and obligations of the Creditor Trustees in connection with such processes.

7.7 ***Distribution After Allowance***.

(a) **PAT Disputed Claims Reserves**. In accordance with the PAT Agreement, on the first PAT Distribution Date following the date on which a Disputed Avrio General Unsecured Claim, Disputed Adlon General Unsecured Claim or Disputed Other General Unsecured Claim becomes an Allowed Claim, the Disbursing Agent shall remit to the respective PAT Distribution Account, for Distribution to the Holder of such Allowed Claim, the Cash or cash equivalents retained in the applicable PAT Disputed Claims Reserve in an amount equal to any amount that would have been distributed to the Holder of such Claim from the Effective Date through and including the PAT Distribution Date if such Claim had been Allowed as of the Effective Date, net of any costs and expenses, including taxes (if any), of or related to the applicable PAT Disputed Claims Reserve. Each Holder of a Disputed Avrio General Unsecured Claim, Disputed Adlon General Unsecured Claim and Disputed Other General Unsecured Claim that ultimately becomes an Allowed Claim shall have recourse only to the undistributed Cash held in the applicable PAT Disputed Claims Reserve for satisfaction of such Holders' Allowed Claim and shall have no recourse against any Protected Party or any Assets previously distributed on account of any Allowed Claim. No distribution from a PAT Disputed Claims Reserve or otherwise shall be made on account of any Disputed Claim unless such Disputed Claim is Allowed by a Final Order.

(b) **Creditor Trust Non-Participating Claims Reserves**. With respect to the Creditor Trust Non-Participating Claims Reserves other than the Class 4 Non-Participating Claims Reserves, in accordance with the applicable Creditor Trust Documents, following the date on which a Non-Participating Channeled Claim becomes an Allowed Claim, each applicable Creditor Trust shall distribute to the Holder of such Allowed Claim the Cash or cash equivalents retained in the applicable Creditor Trust Non-Participating Claims Reserve(s) in an amount equal to any Estate Distribution amount that would have been distributed to the Holder of such Claim from the Effective Date through and including the applicable distribution date if such Claim had been Allowed as of the Effective Date pursuant to the applicable Creditor Trust TDP, net of any costs and expenses, including taxes (if any), of or related to the applicable Non-Participating Claims Reserve, and shall be entitled to receive its pro rata share of Estate Distributions as a

Holder of an Allowed Claim in its applicable Class if and when such distribution is made, pursuant to the applicable Creditor Trust TDP. For the avoidance of doubt, nothing herein shall entitle the Holder of a Non-Participating Claim, regardless of Allowance, to any share of the Shareholder Direct Settlement Portion. Each Holder of a Non-Participating Channeled Claim that ultimately becomes an Allowed Claim shall have no recourse against any Protected Party or any Assets previously distributed on account of any Allowed Claim.

(c) **Class 4 Non-Participating Claims Reserve**. Upon the Allowance of a Non-Participating Channeled Claim in Class 4, (i) the Governmental Remediation Trust shall distribute from the Class 4 Non-Participating Claims Reserves to the holder of such Allowed Claim an amount equal to the Estate Distribution the Holder of such Claim would have received if such Claim was an Allowed Class 4 Claim on the Effective Date, less (A) any costs, expenses, and fees (including taxes, if any) of or related to the Class 4 Non-Participating Claims Reserves and (B) any costs, expenses, and fees incurred by the Governmental Remediation Trust, the Master Disbursement Trust, the Debtors, or any Released Party (to the extent not already claimed or paid to or on behalf of any Released Party out of the Direct Claim Settlement Retained Payment Amounts or the Special Operating Reserve) arising out of, in relation to, or in connection with litigating or in any way resolving any objection to that Class 4 Claim, and (ii) the Holders of such Claim shall be entitled to receive further Estate Distributions pursuant to Article VI of the Plan.

7.8 ***Disallowance of Non-Participating Channeled Claims and Other Disputed Claims***.

(a) **PAT Disputed Claims Reserves**.

(i) Upon Disallowance of a Disputed Avrio General Unsecured Claim, Disputed Adlon General Unsecured Claim or Disputed Other General Unsecured Claim other than Disputed Other GUC Litigation Claims, in whole or in part, the Plan Administration Trustee shall (i) first, reallocate all amounts reserved for distribution on account of such Disallowed Claim or the Disallowed portion thereof (the "***Disallowed Claim Distribution***") to Holders of then Allowed and Disputed Claims in the applicable Class and (ii) second, distribute the Disallowed Claim Distribution that has been so reallocated to each Holder of an Allowed Claim in such Class and allocate to the PAT Disputed Claims Reserve for such Class, pro rata, in accordance with clause (i) of this sentence.

(ii) Upon Disallowance of a Disputed Other GUC Litigation Claim, any amounts held on account of such Disputed Other GUC Litigation Claim shall be transferred by the Plan Administration Trustee to the PAT Released Claims Reserve and any future distribution that would have been made to the Disputed Other General Unsecured Claims Reserve on account of such Disputed Other GUC Litigation Claim shall be funded directly to the PAT Released Claims Reserve.

(b) **Creditor Trust Non-Participating Claims Reserves**. Upon Disallowance of a Non-Participating Channeled Claim other than with respect to any Non-Participating Channeled Claims in Class 4: (i) any amounts held in the applicable Creditor Trust PRA Non-Participating Claims Reserve or the applicable Select Private Creditor Trust Non-Participating Claims Reserve on account of such Non-Participating Channeled Claim shall be transferred by the applicable Creditor Trustee

from the applicable Creditor Trust PRA Non-Participating Claims Reserve or the applicable Select Private Creditor Trust Non-Participating Claims Reserve directly to the corresponding Released Claims Reserve and any future Distribution that would have been funded to the applicable Creditor Trust PRA Non-Participating Claims Reserve or the applicable Select Private Creditor Trust Non-Participating Claims Reserve on account of such Non-Participating Channeled Claim shall be funded directly to the applicable Released Claims Reserve, and (ii) any amounts held in the applicable Creditor Trust Non-PRA Non-Participating Claims Reserve on account of such Non-Participating Channeled Claim shall be released to the applicable Creditor Trust for distribution pursuant to the applicable Creditor Trust Documents.

(c) **Class 4 Non-Participating Claims Reserve**. In the event a Non-Participating Channeled Claim in Class 4 is Disallowed: (i) the amount reserved on account of such Claim in the Class 4 PRA Non-Participating Claims Reserve shall be released to the corresponding Released Claims Reserve, and any future Distribution that would have been funded to the Class 4 PRA Non-Participating Claims Reserve on account of such Non-Participating Non-Federal Domestic Governmental Channeled Claim shall be funded directly to the Released Claim Reserve established in the Governmental Remediation Trust, and (ii) the amount reserved on account of such Claim in the Class 4 Non-PRA Non-Participating Claims Reserve shall be released to the Governmental Remediation Trust for distribution pursuant to the Governmental Remediation Trust Documents.

(d) **Released Claims Reserves**. All amounts funded to the Released Claims Reserves in accordance with this Section 7.8 shall be administered in accordance with the terms of Article 5 and Exhibit N of the Master Shareholder Settlement Agreement.

7.9 ***Allowance of Non-Participating Channeled Claims***.

(a) If no objection is affirmatively raised to the Allowance of a Non-Participating Channeled Claim (other than a Non-Participating Channeled Claim in Classes 10(a) or 10(b)) within two (2) years of the Effective Date, such claim shall be deemed Allowed and the holder thereof shall be entitled to the Estate Distribution allocated to such Channeled Claim under the applicable TDP. If no objection is affirmatively raised to the Allowance of a Non-Participating Channeled Claim in Classes 10(a) or 10(b) within [one (1) year][23] of the Effective Date, such claim shall be deemed Allowed and the holder thereof shall be entitled to the Estate Distribution allocated to such Channeled Claim (if any) under the applicable TDP. Notwithstanding the foregoing, (i) any Allowance pursuant to this Section 7.9(a) of the Plan shall not constitute a determination as to the merits of such Non-Participating Channeled Claim and shall not be used as a basis to assert the merits of such Non-Participating Channeled Claim in any forum, and (ii) any Non-Participating Channeled Claim that is Allowed (pursuant to this Section 7.9 or otherwise) shall still be subject to, and shall only receive a distribution pursuant to, the applicable TDP.

(b) For the purposes of Allowance of any Non-Participating Channeled Claim that is not otherwise Disallowed in accordance with the Plan, such Channeled Claim shall be deemed an Allowed Claim (i) pursuant to a settlement or other resolution in accordance with Section 7.6 of the Plan, (ii) pursuant to Section 7.9(a) of the Plan, or (iii) upon entry of a Final Order finding that such Holder has a valid, compensable Channeled Claim, regardless of the allowed amount of such Channeled Claim (and, for the avoidance of doubt, such Holder shall not be required to litigate the allowed amount of its Allowed Claim). Other than as expressly contemplated by the applicable trust distribution procedures, any judgment entered as to the amount of a Non-Participating Channeled Claim shall not be binding for purposes of Distribution, which shall instead be determined in accordance with Sections 7.7(b) and (c) of this Plan. The

[23] [**NTD**: Subject to ongoing discussion]

Bankruptcy Court (or any other court of competent jurisdiction in connection with such an objection) may, at its discretion, decline to enter any judgment as to the amount of a Non-Participating Channeled Claim.

7.10 ***Claims Resolution Procedures Cumulative***.

All of the objection, estimation, settlement and resolution procedures set forth in this Plan with respect to Claims against the Debtors are intended to be cumulative and not exclusive of one another. Claims against the Debtors may be established and subsequently settled, compromised, withdrawn or resolved in accordance with this Plan by any mechanism approved by the Bankruptcy Court.

7.11 ***No Postpetition Interest or Penalties on Non-Participating Channeled Claims and other Disputed Claims***.

Unless otherwise specifically provided for in the Plan or the Confirmation Order or required by applicable bankruptcy law, no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date or to any penalties on any Claim. Interest and penalties shall not accrue or be paid upon any Non-Participating Channeled Claim or other Disputed Claim with respect to the period from the Effective Date to the date a Distribution is made thereon, or on and after such Non-Participating Channeled Claim or other Disputed Claim becomes an Allowed Claim.

7.12 ***Shareholder Rights Regarding Settlement and Estimation of Claims***.

[In consideration of certain compromises made under the Shareholder Settlements, notwithstanding anything to the contrary contained in the Plan, the Confirmation Order, or the other Plan Documents, neither the Debtors, the reorganized Debtors, the Estates, the Plan Administration Trust, the Plan Administration Trustee, any of the Creditor Trusts, any of the Creditor Trustees, nor any representative or successor of any of the foregoing shall be permitted to settle or seek to estimate any Non-Participating Channeled Claim or other Disputed Claim absent the express written consent of the Sackler Parties' Representative, not to be unreasonably withheld, solely to the extent that such settlement or estimation of any such Non-Participating Channeled Claim or other Disputed Claim could be reasonably expected to adversely impact any Shareholder Released Party's defense against or resolution of any claims or Causes of Action asserted or potentially asserted against any Shareholder Released Party [for Covered Conduct] that would have been released pursuant to the Shareholder Direct Claims Release had the Persons asserting or potentially asserting such claims or Causes of Action been Settling Creditors (including because admissions of fact or showings of evidentiary support requisite to effectuation of such settlement or estimation could adversely impact the legal defenses of any Shareholder Released Party); *provided* that no such consent shall be required to the extent that (a) such settlement or estimation of such Non-Participating Channeled Claim or other Disputed Claim is sought in an amount not exceeding $[1,000,000], (b) such settlement or estimation of such Non-Participating Channeled Claim or other Disputed Claim would include no non-monetary conditions on the part of any Debtor, any reorganized Debtor, any Estate, the Plan Administration Trust, the Plan Administration Trustee, any Creditor Trust, any Creditor Trustee, or any representative or successor of any of the foregoing, and (c) the total aggregate amount of Non-Participating Channeled Claims or other Disputed Claims or formerly Non-Participating Channeled Claims or other Disputed Claims that have been settled or estimated do not exceed $[10,000,000]. Whether or not the Debtors, the reorganized Debtors, the Estates, the Plan Administration Trust, the Plan Administration Trustee, any of the Creditor Trusts, any of the Creditor Trustees, or any representative or successor of any of the foregoing settles or estimates (or seeks to settle or estimate) any Non-Participating Channeled Claim

or other Disputed Claim, in no event shall any Shareholder Released Parties be considered the privies of any of the foregoing for purposes of preclusion principles or otherwise.][24]

ARTICLE VIII EXECUTORY CONTRACTS AND UNEXPIRED LEASES.

8.1 ***Assumption and Rejection of Executory Contracts and Unexpired Leases***.

(a) As of and subject to the occurrence of the Effective Date, all executory contracts and unexpired leases to which any Debtor is a party, subject to the terms of Section 8.4, shall be deemed assumed by the applicable Debtor and, except with respect to any contract or lease held by a Transferred Debtor, assigned to NewCo or its designee, except for any executory contract or unexpired lease that (i) has previously been assumed or rejected pursuant to a Final Order of the Bankruptcy Court, (ii) is specifically identified on the Schedule of Rejected Contracts, (iii) is the subject of a separate assumption or rejection motion filed by the Debtors under section 365 of the Bankruptcy Code pending on the Confirmation Date, (iv) is the subject of a pending Contract Dispute or (v) is being otherwise treated pursuant to the Plan. The Debtors reserve the right to modify the treatment of any particular executory contract or unexpired lease pursuant to this Plan [with the reasonable consent to the Governmental Consent Parties]. Furthermore, notwithstanding anything to the contrary in the Plan, the Debtors may alter, amend, modify or supplement the Schedule of Rejected Contracts and assume, assume and assign or reject executory contracts and unexpired leases at any time prior to the Effective Date or, with respect to any executory contract or unexpired lease subject to a Contract Dispute that is resolved after the Effective Date, within thirty (30) days following entry of a Final Order of the Bankruptcy Court resolving such Contract Dispute.

(b) Subject to the occurrence of the Effective Date, the payment of any applicable Cure Amount and the resolution of any Contract Dispute, the entry of the Confirmation Order shall constitute approval of the rejections, assumptions and assumptions and assignments provided for in this Plan pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated herein or provided in a separate order of the Bankruptcy Court, rejections, assumptions and assumptions and assignments of executory contracts and unexpired leases pursuant to the Solicitation Procedures Order and this Plan are effective as of the Effective Date. Each executory contract and unexpired lease assumed pursuant to this Plan or by order of the Bankruptcy Court shall vest in and be fully enforceable by the applicable Debtor or NewCo, in each case in accordance with its terms, except as modified by the provisions of this Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law.

(c) Unless otherwise provided herein (including Section 8.4 of the Plan) or by separate order of the Bankruptcy Court, each executory contract or unexpired lease that is assumed or assumed and assigned shall include any and all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument or other document is listed in an Assumption Notice.

(d) Except as otherwise expressly set forth on an Assumption Notice, any contracts, engagement letters, retention agreements, and similar arrangements, in each case between the Debtors and any attorneys, accountants, financial advisors, investment bankers or similar professionals, representatives or advisors, shall not be treated under the Plan as executory contracts subject to assumption, assumption and assignment, or rejection. Counterparties to any such contracts, engagement letters, retention

[24] [**NTD**: Subject to ongoing discussion]

agreements and similar arrangements were required to file Proofs of Claim by the General Bar Date, and any Allowed Claims relating thereto shall be treated as Other General Unsecured Claims or Co-Defendant Claims, as applicable.

8.2 ***Determination of Contract Disputes and Deemed Consent***.

(a) The Debtors shall serve Assumption Notices in accordance with the Solicitation Procedures Order. If a counterparty to an executory contract or unexpired lease receives an Assumption Notice, but such executory contract or unexpired lease is not listed therein, the proposed Cure Amount for such executory contract or unexpired lease shall be deemed to be zero dollars ($0).

(b) Any counterparty to an executory contract or unexpired lease shall have the time prescribed in the Solicitation Procedures Order to object to (i) the Cure Amount identified on the Assumption Notice, (ii) adequate assurance of future performance by the applicable Debtor, NewCo or its assignee (within the meaning of section 365 of the Bankruptcy Code) and (iii) any other matter pertaining to assumption or assumption and assignment of such executory contract or unexpired lease on the terms set forth in the Plan and such Assumption Notice.

(c) To the extent a Contract Dispute is asserted in an objection filed in accordance with the procedures set forth in the Assumption Notice, such Contract Dispute shall be heard by the Bankruptcy Court at the Confirmation Hearing. Following resolution of a Contract Dispute by Final Order of the Bankruptcy Court, the applicable executory contract or unexpired lease shall be deemed assumed or assumed and assigned effective as of the Effective Date, subject to the Debtors' right to reject such executory contract or unexpired lease at any time prior to the Effective Date or, if any Contract Dispute is resolved after the Effective Date, within thirty (30) days following entry of such Final Order of the Bankruptcy Court resolving the applicable Contract Dispute.

(d) To the extent a Contract Dispute has not been resolved prior to the Effective Date, the Debtors shall establish the Disputed Cure Claims Reserve. Any amounts in the Disputed Cure Claims Reserve remaining after the resolution of all Disputed Cure Claims and the payment of all Cure Amounts with respect to Allowed Cure Claims for contracts and leases to be assumed or assumed and assigned shall be applied in accordance with Section 5.14(c) of the Plan.

(e) To the extent an objection is not timely filed and properly served on the Debtors with respect to a Contract Dispute, then the counterparty to the applicable contract or lease shall be deemed to have assented to (i) the Cure Amount proposed by the Debtors and (ii) the assumption or assumption and assignment of such contract or lease on the terms set forth in the Plan and the Assumption Notice, notwithstanding any provision of the applicable contract or lease that (A) prohibits, restricts or conditions the transfer or assignment of such contract or lease or (B) terminates or permits the termination of such contract or lease as a result of any direct or indirect transfer or assignment of the rights of the Debtors under such contract or lease or a change in the ownership or control as contemplated by the Plan, and shall forever be barred and enjoined from asserting such objection against the Debtors or terminating or modifying such contract or lease on account of transactions contemplated by the Plan.

(f) With respect to payment of any Cure Amounts or resolution of Contract Disputes, none of the Debtors, the Plan Administration Trustee, NewCo or any Transferred Debtor shall have any obligation to recognize or deal with any party other than the non-Debtor party to the applicable executory contract or unexpired lease, even if such non-Debtor party has sold, assigned or otherwise transferred its Cure Claim.

8.3 ***Payments Related to Assumption of Contracts and Leases***.

(a) Subject to resolution of any Contract Dispute, any Cure Claim shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Plan Administration Trust from the Priority Claims Reserve or the Disputed Cure Claims Reserve, as applicable, or NewCo in the ordinary course of business upon assumption thereof.

(b) Assumption or assumption and assignment of any executory contract or unexpired lease pursuant to the Plan, or otherwise, shall result in the full release and satisfaction of any Claims or defaults, subject to satisfaction of the Cure Amount, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time before the effective date of assumption or assumption and assignment. Any Proofs of Claim filed with respect to an executory contract or unexpired lease that has been assumed shall be deemed Disallowed and expunged, without further notice, or action, order or approval of the Bankruptcy Court or any other Person.

8.4 ***Co-Defendant Contracts***.

Except as otherwise provided in the Plan or agreed by any counterparty and the Debtors (with the consent (not to be unreasonably withheld, conditioned or delayed) of the Governmental Consent Parties, and after consultation with the Creditors' Committee), the assumption of any contract or lease under the Plan shall (a) release any Causes of Action on account of any and all terms or provisions of such contract or lease solely to the extent such terms or provisions create an obligation of any party thereto (or any assignee thereof), or give rise to a right in favor of any non-Debtor under any MDT Insurance Policy or any other insurance policy of any Protected Party, for the indemnification or reimbursement of any Person for costs, losses, damages, fees, expenses or any other amounts whatsoever relating to or arising from any actual or potential opioid-related litigation or dispute, whether accrued or unaccrued, asserted or unasserted, existing or hereinafter arising, based on or relating to, or in any manner arising from, in whole or in part, Opioid-Related Activities or other conduct occurring prior to the Effective Date; and (b) constitute a release by each party of each other counterparty (and any assignee thereof or successor thereto) and by each non-Debtor party of all Insurance Companies, in each case, from any and all Causes of Action and other rights of recovery arising under or relating to such indemnification and reimbursement rights to the extent relating to any conduct occurring prior to the Effective Date, and an agreement by each non-Debtor counterparty to release any and all Co-Defendant Claims held by such party and to channel, in accordance with the Channeling Injunction, all Channeled Claims arising under or relating to such contract, including any such Claims that might otherwise be elevated to administrative status through assumption of such contract or lease. On the Effective Date, (x) all Co-Defendant Claims arising under or related to any such assumed or assumed and assigned contract or lease shall be released and discharged with no consideration on account thereof, and all Proofs of Claim in respect thereof shall be deemed expunged, without further notice, or action, order or approval of the Bankruptcy Court or any other Person and (y) all Channeled Claims arising under or related to any such assumed or assumed and assigned contract or lease shall be channeled in accordance with the Channeling Injunction. For the avoidance of doubt, unless otherwise agreed by the counterparty to any assumed or assumed and assigned contract or lease, the foregoing shall not release or otherwise modify any term or provision of such contract or lease to the extent of any indemnification or reimbursement rights (i) accruing after the Effective Date for conduct occurring after the Effective Date, (ii) for any amounts, if any, due to a Co-Defendant as a result of the New York Opioid Stewardship Act (2018 N.Y. Sess. Laws, ch. 57, pt. NN 7 (codified at N.Y. Pub. Health Law § 3323 and N.Y. State Fin. Law § 97-aaaaa)) or (iii) for any Co-Defendant Surviving Pre-Effective Date Claim. Notwithstanding the release, satisfaction, expungement and extinguishment of Co-Defendant Claims, a Co-Defendant retains its Co-Defendant Defensive Rights, which include the ability to recover from Persons that are not Protected Parties or from any insurance policies that are not Purdue Insurance Policies or other

insurance policies of Protected Parties. The counterparty to such contract or lease and all other applicable Persons shall be bound by the terms set forth in this Section 8.4.

8.5 ***Rejection Claims***.

In the event that the rejection of an executory contract or unexpired lease by any of the Debtors herein results in damages to the other party or parties to such contract or lease, any Claim for such damages shall be forever barred and shall not be enforceable against the Debtors or their Estates, properties or interests in property, unless a Proof of Claim is filed with the Bankruptcy Court and served upon the Debtors no later than thirty (30) days after the entry of the order of the Bankruptcy Court (including the Confirmation Order) authorizing the rejection of such executory contract or unexpired lease. Any such Claim shall be classified in accordance with the classification of Claims set forth in Article III of the Plan, including that any such Claims that constitute Co-Defendant Claims shall be classified as such. The Confirmation Order shall constitute the Bankruptcy Court's authorization of the rejection of all the leases and contracts identified in the Schedule of Rejected Contracts.

8.6 ***Compensation and Benefit Plans***.

Except with respect to any Benefit Plans for which the Debtors have received approval of the Bankruptcy Court to reject or terminate on or before the Effective Date or that are subject to a pending motion to reject or terminate as of the Confirmation Hearing, all Benefit Plans shall be deemed to be, and shall be treated as, executory contracts under this Plan pursuant to sections 365 and 1123 of the Bankruptcy Code and shall be assumed by applicable Debtors and, unless held by a Transferred Debtor, assigned to NewCo (or one of its Subsidiaries).

8.7 ***Purdue Pension Plan***.

The Purdue Pension Plan has approximately 3,200 participants. PPLP is the contributing sponsor of the Purdue Pension Plan. The Debtors that are members of the contributing sponsor's controlled-group within the meaning of 29 U.S.C. §§ 1301(a)(13), (14) are jointly and severally liable with respect to the Purdue Pension Plan. Further, any non-debtor members of the contributing sponsor's controlled-group are also jointly and severally liable with respect to the Purdue Pension Plan.

On or prior to the Effective Date, the Debtors shall have commenced a standard termination of the Purdue Pension Plan pursuant to 29 U.S.C. § 1341 and any standard termination costs, other liabilities, or obligations remaining thereunder as of the Effective Date shall be assumed and payable by NewCo.

NewCo or its wholly owned subsidiary will assume the Purdue Pension Plan to the extent the standard termination and PBGC audit, pursuant to 29 U.S.C. § 1303, has not been completed for the Purdue Pension Plan prior to the Effective Date. Specifically, upon the Effective Date, NewCo or its wholly owned subsidiary shall be deemed to have assumed the Purdue Pension Plan (to the extent the standard termination and PBGC audit has not been completed prior to the Effective Date) and all liabilities and assets thereunder and shall comply with all applicable statutory provisions of ERISA and the IRC, including, but not limited to, satisfying the minimum funding standards pursuant to 26 U.S.C. §§ 412, 430, and 29 U.S.C. §§1082, 1083; paying the PBGC premiums in accordance with 29 U.S.C. §§ 1306 and 1307; administering the Purdue Pension Plan in accordance with its terms and the provisions of ERISA and the IRC, and completing the standard termination under 29 U.S.C. § 1341 (and NewCo reserves all rights thereunder.

Notwithstanding any provision in the Plan to the contrary, no provision contained in the Plan, the Confirmation Order, the Bankruptcy Code (including section 1141 thereof), or any other

document filed in the Debtors' bankruptcy cases shall be construed as discharging, releasing, exculpating or relieving any Person (other than the Liquidating Debtors) from any fiduciary duties or liabilities under Title I of ERISA with respect to the Purdue Pension Plan. PBGC and the Purdue Pension Plan shall not be enjoined or precluded from enforcing such fiduciary duties or liabilities under Title I of ERISA as a result of any of the provisions of the Plan, the Confirmation Order, the Bankruptcy Code or any other document filed in the Debtors' bankruptcy cases. The PBGC and the Debtors agree that all Proofs of Claim filed by the PBGC shall be deemed to be withdrawn, with prejudice, as of the Effective Date.

8.8 ***Insurance Policies***.

Notwithstanding anything to the contrary in the Plan, the Plan Documents, the Disclosure Statement or the Confirmation Order:

(a) nothing in the Plan, the Plan Documents, the Disclosure Statement or the Confirmation Order shall terminate or otherwise reduce the coverage under any D&O Insurance Policy with respect to conduct occurring on or prior to the Effective Date, and, after the Effective Date, all directors, officers, managers, authorized agents and employees of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled to the full benefits of any applicable D&O Insurance Policy for the full term of such policy, including but not limited to any extension of coverage after the end of such policy period if an extended reporting period has been purchased, in accordance with the terms thereof, subject to (i) any release or assignment of rights by certain Shareholder Released Parties pursuant to the Shareholder Settlements and (ii) with respect to D&O Insurance Policies that are MDT Insurance Policies, the provisions of paragraph (b) of this Section 8.8;

(b) after the Effective Date, in consideration of the Estate Releases and Shareholder Releases in favor of each Released Party and Shareholder Released Party that is an individual insured under any MDT Insurance Policy:

(i) each such Released Party or Shareholder Released Party (A) will fully cooperate with the Master Disbursement Trust in connection with the settlement of claims or rights under such MDT Insurance Policy, including but not limited to as set forth in this Section 8.8(b)(i), and (B) shall be deemed to consent to the release of any claims or rights held by such Released Party or Shareholder Released Party against and under such MDT Insurance Policy in the event that the Master Disbursement Trust has otherwise obtained settlement terms that it deems acceptable in its sole discretion with the same effect as if such Released Party or Shareholder Released Party had executed such settlement agreement, and without further consideration to such Released Party or Shareholder Released Party from the insurance settlement proceeds or otherwise in respect of such settlement;

(ii) no such Released Party or Shareholder Released Party (other than a Sackler Family Member) that was a director, officer, manager, authorized agent or employee of the Debtors who served in such capacity at any time prior to the Petition Date shall be entitled to submit a claim under any MDT Insurance Policy for anything other than reimbursement of attorneys' fees and related expenses incurred in connection with such individual's cooperation with, or in connection with the defense of such individual with respect to, any investigation, prosecution and/or litigation involving conduct

relating to the Debtors or the Debtors' business or property or any defense of the Releases or the Channeling Injunction; and

(iii) no such Shareholder Released Party (other than a current or former director, officer, manager, authorized agent or employee that is not a Sackler Family Member, each of whom is subject to the foregoing paragraph (ii) of this Section 8.8(b)) shall be entitled to submit a claim under any MDT Insurance Policy other than in accordance with the Shareholder Settlements;

(c) on and after the Effective Date, all Purdue Insurance Policies (other than the MDT Insurance Policies) shall be deemed to be, and shall be treated as, executory contracts under the Plan, and shall be assumed pursuant to sections 105 and 365 of the Bankruptcy Code by the applicable Debtor, and such Purdue Insurance Policies shall vest, and/or the Purdue Insurance Rights (other than the MDT Insurance Rights) associated therewith shall vest, as applicable, in NewCo, the applicable Transferred Debtor or the Plan Administration Trust, as applicable, in accordance with the NewCo Transfer Agreement and the PAT Agreement and continue in full force and effect in accordance with their respective terms such that the applicable recipients of the Purdue Insurance Policies (other than the MDT Insurance Policies) and the Purdue Insurance Rights (other than the MDT Insurance Rights) shall become and remain liable in full for and shall satisfy, to the extent required under applicable law, any prospective premiums, deductibles, self-insured retentions and any other amounts or obligations arising in any way out of the receipt of payment from an Insurance Company in respect of the Purdue Insurance Policies (other than the MDT Insurance Policies); and

(d) solely with respect to Purdue Insurance Policies that are not MDT Insurance Policies, the automatic stay of section 362(a) of the Bankruptcy Code and the injunctions set forth in the Plan, if and to the extent applicable, shall be deemed lifted without further order of this Bankruptcy Court, solely to permit (i) claimants with valid workers' compensation claims or direct action claims against Insurance Companies under applicable non-bankruptcy law to proceed with their claims; and (ii) Insurance Companies to administer, handle, defend, settle and/or pay, in the ordinary course of business and without further order of this Bankruptcy Court, (A) workers' compensation claims, (B) claims where a claimant asserts a direct claim against an Insurance Company under applicable non-bankruptcy law, or an order has been entered by this Bankruptcy Court granting a claimant relief from the automatic stay or the injunctions set forth in the Plan to proceed with its claim, and (C) all costs in relation to each of the foregoing.

8.9 ***Reservation of Rights***.

(a) Neither the exclusion nor the inclusion by the Debtors of any contract or lease on any exhibit, schedule or other annex to this Plan or in the Plan Supplement, nor anything contained in this Plan, shall constitute an admission by the Debtors that any such contract or lease is or is not an executory contract or unexpired lease or that the Debtors have any liability thereunder.

(b) Except as explicitly provided in this Plan, nothing herein shall waive, excuse, limit, diminish or otherwise alter any of the Estate Causes of Action under any executory or non-executory contract or unexpired lease.

(c) Nothing in this Plan shall increase, augment or add to any of the duties, obligations, responsibilities or liabilities of the Debtors under any executory or non-executory contract or unexpired or expired lease, including the Purdue Insurance Policies.

(d) If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of its assumption under this Plan, the Debtors shall have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

ARTICLE IX CONDITIONS PRECEDENT TO THE OCCURRENCE OF THE EFFECTIVE DATE.

9.1 ***Conditions Precedent to Effective Date***.

The Effective Date shall not occur unless all of the following conditions precedent have been satisfied:

(a) the Confirmation Order shall have been entered by the Bankruptcy Court, and shall not be subject to any stay and shall not have been modified or vacated on appeal;

(b) the Plan Documents shall have been approved of or accepted by all applicable Persons in accordance with the respective consent rights under this Plan, and shall have been filed, executed and delivered, as applicable, and the conditions precedent contained therein shall have been satisfied or waived in accordance with the terms thereof, except with respect to such conditions that by their terms shall be satisfied substantially simultaneously with or after consummation of the Plan;

(c) the DOJ Resolution (including, for the avoidance of doubt, the entry of a judgment of conviction in strict accordance with the Plea Agreement and the payment in full of the DOJ Forfeiture Payment) shall have been consummated or will be consummated substantially simultaneously with consummation of the Plan;

(d) the NewCo Operating Agreement shall have been executed and shall be in compliance with the DOJ Resolution, the NewCo Transferred Assets shall have vested in NewCo (or one or more of its Subsidiaries) in accordance with the NewCo Transfer Agreement and the NewCo Managers shall have been appointed;

(e) the MDT Agreement shall have been executed, the MDT Transferred Assets shall have vested, or will vest simultaneously with the consummation of the Plan, in the Master Disbursement Trust in accordance therewith and the MDT Trustees shall have been appointed;

(f) the Creditor Trust Documents shall have been executed and the Creditor Trustees shall have been appointed;

(g) the Public Entity Settlements other than the Public School District Shareholder Direct Settlement shall have been consummated or will be consummated substantially simultaneously with consummation of the Plan, including (i) the payment in full of the Initial Public Creditor Trust Distributions and (ii) the issuance of the MDT Interests to the Public Creditor Trusts;

(h) the Foundation Bylaws shall have been adopted, the Foundation Trustees shall have been appointed and the NewCo Interest shall have been issued, or will be issued simultaneously with consummation of the Plan, to the Foundation;

(i) the Private Entity Settlements other than the Opt-Out Class Action Settlements shall have been consummated or will be consummated substantially simultaneously with consummation of the Plan, including: (i) with respect to the Creditor Trusts that are not the subject of Opt-Out Class Actions, the payment in full of the Initial Private Creditor Trust Distributions to such Creditor Trusts,(ii) the issuance of the MDT Claims (in the case of Creditor Trusts that are the subject of Opt-Out

Class Actions, to the extent that the applicable Opt-Out Class Action Settlement has been consummated) and (iii) the execution of any Plan Documents required to be executed in connection with the foregoing;

(j) with respect to the Creditor Trusts that are the subject of Opt-Out Class Actions, payment in full of the Initial Private Creditor Trust Distributions to such Creditor Trusts, or, to the extent that the applicable Opt-Out Class Action Settlement has not been consummated, the placement of the Shareholder Direct Settlement Portion of the Initial Private Creditor Trust Distributions for such Creditor Trusts into the applicable Class Action Escrow Account;

(k) each Shareholder Settlement Agreement other than the Opt-Out Class Action Settlements shall have been executed and all amounts required to be paid thereunder on the Effective Date shall have been received, and all of the conditions precedent to the effectiveness of each Shareholder Settlement Agreement other than the Opt-Out Class Action Settlements shall have been satisfied or waived in accordance with the terms of such Shareholder Settlement Agreement;

(l) the Ratepayer Mediation Participants Stipulation shall have been approved by a Final Order of the Bankruptcy Court;

(m) the PAT Agreement shall have been executed, the PAT Assets shall have vested, or will vest simultaneously with the consummation of the Plan, in the Plan Administration Trust in accordance therewith and the Plan Administration Trustee shall have been appointed;

(n) each of the PAT Reserves, the Claims Reserves, the Professional Fee Escrow Account, the Special Operating Reserve and the PAT Distribution Accounts shall have been fully funded, or will be funded simultaneously with the consummation of the Plan, and each of the other payments and Distributions of Effective Date Cash described in Section 5.14(a) and (b) of the Plan shall have been made or will be made substantially simultaneously with consummation of the Plan;

(o) the Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings and documents that are necessary to implement and effectuate the Plan;

(p) all Professional Fee Claims shall have been paid in full or amounts sufficient to pay such Claims after the Effective Date shall have been placed in the Professional Fee Escrow Account, or shall be otherwise contained in a professional fee retainer, pending approval by the Bankruptcy Court;

(q) the Debtors shall have implemented the Restructuring Transactions, or shall implement the Restructuring Transactions simultaneously with the consummation of the Plan, in a manner consistent in all material respects with this Plan;

(r) the Bankruptcy Court shall have confirmed that the Bankruptcy Code authorizes the transfer and vesting of the MDT Transferred Assets, notwithstanding any terms of the Purdue Insurance Policies or provisions of non-bankruptcy law that any Insurance Company may otherwise argue prohibits such transfer and vesting;

(s) the DOB shall have been appointed in accordance with Section 5.13(c) of the Plan;

(t) all Liens granted as contemplated by the Plan and any documents included in the Plan Supplement shall have been approved by the Bankruptcy Court;

(u) the Debtors shall have Effective Date Cash sufficient to pay the effective date fixed payments as provided in Section 5.14(a) of this Plan in full in cash; and

(v) all other actions, documents and agreements necessary to implement and effectuate the Plan shall have been effected or executed.

9.2 ***Waiver of Conditions Precedent***.

Each of the conditions precedent to the occurrence of the Effective Date (other than the condition precedent set forth in Section 9.1(i) of the Plan) may be waived by the Debtors; *provided* that (a) with respect to any condition precedent, the waiver of which would materially and adversely affect the entitlements of any Class of Claims (or any Creditor Trust to which such Claims shall be channeled) represented by any of the Supporting Claimants, the waiver of such condition precedent shall also require the consent (not to be unreasonably withheld, conditioned or delayed) of the applicable Supporting Claimants representing such materially and adversely affected Class of Claims, it being understood that the waiver of the condition precedent set forth in Section 9.1(i) materially and adversely affects the Class of Claims and the Creditor Trust entitled to the applicable Initial Private Creditor Trust Distribution and/or MDT Claim, (b) the waiver of the conditions precedent set forth in Section 9.1(a), (b) (solely with respect to any Plan Document over which the Creditors' Committee has a consent right set forth in the Plan), (e), (f), (i), (j), (k), (l), (m), (n), (p) (solely with respect to Professional Fee Claims by Professional Persons retained by the Creditors' Committee), (q), (r), (s), and (u) of the Plan shall also require the consent of the Creditors' Committee (which consent shall not be unreasonably withheld, delayed or conditioned), (c) the waiver of the conditions precedent set forth in Section 9.1(a), (b) (solely with respect to any Plan Document over which the Governmental Consent Parties have a consent right set forth in the Plan), (d), (e), (f), (g), (i), (n),(q), (r), (s), and (u) of the Plan shall also require the consent of the Governmental Consent Parties (which consent shall not be unreasonably withheld, delayed or conditioned) and (d) the waiver of the conditions precedent set forth in Section 9.1(a), (b) (solely with respect to any Plan Document over which the Sackler Parties' Representative has a consent right set forth in the Master Shareholder Settlement Agreement), (e), (g), (i), (j), (k), (m), (n), and (q) of the Plan shall also require the consent of the Sackler Parties' Representative (which consent shall not be unreasonably withheld, delayed or conditioned).

9.3 ***Frustration of Conditions Precedent***.

Notwithstanding anything to the contrary herein, if the failure to satisfy any condition precedent to the Effective Date set forth in Section 9.1 was primarily caused by the action of any party (or such party's failure to act), then (i) such party's consent shall not be required for the Debtors' waiver of such condition and (ii) such party shall not be entitled to prevent or delay the Effective Date by asserting that such condition has not been satisfied.

ARTICLE X EFFECT OF CONFIRMATION.

10.1 ***Binding Effect***.

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, and subject to the occurrence of the Effective Date, on and after the entry of the Confirmation Order, the provisions of this Plan and the Plan Documents shall bind every Holder of a Claim against or Interest in any Debtor and every Holder of a Channeled Claim and inure to the benefit of, and be binding on, any such Holder's respective successors and assigns, regardless of whether any Claim or Interest of such Holder is Impaired under this Plan or whether such Holder has accepted this Plan.

10.2 ***Discharge of Claims against and Interests in the Debtors***.

Upon the Effective Date and in consideration of the Distributions to be made under this Plan, except as otherwise provided in the Plan or in the Confirmation Order, each Holder (as well as any trustee or agent on behalf of such Holder) of a Claim or Interest and any successor, assign and affiliate of such Holder shall be deemed to have forever waived, released and discharged the Debtors (other than the Liquidating Debtors), to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights and liabilities that arose prior to the Effective Date. Except as otherwise provided in this Plan, upon the Effective Date, all such Holders of Claims against or Interests in the Debtors, and their successors, assigns and affiliates, shall be forever precluded and enjoined, pursuant to sections 105, 524 and 1141 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against, or terminated Interest in, any Debtor. Pursuant to section 1141(d)(3) of the Bankruptcy Code, confirmation of the Plan will not discharge the Liquidating Debtors; *provided* that, upon confirmation of the Plan and the occurrence of the Effective Date, Holders of Claims against and Interests in the Debtors may not seek or receive any payment or other Distribution from, or seek recourse against, the Debtors or their Estates or, to the extent set forth in the Plan, any other Protected Party, except as expressly provided in the Plan. The Co-Defendant Defensive Rights shall not be waived, released or discharged and all Co-Defendant Defensive Rights are preserved, as provided in Section 10.18 of the Plan.

10.3 ***Pre-Confirmation Injunctions, Stays, Stipulations and Discovery Orders***.

(a) Unless otherwise provided in this Plan, all injunctions and stays arising under or entered during the Chapter 11 Cases, whether under section 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

(b) Notwithstanding the foregoing paragraph (a) of this Section 10.3, on the Effective Date, without further action by or order of the Bankruptcy Court:

(i) any and all obligations of the Shareholder Released Parties arising under the Case Stipulation shall terminate and the Case Stipulation shall be withdrawn, vacated and superseded by the Confirmation Order solely with respect to paragraphs 15, 17, 19, 22 and 25 of the Case Stipulation, and solely as such paragraphs apply to any Shareholder Released Party; *provided* that, for the avoidance of doubt, the terms of such paragraphs shall continue in full force and effect with respect to all other parties (if applicable), and all other provisions of the Case Stipulation shall remain in full force and effect, in each case, unless otherwise provided by the Plan;

(ii) any and all obligations of any Shareholder Released Party arising under paragraph I of the voluntary injunction set forth in Appendix I to the Preliminary Injunction (and any predecessors or successors of the Preliminary Injunction) shall terminate, and the Preliminary Injunction shall be withdrawn, vacated and superseded by the Confirmation Order solely with respect to paragraph I of the voluntary injunction set forth in Appendix I; *provided* that, for the avoidance of doubt, all other provisions of the Preliminary Injunction shall remain in full force and effect, unless otherwise provided by the Plan; and

(iii) any and all obligations of any Person arising under any subpoenas issued pursuant to any of *Order Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9016 Authorizing Examination of Third Parties* [D.I. 992] (as amended by the *Amended Order Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9016 Authorizing Examination of Third Parties* [D.I. 1008]), the *Order Pursuant to Rules 2004 and 9016 of the Federal Rules of Bankruptcy Procedure Authorizing Examinations of Certain Financial Institutions* [D.I. 1143], the *Order Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9016 Authorizing Examinations of and Document Production by Third Parties [D.I. 1340] and the Order Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9016 Authorizing Examination of Certain Former Debtor Executives, Separately Represented Debtor Personnel, and Norton Rose Fulbright Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9006* [D.I. 1788] shall terminate.

(c) Any and all information shared or produced by any Shareholder Released Party pursuant to the agreements or orders referenced in the foregoing paragraph (b) of this Section 10.3, including any such information also shared with Persons not party to the Case Stipulation, shall remain subject to the confidentiality terms under which it was shared, including any information that was designated under the Protective Order (or confidentiality agreement that was superseded by the Protective Order), which such information shall remain confidential under the terms of the Protective Order unless such information, materials or documents are included in the Public Document Repository in accordance with the Plan and the Master Shareholder Settlement Agreement. Names or other identifying information of investments or specific third-party counterparties or advisors with whom or with which a Shareholder Released Party has or had a third-party investment, advisory or business relationship that was disclosed in documents or information produced by a Shareholder Released Party and designated Outside Professional Eyes Only Information under the Protective Order shall retain such designation and be protected accordingly.

(d) Except as provided in the PI TDP, nothing in this Plan shall either (i) excuse any Person from compliance with any legislative, judicial or administrative subpoena, any civil investigative demand or any request for information made in the course of a government investigation; or (ii) limit any right of any Person with respect to compliance with any legislative, judicial or administrative subpoena, any civil investigative demand or any request for information made in the course of a government investigation.

10.4 ***Injunction against Interference with Plan***.

Subject to Section 12.4 of the Plan, upon entry of the Confirmation Order, all Holders of Claims against or Interests in the Debtors, Holders of Channeled Claims, Releasing Parties, Released Parties, Shareholder Released Parties and other parties in interests shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan and the Plan Documents. This Section 10.4 shall be included in the Confirmation Order.

10.5 ***Plan Injunction***.

(a) Except as otherwise provided in this Plan or in the Confirmation Order, as of the entry of the Confirmation Order but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors are, with respect to any such Claim

or Interest, permanently enjoined after the entry of the Confirmation Order from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative or other forum) against or affecting, directly or indirectly, a Debtor or an Estate or the property of any of the foregoing, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this clause (i) or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including any prejudgment attachment), collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order against a Debtor or an Estate or its property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this clause (a) or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against a Debtor or an Estate or any of its property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned in this clause (iii) or any property of any such transferee or successor; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of this Plan; and (v) commencing or continuing, in any manner or in any place, any action that does not comply, or is inconsistent, with the provisions of this Plan; *provided*, *however*, that nothing contained herein shall preclude such Persons who have held, hold or may hold Claims against or Interests in a Debtor or an Estate from exercising their rights, or obtaining benefits, pursuant to, and consistent with, the terms of this Plan and the Plan Documents.

(b) All Persons, including all governmental, tax and regulatory authorities, lenders, trade creditors, dealers, customers, employees, litigation claimants and other creditors holding Claims, Liens, Interests, charges, encumbrances and other interests of any kind or nature whatsoever, including rights or Claims based on any successor or transferee liability, against or in a Debtor, the NewCo Transferred Assets, the MDT Transferred Assets or the PAT Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or noncontingent, known or unknown), arising under or out of, in connection with, or in any way relating to the Debtors, the NewCo Transferred Assets, the MDT Transferred Assets, the PAT Assets, the operation of the NewCo Transferred Assets prior to the Effective Date or the Restructuring Transactions are forever barred, estopped and permanently enjoined from asserting against the Released Parties, their respective successors and assigns, their property, the NewCo Transferred Assets, the MDT Transferred Assets or the PAT Assets, any Released Claim or any other Cause of Action the assertion of which does not comply with or is inconsistent with the provisions of this Plan, including, without limitation, by: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative or other forum) against or affecting, directly or indirectly, a Released Party, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this clause (i) or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including any prejudgment attachment), collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order against a Released Party, or any direct or indirect transferee of any property of, or direct or indirect successor-in-interest to, any of the foregoing Persons mentioned in this clause (ii) or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing any encumbrance of any kind or asserting any Released Claims in any manner, directly or indirectly, against a Released Party or any of its property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned in this clause (iii) or any property of any such transferee or successor; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of this Plan; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of this Plan.

10.6 *Releases*.

(a) Releases by Debtors.

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties before and during the Chapter 11 Cases to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the Debtors and their Estates from any and all Causes of Action, including any derivative claims asserted or assertible by or on behalf of any Debtor or any of their Estates and including any claims that any Debtor or any of their Estates, or that any other Person or party claiming under or through any Debtor or any of their Estates, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Debtor or any of their Estates or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, based on or relating to, or in any manner arising from, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, the Foundation and any other newly-formed Persons that shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Releases set forth in this Section 10.6(a).

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim and (y) nothing in this Section 10.6(a) shall (A) release any contractual Estate Cause of Action or any Estate Cause of Action that is commercial in nature and, in each case, unrelated to either the Chapter 11 Cases or the subject matter of the Pending Opioid Actions; *provided* that, with respect to the Settling Co-Defendants, only Estate Surviving Pre-Effective Date Claims shall be retained and not released, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan, *provided*, *however*, that the foregoing shall not apply to any Holder of a Co-Defendant Claim solely with respect to such Co-Defendant Claim, (C) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements, or (D) release any Claim or right to disgorge, recoup or recover compensation under the orders authorizing the Key Employee Plans or the orders with respect to the *Motion of Debtors for Entry of an Order Authorizing (I) Debtors to (A) Pay Pre-Petition Wages, Salaries, Employee Benefits and Other Compensation and (B) Maintain Employee Benefits Programs and Pay Related Administrative Obligations, (II) Employees and Retirees to Proceed with Outstanding Workers' Compensation Claims and (III) Financial Institutions to Honor and Process Related Checks and Transfers* [D.I. 6].

(b) Releases by Releasing Parties.

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties before

and during the Chapter 11 Cases to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the Releasing Parties from any and all Causes of Action, including, without limitation, any Estate Cause of Action and any claims that any Releasing Party, or that any other Person or party claiming under or through any Releasing Party, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Releasing Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, (A) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (ii) the Estates, (iii) the Chapter 11 Cases, or (iv) Covered Conduct and (B) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor.

Without limiting the foregoing: (A) the foregoing releases include any Cause of Action of a Releasing Party that has been or may be asserted against any Released Party, by such Releasing Party (whether or not such party has brought such action or proceeding) in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) (x) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (I) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (II) the Estates, (III) the Chapter 11 Cases, or (IV) Covered Conduct and (y) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor; and (B) the parties intend that these releases (including the term "Released Claims") be broad and interpreted so as to give the Released Parties the broadest possible release of any liability relating in any way to the Released Claims.

For the avoidance of doubt and notwithstanding anything to the contrary in this Plan or the Confirmation Order, the releases set forth in this Section 10.6(b), and all referenced to "Releasing Parties" as used herein, shall not apply to (i) Holders of Claims who do not opt-in to the releases through their applicable ballots, (ii) Holders of Claims whose releases will be governed solely and exclusively by a Direct Claims Shareholder Settlement Agreement and (iii) Holders of Non-Federal Domestic Governmental Claims, whose releases shall be governed solely and exclusively by the Governmental Entity Shareholder Direct Settlement Agreement.[25] For the avoidance of doubt and notwithstanding anything to the contrary in this Plan, none of the releases, injunctions, or other terms contained in the Plan or the Confirmation Order shall expand, limit, alter, or otherwise affect any releases, waivers, or disclaimers of liability or other terms contained in any of the Direct Claims Shareholder Settlement Agreements.

[To the extent that, on or after the Effective Date, any Releasing Party negotiates and enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization (whether individually or as a class of creditors), the Releasing Party will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will

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[25] **The Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, remain subject to ongoing negotiations. The releases in the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, may differ from those provided for in this Section 10.6(b). The rights of all parties to the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, are fully reserved.**

cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind against the Released Parties substantially equivalent to that required from the Shareholder Released Parties in Section 10.7(b)(iii)(A) of the Plan, or a release from such Non-Released Party in favor of the Released Parties (in a form equivalent to this Section 10.6(b)) of any Claim-Over. Each Releasing Party acknowledges and agrees that it shall take reasonable steps to enforce such agreement related to indemnification and contribution, and any other agreement related to indemnification and contribution from a prior opioid settlement, in each case as applicable, for the benefit of the and the Released Parties.][26]

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) Co-Defendants (including, for the avoidance of doubt, Settling Co-Defendants) shall not be Released Parties for purposes of this Section 10.6(b); and (z) nothing in this Section 10.6(b) shall (A) release any Non-Opioid Excluded Claims, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan, *provided*, *however*, that the foregoing shall not apply to any Holder of a Co-Defendant Claim solely with respect to such Co-Defendant Claim, or (C) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements.

Notwithstanding anything herein to the contrary, but subject to the MDT Insurer Injunction and the Settling MDT Insurer Injunction, the Debtors shall not be released from liability for any Claim (other than any Co-Defendant Claim) that is or may be covered by any Purdue Insurance Policy; *provided* that recovery for any such Claim, including by way of settlement or judgment, shall be limited to the available proceeds of such Purdue Insurance Policy (and any extra-contractual liability of the Insurance Companies with respect to the Purdue Insurance Policies), and no Person or party shall execute, garnish or otherwise attempt to collect any such recovery from any assets other than the available proceeds of the Purdue Insurance Policies. The Debtors shall be released automatically from a Claim described in this paragraph upon the earlier of (x) the abandonment of such Claim and (y) such a release being given as part of a settlement or resolution of such Claim, and shall be released automatically from all Claims described in this paragraph upon the exhaustion of the available proceeds of the Purdue Insurance Policies (notwithstanding the nonoccurrence of either event described in the foregoing clauses (x) and (y)).

(c) Releases by Debtors of Holders of Claims.

As of the Effective Date, all Holders of Channeled Claims (excluding, in all respects, any Excluded Party, Shareholder Release Snapback Party or MDT Insurer) are hereby released by the Debtors and their Estates from any and all Causes of Action for any Claim in connection with, or arising out of, (i) the administration of the Chapter 11 Cases; the negotiation and pursuit of the Restructuring Transactions, the Plan, the Master Disbursement Trust, the Creditor Trusts (including the trust distribution procedures and the other Creditor Trust Documents) and the solicitation of votes with respect to, and confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration of the Plan and the property to be distributed under the Plan; and the wind-up and dissolution of the Liquidating Debtors and the transactions in furtherance of any of the foregoing or (ii) such Holder's participation in the Pending Opioid Actions. The Debtors, the Plan

[26] [**NTD**: Subject to continuing discussion]

Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, the Foundation and any other newly-formed Persons that shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Releases set forth in this Section 10.6(c).

As of the Effective Date, all Holders of PI Channeled Claims (excluding, in all respects, any Excluded Party, Shareholder Release Snapback Party or MDT Insurer) are hereby released by the Debtors and their Estates from any and all Causes of Action for any Claim in connection with, or arising out of, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases, including, in each case, without limitation, any act, conduct, omission, event, transaction, occurrence, injury, damage, or continuing condition in any way relating to the foregoing.

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim and (y) nothing in this Section 10.6(c) shall (A) release any contractual Estate Cause of Action or any Estate Cause of Action that is commercial in nature and, in each case, unrelated to either the Chapter 11 Cases or the subject matter of the Pending Opioid Actions, *provided* that, with respect to the Settling Co-Defendants, only Estate Surviving Pre-Effective Date Claims shall be retained and not released, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan, *provided*, *however*, that the foregoing shall not apply to any Holder of a Co-Defendant Claim solely with respect to such Co-Defendant Claim, (C) release any claim or right arising in the ordinary course of the Debtors' or NewCo's business, including, without limitation, any such claim with respect to taxes or (D) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements.

10.7 ***Shareholder Releases***.

(a) Releases by Debtors.

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Shareholder Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (z) of the last paragraph of this Section 10.7(a), by the Debtors and their Estates from any and all Causes of Action, including any Estate Causes of Action asserted or assertible by or on behalf of any Debtor or any of their Estates and including any claims that any Debtor or any of their Estates, or that any other Person or party claiming under or through any Debtor or any of their Estates, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Debtor or any of their Estates or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, based on or relating to, or in any manner arising from, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the

Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, the Foundation and any other newly-formed Persons that shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Shareholder Releases set forth in this Section 10.7(a).

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) nothing in this Section 10.7(a) shall be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements and the Separation Agreements; and (z) upon the filing of a Notice of Shareholder Release Snapback, (A) the Shareholder Releases set forth in this Section 10.7(a) shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to all members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, (B) the *status quo ante* shall be restored in all respects for the Debtors and the Master Disbursement Trust with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, and (C) the Master Disbursement Trust shall be deemed to have received and accepted all of the rights with respect to any member of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, in each case, that the Debtors and their Estates had prior to the Effective Date and that the Master Disbursement Trust would have pursuant to the transfer of the MDT Shareholder Rights to the Master Disbursement Trust if the Shareholder Releases of this Section 10.7(a) had never been granted, which rights the Debtors and their Estates shall be deemed to have irrevocably transferred, granted and assigned to the Master Disbursement Trust; *provided* that, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the Shareholder Releases shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Shareholder Released Parties other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties.

(b) Releases by Releasing Parties.

(i) As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Shareholder Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (y) of the last paragraph of this Section 10.7(b) of the Plan, by the Releasing Parties from any and all Causes of Action, including, without limitation, any Estate Cause of Action and any claims that any Releasing Party, or that any other Person or party claiming under or through any Releasing Party, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Releasing Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, (A) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (ii) the Estates, (iii) the Chapter 11 Cases, or (iv) Covered Conduct and (B) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor.

Without limiting the foregoing: (A) the foregoing releases include any Cause of Action of a Releasing Party that has been or may be asserted against any Shareholder Released Party, by such Releasing Party (whether or not such party has brought such action or proceeding) in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) (x) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (I) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (II) the Estates, (III) the Chapter 11 Cases, or (IV) Covered Conduct and (y) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor; and (B) the parties intend that these releases (including the term "Shareholder Released Claims") be broad and interpreted so as to give the Shareholder Released Parties the broadest possible release of any liability relating in any way to the Shareholder Released Claims.

For the avoidance of doubt and notwithstanding anything to the contrary in this Plan or the Confirmation Order, the releases set forth in this Section 10.7(b), and all referenced to "Releasing Parties" as used herein, shall not apply to (i) Holders of Claims who do not opt-in to the releases through their applicable ballots, (ii) Holders of Claims whose releases will be governed solely and exclusively by a Direct Claims Shareholder Settlement Agreement and (iii) Holders of Non-Federal Domestic Governmental Claims, whose releases shall be governed solely and exclusively by the Governmental Entity Shareholder Direct Settlement Agreement.[27] For the avoidance of doubt and notwithstanding anything to the contrary in this Plan, none of the releases, injunctions, or other terms contained in the Plan or the Confirmation Order shall expand, limit, alter, or otherwise affect any releases, waivers, or disclaimers of liability or other terms contained in any of the Direct Claims Shareholder Settlement Agreements.

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[27] **The Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, remain subject to ongoing negotiations. The releases in the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, may differ from those provided for in this Section 10.7. The rights of all parties to the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, are fully reserved.**

(ii) [In addition to granting the foregoing release, any Releasing Party represented by counsel agrees not to waive any conflict of interest that may arise for any such counsel by virtue of the clients of such counsel participating in any Shareholder Settlement.][28]

[(iii) (A) No Shareholder Released Party shall seek to recover for amounts paid under Master Shareholder Settlement Agreement and the Plan based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, health care practitioner; *provided* that a Shareholder Released Party shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it.

(B) To the extent that, on or after the Effective Date, any Releasing Party negotiates and enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization (whether individually or as a class of creditors), the Releasing Party will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind against the Shareholder Released Parties substantially equivalent to that required from the Shareholder Released Parties in Section 10.7(b)(iii)(A) of the Plan, or a release from such Non-Released Party in favor of the Shareholder Released Parties (in a form equivalent to this Section 10.7(b)) of any Claim-Over. Each Releasing Party acknowledges and agrees that it shall take reasonable steps to enforce such agreement related to indemnification and contribution, and any other agreement related to indemnification and contribution from a prior opioid settlement, in each case as applicable, for the benefit of the Shareholder Released Parties.

(C) In the event that any Releasing Party obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Party that does not contain a prohibition like that described in Section 10.7(b)(iii)(B) or any Releasing Party files a Non-Party Covered Conduct Claim against a Non-Released Party in bankruptcy or a Releasing Party is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section 10.7(b)(iii)(B), and such Non-Released Party asserts a Claim-Over against a Shareholder Released Party, the Shareholder Released Party shall be relieved of the prohibition in Section 10.7(b)(iii)(B) with respect to that Non-Released Party and that Releasing Party and the Sackler Parties' Representative shall take the following actions to ensure that the Shareholder Released Parties do not pay more with respect to Covered Conduct to Releasing Parties or to Non-Released Parties than the amounts owed under the Plan and the Master Shareholder Settlement Agreement by Shareholder Payment Groups:

(I) The Sackler Parties' Representative shall notify that Releasing Party of the Claim-Over within sixty (60) calendar days of when it becomes aware of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date, whichever is later;

(II) The Sackler Parties' Representative and that Releasing Party shall meet and confer concerning the means to hold Shareholder Released Parties harmless and ensure that they are not required to pay more with respect to Covered Conduct than the amounts owed by the Shareholder Payment Groups under Plan and the Master Shareholder Settlement Agreement;

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[28] [**NTD**: Subject to ongoing discussions]

(III) That Releasing Party and the Sackler Parties' Representative shall take steps sufficient and permissible under the law of the state of the Releasing Party to hold Shareholder Released Parties harmless from the Claim-Over and ensure Shareholder Released Parties are not required to pay more with respect to Covered Conduct than the amounts owed by the Shareholder Payment Groups under Plan and the Master Shareholder Settlement Agreement. Such steps may include, where permissible:

Filing of motions to dismiss or such other appropriate motion by the Sackler Parties' Representative or Shareholder Released Parties and supported by that Releasing Party, in response to any claim filed in litigation or arbitration;

(1) Reduction of that Releasing Party's Claim and any judgment it has obtained or may obtain against such Non-Released Party by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount that Releasing Party has obtained, may obtain, or has authority to control from such Non-Released Party;

(2) Placement into escrow of funds paid by the Non-Released Parties such that those funds are available to satisfy the Claim-Over;

(3) Return of monies paid by Shareholder Payment Groups to that Releasing Party under Plan and the Master Shareholder Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Party to satisfy the Claim-Over;

(4) Payment of monies to Shareholder Released Parties by that Releasing Party to ensure they are held harmless from such Claim-Over, up to the amount that Releasing Party has obtained, may obtain, or has authority to control from such Non-Released Party;

(5) Credits to Shareholder Payment Groups under this Plan and the Master Shareholder Settlement Agreement to reduce the overall amounts to be paid under Plan and the Master Shareholder Settlement Agreement such that they are held harmless from the Claim-Over; and

(6) Such other actions as that Releasing Party and Shareholder Payment Parties, the Sackler Parties' Representative may devise to hold Shareholder Released Parties harmless from the Claim-Over.

(IV) The actions taken pursuant to paragraph (III) must, in combination, ensure that Shareholder Payment Groups are not required to pay more with respect to Covered Conduct than the amounts owed by them to such Releasing Party under the Plan and the Master Shareholder Settlement Agreement.

(D) To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section 10.7(b)(iii)(C) shall extend solely to a Non-Party Covered Conduct Claim against a clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. The Sackler Parties' Representative shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non- Released Party asserts a Claim-Over arising out of contractual indemnity against it.][29]

(iv) Notwithstanding anything herein to the contrary, (x) nothing in this Section 10.7(b) shall (A) release any Excluded Claims or (B) be construed to impair in any way the rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements and (y) upon the filing of a Notice of Shareholder Release Snapback, (A) the Shareholder Releases set forth in this Section 10.7(b) shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to all members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties and (B) the status quo ante shall be restored in all respects for the Releasing Parties with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties; provided that, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the Shareholder Releases shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Shareholder Released Parties other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties.

(c) Releases by Shareholder Released Parties.

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Reciprocal Releasees shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (z) of the last paragraph of this Section 10.7(c), by the Shareholder Released Parties from any and all Causes of Action, including any derivative claims asserted or assertible by or on behalf of the Debtors or their Estates and including any claims that any Shareholder Released Party, or that any other Person or party claiming under or through any Shareholder Released Party, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Shareholder Released Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, based on or relating to, or in any manner arising from, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases.

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) nothing in this Section 10.7(c) shall be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements, and the Separation Agreement, and including the rights of any

[29] [**NTD**: Subject to ongoing discussion]

Shareholder Released Party that is a current or former director, officer or employee of the Debtors but is not a Sackler Family Member relating to plan treatment of any Claims held by such party; and (z) upon the filing of a Notice of Shareholder Release Snapback and the commencement or continuation of any action or proceeding against a member of a Breaching Shareholder Family Group or a Designated Shareholder Released Party by any Reciprocal Releasee, (A) the releases set forth in this Section 10.7(c) of any Reciprocal Releasee that has commenced or continued any such action shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties and (B) the *status quo ante* shall be restored in all respects for the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties with respect to any Reciprocal Releasee that has commenced or continued any such litigation; *provided* that, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the releases set forth in this Section 10.7(c) shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Reciprocal Releasees, and shall be binding on, and enforceable against, all other Shareholder Released Parties, including any members of the Breaching Shareholder Family Group with respect to any Reciprocal Releasee that has not commenced any such litigation.

10.8 *Channeling Injunction*.

In order to supplement the injunctive effect of the Plan Injunction, the Estate Releases and the Shareholder Releases set forth in Sections 10.5, 10.6 and 10.7 of the Plan, the Confirmation Order shall provide for the following permanent injunction to take effect as of the Effective Date:

(a) Terms. In order to preserve and promote the settlements contemplated by and provided for in the Plan and to supplement, where necessary, the injunctive effect of the Plan Injunction, the Estate Releases and the Shareholder Releases described in Sections 10.5, 10.6 and 10.7 of the Plan, and pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court under section 105(a) of the Bankruptcy Code, all Persons that have held or asserted, that hold or assert or that may in the future hold or assert any Channeled Claim shall be permanently and forever stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payments, satisfaction, recovery or judgment of any form from or against any Protected Party with respect to any Channeled Claim, including:

(i) commencing, conducting or continuing, in any manner, whether directly or indirectly, any suit, action or other proceeding, in each case, of any kind, character or nature, in any forum in any jurisdiction with respect to any Channeled Claims, against or affecting any Protected Party, or any property or interests in property of any Protected Party with respect to any Channeled Claims;

(ii) enforcing, levying, attaching, collecting or otherwise recovering, by any means or in any manner, either directly or indirectly, any judgment, award, decree or other order against any Protected Party or against the property of any Protected Party with respect to any Channeled Claims;

(iii) creating, perfecting or enforcing, by any means or in any manner, whether directly or indirectly, any Lien of any kind against any

Protected Party or the property of any Protected Party with respect to any Channeled Claims;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, whether directly or indirectly, in respect of any obligation due to any Protected Party or against the property of any Protected Party with respect to any Channeled Claims; and

(v) taking any act, by any means or in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents, with respect to any Channeled Claims.

(b) Reservations. Notwithstanding anything to the contrary in this Section 10.8 or the Confirmation Order, this Channeling Injunction shall not stay, restrain, bar or enjoin:

(i) the rights of Holders of Channeled Claims to the treatment afforded them under the Plan and the Plan Documents, including the rights of Holders of Channeled Claims to assert such Channeled Claims solely in accordance with Section 6.21 of the Plan, the Master TDP and the Creditor Trust TDPs, in each case whether or not there are funds to make Distributions in respect of such Channeled Claims and whether or not such rights entitle such Holders to any Distributions;

(ii) the rights of Persons to assert any claim, debt, litigation or liability for payment of Creditor Trust Operating Expenses solely against the applicable Creditor Trust;

(iii) the rights of Persons to assert any claim, debt or litigation against any Excluded Party;

(iv) the rights of the Master Disbursement Trust to pursue and enforce the MDT Shareholder Rights, the MDT Insurance Rights and the MDT Causes of Action;

(v) the rights of the parties to the LRP Agreement to enforce the terms thereof in accordance with the Plan;

(vi) the Creditor Trusts from enforcing their respective rights against the Master Disbursement Trust under the Plan and the MDT Documents; or

(vii) the Master Disbursement Trust and the Plan Administration Trust from enforcing its rights against NewCo under the Plan.

(c) **Notice of Shareholder Release Snapback**. Upon the filing of a Notice of Shareholder Release Snapback, the Channeling Injunction shall terminate, be rescinded and have no application, without further order of the Bankruptcy Court, to any suit, action or other proceeding, in each case, of any kind, character or nature, brought against any member of the Breaching Shareholder Family Group and any Designated Shareholder Released Party; *provided*, *however*, that the extension of time

provided by Section 10.9(a) of the Plan shall continue in effect in accordance with its terms; *provided further* that, for the avoidance of doubt, notwithstanding the termination and rescission pursuant to this Section 10.8(c), the Channeling Injunction shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Protected Parties, including all other Shareholder Released Parties, other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties; and *provided further* that, in the event of the filing of a Notice of Shareholder Release Snapback, any determination made in the claims resolution process in accordance with Section 7.6 of this Plan will not be binding against any party.

(d) **Modifications**. Except as expressly set forth in paragraph (c) of this Section 10.8, there can be no modification, dissolution or termination of the Channeling Injunction, which shall be a permanent injunction.

(e) **Non-Limitation of Channeling Injunction**. Except as expressly set forth in paragraphs (b) and (c) of this Section 10.8, nothing in the Plan, the MDT Documents or the Creditor Trust Documents shall be construed in any way to limit the scope, enforceability or effectiveness of the Channeling Injunction issued in connection with the Plan.

(f) **Bankruptcy Rule 3016 Compliance**. The Debtors' compliance with the requirements of Bankruptcy Rule 3016 shall not constitute an admission that the Plan provides for an injunction against conduct not otherwise enjoined under the Bankruptcy Code.

10.9 ***Tolling of Shareholder Released Claims; Violations of Shareholder Releases and Channeling Injunction***.

(a) **Tolling of Shareholder Released Claims**. If applicable law, an order in any proceeding or an agreement fixes a period for commencing or continuing an action or proceeding based on a Shareholder Released Claim and such Shareholder Released Claim is released pursuant to the Shareholder Releases or such action or proceeding is enjoined by the Channeling Injunction, then such period does not expire with respect to such Shareholder Released Claim with respect to the Master Disbursement Trust (or the MDT Trustees) or the Releasing Parties until the latest of (i) the end of such period; (ii) with respect to the applicable Shareholder Family Group and any Designated Shareholder Released Party, two hundred twenty-five (225) days after the filing of a Notice of Shareholder Release Snapback with respect to such Shareholder Family Group; (iii) with respect to the applicable Shareholder Family Group and any Designated Shareholder Released Party, when such Shareholder Family Group fulfills its payment obligations under the Shareholder Settlement Agreements; and (iv) with respect to the applicable Shareholder Released Party that is a Subsidiary (as defined in the Master Shareholder Settlement Agreement) of a Shareholder Payment Party, two hundred twenty-five (225) days after the reinstatement of any Estate Cause of Action against such Shareholder Released Party pursuant to Section 10.19 of the Plan.

(b) **Violations of Shareholder Releases and Channeling Injunction**. In the event that any Person takes any action that a Shareholder Released Party believes violates the Shareholder Releases or Channeling Injunction as it applies to any Shareholder Released Party, such Shareholder Released Party shall be entitled to make an emergency application to the Bankruptcy Court for relief, and may proceed by contested matter rather than by adversary proceeding. The Bankruptcy Court shall have jurisdiction and authority to enter final orders in connection with any dispute over whether an action violates the Shareholder Releases or Channeling Injunction. Upon determining that a violation of the Shareholder Releases or Channeling Injunction has occurred, the Bankruptcy Court, in its discretion, may award any appropriate relief against such violating Person, including, but not limited to, (i) disgorgement from the violating Person of any funds, assets or other value received, directly or indirectly, pursuant to the Plan or Plan Documents (including fees and expenses paid pursuant to the Plan or Plan Documents on account of legal or other advisory services rendered to or for the benefit of the violating Person); (ii) the termination

of any rights of the violating Person to receive any funds, assets or other value pursuant to the Plan or Plan Documents; (iii) the reduction of any payments owed by any Shareholder Released Parties under the Shareholder Settlement Agreements to the violating Person in an amount equal to the amount of disgorgement ordered from, or the reduction of future payments ordered to be made to, or on account of, the violating Person (subject to the right of the violating Person to request that any amounts actually disgorged from such violating Person offset any reduction of future payments ordered to be made to, or on account of, such violating Person); (iv) an admonition, reprimand or censure of, or citation of contempt by, the violating Person and its counsel; (v) a fine or penalty paid into the Bankruptcy Court; (vi) a bond or other security in an amount equal to any financial obligation ordered by the Bankruptcy Court in respect of the violation; (vii) an appropriate sanction on any attorney or law firm responsible for the violation; (viii) injunctive relief to prevent future violations by the Person or its counsel; and (ix) attorney and other professional fees incurred by any Shareholder Released Party arising from the violation. The provision of any one form of relief shall not preclude the provision of any other form of relief.

10.10 ***MDT Insurer Injunction***.

(a) **Terms**. In accordance with section 105(a) of the Bankruptcy Code, upon the occurrence of the Effective Date, all Persons that have held or asserted, that hold or assert or that may in the future hold or assert any Claim based on, arising under or attributable to an MDT Insurance Policy shall be, and hereby are, permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery on account of any such Claim based on, arising under or attributable to an MDT Insurance Policy from or against any MDT Insurer, including:

(i) commencing, conducting or continuing, in any manner, any action or other proceeding of any kind (including an arbitration or other form of alternate dispute resolution) against any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy;

(ii) enforcing, attaching, levying, collecting or otherwise recovering, by any manner or means, any judgment, award, decree or other order against any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy;

(iii) creating, perfecting or enforcing in any manner any Lien of any kind against any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, whether directly or indirectly, against any obligation due to any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy; and

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan

applicable to any Claim based on, arising under or attributable to an MDT Insurance Policy.

(b) **Reservations**. The provisions of this MDT Insurer Injunction shall not preclude the Master Disbursement Trust from pursuing any Claim based on, arising under or attributable to an MDT Insurance Policy, or any other claim that may exist under any MDT Insurance Policy against any MDT Insurer, or enjoin the rights of the Master Disbursement Trust to prosecute any action based on or arising from the MDT Insurance Policies or the rights of the Master Disbursement Trust to assert any claim, debt, obligation, cause of action or liability for payment against an MDT Insurer based on or arising from the MDT Insurance Policies. The provisions of this MDT Insurer Injunction are not issued for the benefit of any MDT Insurer, and no such insurer is a third-party beneficiary of this MDT Insurer Injunction. This MDT Insurer Injunction shall not enjoin, impair or affect (i) any claims between or among MDT Insurers that are not Settling MDT Insurers; (ii) the rights of current and former directors, officers, employees and authorized agents of the Debtors that are not Sackler Family Members that are preserved under the Plan; or (iii) the terms of the Master Shareholder Settlement Agreement with respect to the MDT Shareholder Insurance Rights. For the avoidance of doubt, with respect to a Person that purports to be insured under any MDT Insurance Policy, the MDT Insurer Injunction shall enjoin only derivative claims and rights. Nothing in this Plan shall determine whether any Claim or right under any MDT Insurance Policy is either derivative or direct, or otherwise would be disallowed or subordinated under the Bankruptcy Code, which determination shall be made, as necessary, to the extent such Claim or right is not otherwise released under this Plan, in accordance with applicable law.

(c) **Modifications**. To the extent the MDT Trustees make a good faith determination that some or all of the MDT Insurance Proceeds are substantially unrecoverable by the Master Disbursement Trust, the Master Disbursement Trust shall have the sole and exclusive authority at any time, upon written notice to any affected MDT Insurer, to terminate, reduce or limit the scope of this MDT Insurer Injunction with respect to any MDT Insurer; *provided* that any termination, reduction, or limitation of the MDT Insurer Injunction (A) shall apply in the same manner to all beneficiaries of the Creditor Trusts that are MDT Beneficiaries and (B) shall comply with any procedures set forth in the MDT Agreement.

(d) **Non-Limitation of MDT Insurer Injunction**. Except as set forth in paragraphs (b) and (c) of this Section 10.10, nothing in the Plan, the MDT Documents or the Creditor Trust Documents shall be construed in any way to limit the scope, enforceability or effectiveness of the MDT Insurer Injunction issued in connection with the Plan.

10.11 ***Settling MDT Insurer Injunction***.

(a) Terms. In accordance with section 105(a) of the Bankruptcy Code, upon the occurrence of the Effective Date, all Persons that have held or asserted, that hold or assert or that may in the future hold or assert any Claim based on, arising under or attributable to an MDT Insurance Policy shall be, and hereby are, permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery on account of any such Claim based on, arising under or attributable to an MDT Insurance Policy from or against any Settling MDT Insurer, solely to the extent that such Settling MDT Insurer has been released from such Claim under such MDT Insurance Policy pursuant to an MDT Insurance Settlement, including:

(i) commencing, conducting or continuing in any manner any action or other proceeding of any kind (including an arbitration or other form of alternate dispute resolution) against any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy;

(ii) enforcing, attaching, levying, collecting or otherwise recovering, by any manner or means, any judgment, award, decree or other order against any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy;

(iii) creating, perfecting or enforcing in any manner any Lien of any kind against any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, whether directly or indirectly, against any obligation due to any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy; and

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan applicable to such Claim based on, arising under or attributable to such MDT Insurance Policy.

(b) **Reduction of Insurance Judgments.** Any right, Claim or cause of action that an Insurance Company may have been entitled to assert against any Settling MDT Insurer but for the Settling MDT Insurer Injunction, if any such right, Claim or cause of action exists under applicable non-bankruptcy law, shall become a right, Claim or cause of action solely as a setoff claim against the Master Disbursement Trust and not against or in the name of the Settling MDT Insurer in question. Any such right, Claim or cause of action to which an Insurance Company may be entitled shall be solely in the form of a setoff against any recovery of the Master Disbursement Trust from that Insurance Company, and under no circumstances shall that Insurance Company receive an affirmative recovery of funds from the Master Disbursement Trust or any Settling MDT Insurer for such right, Claim or cause of action. In determining the amount of any setoff, the Master Disbursement Trust may assert any legal or equitable rights the Settling MDT Insurer would have had with respect to any right, Claim or cause of action.

(c) **Modifications**. There can be no modification, dissolution or termination of the Settling MDT Insurer Injunction, which shall be a permanent injunction.

(d) **Non-Limitation of Settling MDT Insurer Injunction**. Except as set forth in paragraphs (b) and (c) of this Section 10.11, nothing in the Plan, the MDT Documents or the Creditor Trust Documents shall be construed in any way to limit the scope, enforceability or effectiveness of the Settling MDT Insurer Injunction issued in connection with the Plan.

10.12 ***Exculpation***.

To the maximum extent permitted by applicable law, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from: any Cause of Action for any Claim in connection with, or arising out of, the administration of the Chapter 11 Cases; the negotiation and pursuit of the Disclosure Statement (including any information provided, or statements made, in the Disclosure Statement or omitted therefrom), the Restructuring Transactions, the Plan, the Master

Disbursement Trust (including the Master TDP and the MDT Agreement), the Creditor Trusts (including the Creditor Trust TDPs and the other Creditor Trust Documents) and the solicitation of votes for, and confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration of the Plan and the property to be distributed under the Plan; and the wind-up and dissolution of the Liquidating Debtors and the transactions in furtherance of any of the foregoing, in each case other than Causes of Action arising out of, or related to, any act or omission of an Exculpated Party that is a criminal act or constitutes fraud, gross negligence or willful misconduct. This exculpation shall be in addition to, and not in limitation of, all other Releases, indemnities, exculpations and any other applicable law or rules protecting such Exculpated Parties from liability. For the avoidance of doubt, this Section 10.12 shall not exculpate or release any Exculpated Party with respect to any act or omission of such Exculpated Party prior to the Effective Date that is later found to be a criminal act or to constitute fraud, gross negligence or willful misconduct, including findings after the Effective Date. Notwithstanding anything herein to the contrary, nothing in the Plan shall release any Causes of Action that may be asserted against any Excluded Party.

10.13 ***Injunction Related to Releases and Exculpation***.

To the maximum extent permitted under applicable law, the Confirmation Order shall permanently enjoin the commencement or prosecution by any Person, whether directly, derivatively or otherwise, of any Causes of Action released pursuant to this Plan, including, without limitation, the Causes of Action released or exculpated in this Plan and with respect to any Claims, Interests, Liens, other encumbrances or liabilities that are subject to Sections 5.3(b), 5.4(c) or 5.6(b) of the Plan (but, for the avoidance of doubt, excluding any Excluded Claims).

10.14 ***Subordinated Claims***.

The allowance, classification and treatment of all Claims and Interests and the respective Distributions and treatments in respect thereof under this Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, sections 509(c), 510(a), 510(b) or 510(c) of the Bankruptcy Code or otherwise. Pursuant to sections 509(c) and 510 of the Bankruptcy Code or otherwise, the Debtors reserve the right to reclassify any Allowed Claim or Allowed Interest in accordance with any contractual, legal or equitable subordination relating thereto.

10.15 ***Preservation of Causes of Action and Reservation of Rights***.

As of the Effective Date, (a) the Master Disbursement Trust shall have the right to prosecute any and all MDT Causes of Action, (b) the Plan Administration Trust shall have the right to prosecute any and all Retained Causes of Action relating to and necessary for the administration of Claims against the Debtors (other than Channeled Claims) or the other responsibilities of the Plan Administration Trustee in accordance with the PAT Agreement, (c) each Creditor Trust shall have the right to prosecute any and all Retained Causes of Action relating to and necessary for the administration of the applicable Channeled Claims in accordance with the applicable Creditor Trust TDP and (d) NewCo shall have the right to prosecute any and all Retained Causes of Action constituting NewCo Transferred Assets. Pursuant to section 1123(b) of the Bankruptcy Code, except as expressly provided in Sections 10.5 through 10.13 of the Plan, nothing contained in this Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any Causes of Action that the Debtors had immediately before the Effective Date on behalf of the Estates or of themselves in accordance with any provision of the Bankruptcy Code or any applicable nonbankruptcy law, including but not limited to any actions specifically enumerated in the Schedule of Retained Causes of Action. Subject to Sections 10.5 through 10.13 of the Plan, all such Causes of Action shall be transferred to the Master Disbursement Trust, the Plan Administration Trust, the

applicable Creditor Trust or NewCo, as applicable, which shall have, retain, reserve and be entitled to assert all such Causes of Action in accordance with the Plan as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights with respect to any Claim or Interest may be asserted after the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

10.16 ***Ipso Facto and Similar Provisions Ineffective***.

Any term of any policy, contract or other obligation applicable to a Debtor shall be void and of no further force or effect with respect to any Debtor to the extent such policy, contract, or other obligation is conditioned on, creates an obligation of any Debtor as a result of, or gives rise to a right of any Person based on any of the following: (a) the insolvency or financial condition of a Debtor; (b) the commencement of the Chapter 11 Cases; (c) the confirmation or consummation of this Plan, including any change of control that shall occur as a result of such consummation; or (d) the Restructuring Transactions.

10.17 ***No Successor Liability***.

Except as otherwise expressly provided in this Plan and the Confirmation Order, each of NewCo, the Foundation, the Master Disbursement Trust, the Plan Administration Trust and the Creditor Trusts (a) is not, and shall not be deemed to assume, agree to perform, pay or otherwise have any responsibilities for any liabilities or obligations of the Debtors or any other Person relating to or arising out of the operations or the Assets of the Debtors on or prior to the Effective Date, (b) is not, and shall not be, a successor to the Debtors by reason of any theory of law or equity or responsible for the knowledge or conduct of any Debtor prior to the Effective Date and (c) shall not have any successor or transferee liability of any kind or character.

10.18 ***Co-Defendant Defensive Rights***.

Except as provided in the MDT Insurer Injunction, the Settling MDT Insurer Injunction or clause (ii) of the penultimate sentence of this Section 10.18, notwithstanding anything to the contrary in this Article X or in the Plan as it currently exists or as it might be further amended, the Confirmation Order or any order entered in connection with the Plan (or the Plan as amended) (or any such order, as amended, modified or supplemented), or any supplement to the Plan (or the Plan as amended), nothing contained in the Plan or any of the foregoing documents or orders (including, without limitation, the classification, treatment, allowance, disallowance, release, bar, injunction, Channeling Injunction or any other provision of the Plan or the Plan as amended with respect to, impacting, affecting, modifying, limiting, subordinating, impairing, in any respect, a Co-Defendant Claim), will release, bar, enjoin, impair, alter, modify, amend, limit, prohibit, restrict, reduce, improve or enhance any Co-Defendant Defensive Rights of any Holder of a Co-Defendant Claim or Excluded Party as such rights exist or might in the future exist under applicable non-bankruptcy law. Nothing in the Plan, any of the Plan Documents or in the Confirmation Order shall preclude, operate to or have the effect of, impairing any Holder of a Co-Defendant Claim or Excluded Party from asserting in any proceeding any and all Co-Defendant Defensive Rights that it has or may have under applicable law. Nothing in the Plan, any of the Plan Documents or the Confirmation Order shall be deemed to waive any Co-Defendant Defensive Rights, and nothing in the Chapter 11 Cases, the Plan, any of the Plan Documents or the Confirmation Order may be used as evidence of any determination regarding any Co-Defendant Defensive Rights, and under no circumstances shall any Person be permitted to assert issue preclusion or claim preclusion, waiver, estoppel or consent in response to the assertion of any Co-Defendant Defensive Rights. This Section 10.18 shall be included in the Confirmation Order. Co-Defendant Defensive Rights (i) may be used to offset, set-off, recoup, allocate or apportion fault, liability, or damages, or seek judgment reduction or otherwise defend against any Cause of Action brought by any Person against the Holder of any Co-Defendant Claim or the Excluded Party based in whole or in part on Opioid-Related Activities and (ii) shall in no case be used to seek or obtain any affirmative monetary recovery from any Protected Party or any Asset of any Protected Party (including

from any Purdue Insurance Policy or any other insurance policy of a Protected Party) on account of any Released Claim or Shareholder Released Claim. The foregoing does not constitute a release of any Co-Defendant's Class 14 Claim or any other Excluded Party's Class 11(c) Claim.

10.19 ***Reinstatement of Certain Shareholder Released Claims***.

As set forth in the Shareholder Settlement Agreements, if any Shareholder Released Party that is a Subsidiary (as defined in the Master Shareholder Settlement Agreement) of a Shareholder Payment Party voluntarily or involuntarily becomes subject to an insolvency, bankruptcy, reorganization, winding-up, administration, dissolution, composition or similar proceeding, upon election by notice from the Sackler Parties' Representative, with the consent of the Master Disbursement Trust, any Estate Causes of Action against such Shareholder Released Party that were previously held by the Debtors and that were released pursuant to Section 10.7(a) of the Plan shall be reinstated in full (and the Shareholder Release provided under Section 10.7(a) of the Plan shall be deemed null and void with respect thereto, and the Channeling Injunction shall terminate, be rescinded and have no application with respect thereto) and the Master Disbursement Trust, in its sole discretion and upon receipt of an advance for fees and expenses provided by the Shareholder Released Parties in an amount determined by the Master Disbursement Trust in its sole discretion (which advance shall be repaid to the extent not used), shall utilize commercially reasonable efforts to maximize the value of any such Estate Causes of Action in such insolvency or liquidation proceeding, and any recovery shall be treated in accordance with the terms as set forth in the Shareholder Settlement Agreements.

10.20 ***Special Provisions for United States***.

(a) As to the United States, notwithstanding anything contained in the Plan or Confirmation Order to the contrary [(except Section 5.2(i) of the Plan and in respect of the United States-PI Claimant Medical Expense Claim Settlement]), including but not limited to this Article X, nothing in the Plan or Confirmation Order [(except Section 5.2(i) of the Plan and in respect of the United States-PI Claimant Medical Expense Claim Settlement)] shall:

(i) limit or expand the scope of discharge, release or injunction permitted to debtors under the Bankruptcy Code. The discharge, release, and injunction provisions contained in the Plan and Confirmation Order are not intended and shall not be construed to bar the United States from, subsequent to the Confirmation Order, pursuing any police or regulatory action, or any criminal action;

(ii) discharge, release, exculpate, impair or otherwise preclude: (A) any liability to the United States that is not a "claim" within the meaning of section 101(5) of the Bankruptcy Code; (B) any Claim of the United States arising on or after the Effective Date; (C) any liability of the Debtors under police or regulatory statutes or regulations to the United States as the owner, lessor, lessee or operator of property that such Entity owns, operates or leases after the Effective Date; or (D) any liability to the United States, including but not limited to any liabilities arising under the IRC, the environmental laws, the criminal laws, the civil laws or common law, of any Person, including any Released Parties, Shareholder Released Parties or any Exculpated Parties, in each case, other than the Debtors; *provided*, *however*, that the foregoing shall not (x) limit the scope of discharge granted to the Debtors under sections 524 and 1141 of the Bankruptcy Code,

(y) diminish the scope of any exculpation to which any Person is entitled under section 1125(e) of the Bankruptcy Code or (z) change the treatment of the DOJ Forfeiture Judgment Claim pursuant to Section 2.3 of the Plan or the treatment of the Federal Government Unsecured Claims pursuant to Section 4.3 of the Plan;

(iii) enjoin or otherwise bar the United States from asserting or enforcing, outside the Bankruptcy Court, any liability described in the preceding clause (ii); *provided*, *however*, that the non-bankruptcy rights and defenses of all Persons with respect to (A) – (D) in clause (ii) are likewise fully preserved;

(iv) affect any valid right of setoff or recoupment of the United States against any of the Debtors; *provided*, *however*, that the rights and defenses of the Debtors with respect thereto are fully preserved (other than any rights or defenses based on language in the Plan or the Confirmation Order that may extinguish setoff or recoupment rights);

(v) divest any court, commission or tribunal of jurisdiction to determine whether any liabilities asserted by the United States are discharged or otherwise barred by this Confirmation Order, the Plan or the Bankruptcy Code; *provided*, *however*, that the Bankruptcy Court shall retain jurisdiction as set forth in and pursuant to the terms of the Plan to the extent permitted by law; or

(vi) be deemed to (A) determine the tax liability of any Person, including but not limited to the Debtors, (B) have determined the federal tax treatment of any item, distribution or Entity, including the federal tax consequences of the Plan or Confirmation Order, or (C) expressly expand or diminish the jurisdiction of the Bankruptcy Court to make determinations as to federal tax liability and federal tax treatment under the Bankruptcy Code and 28 U.S.C. §§ 157, 1334.

For the avoidance of doubt, the Channeling Injunction set forth in Section 10.8 of the Plan does not apply to the rights and causes of action protected by this Section 10.20.

(b) Notwithstanding anything to the contrary herein, nothing in the Plan, the Confirmation Order, the Shareholder Settlement Agreements or any other document filed in connection with the Plan shall release claims held by the United States of America against the Shareholder Released Parties; *provided* that, for the avoidance of doubt, nothing in the Plan, Confirmation Order, the Shareholder Settlement Agreements or any other document filed in connection with the Plan shall limit the releases contained in the Settlement Agreement between the United States of America and Purdue Pharma L.P., executed on October 21, 2020, or the Settlement Agreement between the United States of America and Dr. Richard Sackler, David Sackler, Mortimer D.A. Sackler, Kathe Sackler, and the Estate of Jonathan Sackler, executed on October 21, 2020.

(c) Several of the Debtors are parties to the various following agreements with the Secretary of the Department of Health and Human Services under which the Debtors owe rebates to third parties:

(i) The Medicare Coverage Gap Discount Program Agreement is established under 42 U.S.C. §§ 1395w-l14A, 1395w-153 and is required should manufacturers wish to have coverage for their products under Medicare Part D. Under the Medicare Coverage Gap Discount Program Agreement, manufacturers agree to reimburse Medicare Part D plan sponsors for certain Coverage Gap discounts the plans provide to Medicare beneficiaries in the Part D coverage gap. The Centers for Medicare & Medicaid Services require that a new entity that seeks to assume a Medicare Coverage Gap Discount Program Agreement enter into a novation agreement with the Centers for Medicare & Medicaid Services with respect to the transfer of such agreement. The Debtors that have entered into Medicare Coverage Gap Discount Program Agreements with the Secretary are: Purdue Pharma L.P. (P1180) and Rhodes Pharmaceuticals L.P. (P1281);

(ii) The Medicaid Drug Rebate Program, established under section 1927 of the Social Security Act, requires manufacturers to enter into National Drug Rebate Agreements with the Secretary for the coverage and payment of a manufacturer's covered outpatient drugs. Under the Medicaid Drug Rebate Program, if a manufacturer has entered into and has in effect a National Drug Rebate Agreement, Medicaid covers and pays for all of the drugs of that manufacturer dispensed and paid for under the state plan, and in return manufacturers pay applicable rebates to the states. The Debtors that have National Drug Rebate Agreements and the labeler codes associated with the National Drug Rebate Agreements are as follows: Rhodes Pharmaceuticals L.P. (42858), Purdue Pharma L.P. (59011), and Adlon Therapeutics L.P. (72912);

(iii) Manufacturers with National Drug Rebate Agreements must also comply with the Drug Pricing Program under section 340B of the Public Health Service Act, 42 U.S.C. § 256b, and have Pharmaceutical Pricing Agreements with the Secretary of the Department of Health and Human Services. Under the Pharmaceutical Pricing Agreements, manufacturers agree to charge a price for covered outpatient drugs that will not exceed the average manufacturer price decreased by a rebate percentage. The Debtors that have Pharmaceutical Pricing Agreements and the labeler codes associated with such agreements are as follows: Rhodes Pharmaceuticals L.P. (42858), Purdue Pharma L.P. (59011), and Adlon Therapeutics L.P. (72912); and

(iv) The Medicare Coverage Gap Discount Program Agreements, the Medicaid National Drug Rebate Agreements and the Pharmaceutical Pricing Agreements identified above provide that,

in the event of a transfer of ownership, such agreements are automatically assigned to the new owner and all terms and conditions of such agreements remain in effect as to the new owner. Accordingly, notwithstanding anything contained in the Plan or the Confirmation Order which may be to the contrary, the Debtors shall assume such agreements pursuant to section 365 of the Bankruptcy Code, and upon the Effective Date, the Medicare Coverage Gap Discount Program Agreements, the Medicaid National Drug Rebate Agreements and the Pharmaceutical Pricing Agreements identified above shall be assigned to NewCo. NewCo, as the new owner, will assume the obligations of the Debtors who are parties under such agreements from and after the Effective Date, and to fully perform all the duties and responsibilities that exist under such agreements in accordance with their terms, including the payment of discounts owed to Part D Plan sponsors or payment of rebates owed to states and wholesalers for quarters prior to the Effective Date. For the avoidance of doubt, NewCo shall be liable for any outstanding rebates or discounts owed to third parties (and any applicable interest thereon) arising prior to the Effective Date, as well as any penalties associated with noncompliance by the Debtors with the Medicare Coverage Gap Discount Program Agreements, the Medicaid National Drug Rebate Agreements and the Pharmaceutical Pricing Agreements identified above prior to the Effective Date.

(d) Notwithstanding anything to the contrary herein, nothing in the Plan, the Confirmation Order, the Shareholder Settlement Agreements or any other document filed in connection with the Plan shall bind the United States in any application of statutory, or associated regulatory, authority grounded in Title 19 of the Social Security Act, 42 U.S.C. § 1396-1 et seq. (the "***Medicaid Program***") or in section 1115 of Title 11 of the Social Security Act. The United States is neither enjoined nor in any way prejudiced in seeking recovery of any funds owed to the United States under the Medicaid Program.

ARTICLE XI RETENTION OF JURISDICTION.

11.1 ***Retention of Jurisdiction***.

(a) The Bankruptcy Court shall retain exclusive jurisdiction of all matters arising under, arising out of or related to the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(i) to hear and determine applications for the assumption or rejection of executory contracts and unexpired leases and any Disputed Cure Claims or Disputed Claims in respect of rejection damages resulting therefrom;

(ii) to hear and determine any motions, adversary proceedings, applications, contested matters and other litigated matters pending on, or commenced after, entry of the Confirmation Order;

(iii) to hear and resolve any disputes arising from or related to (A) any orders of the Bankruptcy Court still in effect granting relief under

Bankruptcy Rule 2004 or (B) any protective orders entered by the Bankruptcy Court in connection with the foregoing (including the Protective Order);

(iv) to ensure that Distributions to Holders of Allowed Claims are accomplished as provided in this Plan and the Confirmation Order;

(v) to consider Claims or the allowance, classification, priority, compromise, estimation or payment of any Claim, including any Administrative Claim or, solely to the extent provided in the Master TDP and/or the applicable Creditor Trust TDP, any Channeled Claim;

(vi) to enter, implement or enforce such orders as may be appropriate in the event that the Confirmation Order is, for any reason, stayed, reversed, revoked, modified or vacated;

(vii) to issue and enforce injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation or enforcement of this Plan, the Confirmation Order or any other order of the Bankruptcy Court;

(viii) to hear and determine any application to modify this Plan in accordance with section 1127 of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(ix) to hear and determine all Professional Fee Claims;

(x) to resolve disputes concerning any reserves with respect to Non-Participating Channeled Claims and other Disputed Claims or the administration thereof;

(xi) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of this Plan, the Confirmation Order, any transactions or payments in furtherance of the Plan or the Confirmation Order or any agreement, instrument or other document governing, or related to, any of the foregoing, including the Plan Documents;

(xii) to take any action and issue such orders, including any such action or orders as may be necessary after entry of the Confirmation Order or the occurrence of the Effective Date, as may be necessary to construe, enforce, implement, execute and consummate this Plan, including any release (including, but not limited to, the United States-PI Claimant Medical Expense Claim Releases), exculpation or injunction provisions set forth in this Plan, or to

maintain the integrity of this Plan following the occurrence of the Effective Date;

(xiii) to hear and determine any other matters related to the Chapter 11 Cases and not inconsistent with the Bankruptcy Code or title 28 of the United States Code;

(xiv) to hear, determine and resolve disputes arising in connection with the interpretation, implementation or enforcement of the Plan or Confirmation Order;

(xv) to resolve any disputes concerning whether a Person had sufficient notice of the Chapter 11 Cases, the Disclosure Statement, any solicitation conducted in connection with the Chapter 11 Cases, any Bar Date established in the Chapter 11 Cases or any deadline for responding or objecting to a Cure Amount, in each case, for the purpose of determining whether a Claim or Interest is discharged hereunder or for any other purpose;

(xvi) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Shareholder Settlement Agreements, the Public Entity Settlements and the Private Entity Settlements;

(xvii) to hear and determine disputes arising in connection with the MDT Claims or operations of the Master Disbursement Trust or the actions of the MDT Trustees;

(xviii) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Creditor Trust Documents, and to hear and determine disputes concerning violations of the Confirmation Order or the use of funds from the Creditor Trusts in a manner inconsistent with the applicable Creditor Trust Documents; *provided* that, with respect to the Governmental Remediation Trust and the Tribe Trust, such jurisdiction shall be concurrent and not exclusive to the extent set forth in the Governmental Remediation Trust Documents and the Tribe Trust Documents, respectively, as in effect on the Effective Date;

(xix) to hear and resolve any disputes arising from or related to (A) Liens, collateral, or other forms of credit protections that are granted or otherwise effected pursuant to the Shareholder Settlement Agreements, the Public Entity Settlements and the Private Entity Settlements, or (B) any other attempt by any Person to seek orders of attachment, Liens, or collateral involving any Assets, in full or in part, of the Shareholder Released Parties;

(xx) to determine such other matters, and for such other purposes, as may be provided in the Confirmation Order;

(xxi) to hear and determine all matters relating to the Plan Settlements, to the extent permitted under applicable law; and

(xxii) to enter a final decree closing each of the Chapter 11 Cases.

(b) The Bankruptcy Court shall retain concurrent, rather than exclusive, jurisdiction of all matters arising under, arising out of or related to the Chapter 11 Cases and the Plan to, among other things, hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of taxes under section 505(b) of the Bankruptcy Code), and to hear and resolve or recommend resolution of disputes related to the MDT Insurance Rights.

(c) Notwithstanding anything in this Article XI to the contrary, the resolution of Channeled Claims against the Debtors and the forum in which such resolution shall be determined shall be governed by, and in accordance with, Section 6.21 of the Plan, the Master TDP and the Creditor Trust TDPs, if applicable.

(d) By consenting to the treatment provided by this Plan or otherwise supporting the Plan, no State or Tribe shall be construed to have waived any claim of Sovereign Immunity that it may have in any other action or proceeding, including any action or proceeding occurring after the Effective Date.

(e) Nothing in this Article XI shall be construed to alter the jurisdiction of a court in which an Opt-Out Class Action is pending or was adjudicated in respect of such Opt-Out Class Action.

(f) As of the earlier of the Effective Date or the expiration of the Preliminary Injunction, all Persons are permanently enjoined from commencing, conducting, or continuing, directly or indirectly, any litigation or prosecution of an Estate Cause of Action (including in any proceeding in a judicial, arbitral, administrative, or other forum). Any Person seeking to commence, conduct, or continue litigation or prosecution of a Cause of Action against a Shareholder Released Party or a Released Party may, but is not required to, seek a prior determination in the Bankruptcy Court that a Cause of Action is not an Estate Cause of Action. If any Person commences, conducts or continues litigation or prosecution of such Cause of Action without a prior determination by the Bankruptcy Court, the Person against which such Cause of Action was asserted, and the Master Disbursement Trust or NewCo, shall be entitled to make an emergency application to the Bankruptcy Court for a determination that such Cause of Action is an Estate Cause of Action and that the injunction in this Section 11.1(f) has been violated. In either event, the determination whether or not a Cause of Action is an Estate Cause of Action shall be based on an appropriate evidentiary record, and the only Persons with standing to be heard shall be: (i) the Person seeking to bring such Cause of Action; (ii) the Person or entity against which such Cause of Action would be or has been brought; or (iii) the Debtors, the Creditors' Committee, the PAT, each Governmental Consent Party, the Master Disbursement Trust or NewCo. Upon determining that a violation of the injunction has occurred, damages may be awarded in the amount of attorneys' fees and other litigation costs and expenses incurred by the Person against which the Estate Cause of Action was brought or who is otherwise seeking to enforce the injunction, including in connection with litigation or prosecution of the Estate Cause of Action and in connection with enforcing the injunction in this Section 11.1(f) subject to the discretion of the Bankruptcy Court. Without limiting the foregoing, the Bankruptcy Court, in its discretion, also may award any additional appropriate relief against a violating Person and may award any sanctions against any other Person engaging in otherwise sanctionable conduct in connection with the enforcement of the injunction in this Section 11.1(f).

ARTICLE XII MISCELLANEOUS PROVISIONS.

12.1 ***Exemption from Certain Transfer Taxes***.

To the maximum extent permitted pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property under the Plan pursuant to (a) the issuance, distribution, transfer or exchange of any debt, equity security or other interest in the Debtors, (b) the Restructuring Transactions, (c) the creation, modification, consolidation, termination, refinancing and/or recording of any mortgage, deed of trust or other security interest, or the securing of additional indebtedness by such or other means, or (d) the making, assignment, recording or surrender of any lease or sublease, or the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including any deeds, bills of sale or other assignments or instruments of transfer, or assignments executed in connection with any disposition of Assets contemplated by the Plan (including transfers of Assets to and by the Debtors, the Plan Administration Trust, NewCo, the Foundation, the Master Disbursement Trust and the Creditor Trusts) shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles tax, transfer tax (including real estate transfer tax), mortgage tax or mortgage recording tax, sales or use tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee or other similar tax or governmental assessment, and the appropriate federal, state, provincial or local government officials or agents shall forego collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

12.2 ***Dates of Actions to Implement Plan***.

In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day but shall be deemed to have been completed as of the required date.

12.3 ***Amendments***.

(a) **Plan Modifications**. This Plan may be amended, modified or supplemented by the Debtors in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court; *provided* that (i) any such amendment, modification or supplement shall be reasonably acceptable to the Governmental Consent Parties; *provided further* that any such amendment, modification or supplement that expands the scope of the Releases or modifies any provision relating to the MDT Insurance Policies (including the scope thereof) or the transfer of the MDT Insurance Rights shall be acceptable to the Governmental Consent Parties, (ii) any such amendment, modification or supplement shall be reasonably acceptable to the Creditors' Committee to the extent that it (A) relates to the MDT Insurance Rights, (B) modifies Section 5.9 of the Plan as it relates to payment of the attorneys' fees and costs of Holders of Hospital Claims, Third-Party Payor Claims, or PI Claims, the Ad Hoc Group of Individual Victims, the Ratepayer Mediation Participants or the NAS Committee, (C) modifies the Creditors' Committee's consent rights under the Plan, (D) expands the scope of the Releases or (E) materially and adversely affects the treatment of Holders of Hospital Claims, Third-Party Payor Claims, PI Claims, ER Physician Claims or Other General Unsecured Claims (it being understood that (x) any reduction in the amount of any Initial Private Creditor Trust Distribution, the PI Trust Obligation or any Private Creditor Trust's MDT Claim, (y) any elimination of any consent rights in favor of such Holders or (z) any modification to Section 5.2, 5.6 or 5.7 of the Plan to the extent such modification relates to the Master Disbursement Trust or a Private Creditor Trust shall constitute such a material and adverse effect), and (iii) any such amendment, modification or supplement shall be acceptable to the Sackler Parties' Representative with respect to the Specified Shareholder Provisions and, to the extent set forth in

the Master Shareholder Settlement Agreement, reasonably acceptable to the Sackler Parties' Representative with respect to modification of terms relating to the rights, obligations, or interests of the Shareholder Released Parties; *provided* that solely with respect to the Creditor Trust Documents, such consent shall only apply to the extent set forth in the Master Shareholder Settlement Agreement. In addition, after the Confirmation Date, as long as such action does not materially and adversely affect the treatment of Holders of Allowed Claims pursuant to this Plan, the Debtors may remedy any defect or omission or reconcile any inconsistencies in this Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes or effects of this Plan, and any Holder of a Claim or Interest that has accepted this Plan shall be deemed to have accepted this Plan as amended, modified or supplemented.

(b) **Certain Technical Amendments**. Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to this Plan without further order or approval of the Bankruptcy Court; *provided*, *however*, that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims and Interests under this Plan.

12.4 ***Revocation or Withdrawal of Plan***.

The Debtors reserve the right to revoke or withdraw this Plan prior to the Effective Date as to any or all of the Debtors; *provided* that each Debtor shall be entitled to revoke this Plan only in full and not in part. If, with respect to a Debtor, this Plan has been revoked or withdrawn prior to the Effective Date, or if confirmation or the occurrence of the Effective Date as to such Debtor does not occur on the Effective Date, then, with respect to such Debtor: (a) this Plan and the Plan Documents shall be null and void in all respects; (b) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts and unexpired leases effected by this Plan and any document or agreement executed pursuant to this Plan (including the Plan Documents) shall be deemed null and void; and (c) nothing contained in this Plan shall (i) constitute a waiver or release of any Claim by or against, or any Interest in, such Debtor or any other Person, (ii) prejudice in any manner the rights of such Debtor or any other Person, or (iii) constitute an admission of any sort by any Debtor or any other Person; *provided* that any provisions under the Shareholder Settlement Agreements that are expressly contemplated to survive revocation or reversal of the Plan shall survive.

12.5 ***Payment of Statutory Fees***.

All fees payable under section 1930 of chapter 123 of title 28 of the United States Code shall be paid on or before the Effective Date by the Debtors. After the Effective Date, the Plan Administration Trust shall assume liability for and shall pay, or cause to be paid, any and all quarterly fees owed to the U.S. Trustee when due in accordance with applicable law, and shall continue to file, or cause to be filed, with the Bankruptcy Court quarterly reports to show the calculation of such fees for the Debtors' Estates. Each of the Debtors shall remain obligated to pay quarterly fees to the U.S. Trustee until such Debtor's Chapter 11 Case is closed, dismissed or converted to a case under chapter 7 of the Bankruptcy Code.

12.6 ***Severability***.

(a) Notwithstanding anything else contained in the Plan, (i) the Plan provisions effectuating the Releases provided by the Debtors, their Estates, and the Releasing Parties and the Channeling Injunction (A) are integrated with and integral to all other provisions of the Master Shareholder Settlement Agreement, the Plan and the Plan Documents, (B) are not and shall not be severable from the remainder of the Master Shareholder Settlement Agreement, the Plan or the Plan Documents and (C) shall not be excised or modified other than in accordance with the Plan and the Master Shareholder Settlement Agreement and (ii) if the Plan provisions effectuating the Releases provided by the Debtors,

their Estates, and the Releasing Parties and the Channeling Injunction are deemed null, void, illegal or unenforceable, then the terms, provisions, covenants and restrictions of the Master Shareholder Settlement Agreement and the Plan shall be void and shall not remain in force or effect, except as specifically and expressly stated otherwise in the Master Shareholder Settlement Agreement or the Plan, or as specifically and expressly agreed in writing by all parties to the Master Shareholder Settlement Agreement.

(b) If, prior to entry of the Confirmation Order, any term or provision of this Plan that is not related to the Master Shareholder Settlement Agreement or the Releases provided by the Debtors, their Estates, and the Releasing Parties and the Channeling Injunction is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation by the Bankruptcy Court, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with this Section 12.6, is valid and enforceable pursuant to its terms.

(c) The impact of any modification, reversal, or vacatur of the Confirmation Order, the Plan, or the Shareholder Settlements following the Effective Date will be governed by the Master Shareholder Settlement Agreement.

12.7 ***Governing Law***.

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent that a Plan Document provides otherwise, the rights, duties and obligations arising under this Plan and the Plan Documents shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the principles of conflicts of laws thereof (other than section 5-1401 and section 5-1402 of the New York General Obligations Law).

12.8 ***Immediate Binding Effect***.

Subject only to Bankruptcy Rules 3020(e), 6004(h) and 7062, as applicable, upon the occurrence of the Effective Date, the terms of this Plan and the Plan Documents shall be immediately effective and enforceable and deemed binding upon and inure to the benefit of the Debtors, the other Protected Parties, all Holders of Claims against or Interests in the Debtors, all Holders of Channeled Claims, all Releasing Parties and each of their respective successors and assigns.

12.9 ***Successors and Assigns***.

The rights, benefits and obligations of any Person named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or permitted assign, if any, of each such Person.

12.10 ***Entire Agreement***.

On the Effective Date, this Plan, the Plan Supplement and the Confirmation Order shall supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings and representations concerning such documents, all of which have become merged and integrated into this Plan.

12.11 ***Computing Time***.

In computing any period of time prescribed or permitted by this Plan, unless otherwise set forth in this Plan or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

12.12 ***Exhibits to Plan***.

All exhibits, schedules, supplements and appendices to this Plan (including the Plan Supplement) are incorporated into and are part of this Plan as if set forth in full herein.

12.13 ***Notices***.

All notices, requests and demands to or upon the Debtors shall be in writing (including by facsimile transmission) and, unless otherwise provided herein, shall be deemed to have been duly given or made only when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Attn: Marshall S. Huebner, Benjamin S. Kaminetzky, Eli J. Vonnegut,
Christopher S. Robertson, Joshua Y. Sturm and Abraham Bane.

Counsel to the Debtors
and Debtors in Possession

After the occurrence of the Effective Date, the Plan Administration Trustee shall have authority to send a notice to Entities providing that, to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entities must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002; *provided*, *however*, that the U.S. Trustee need not file such a renewed request and shall continue to receive documents without any further action being necessary. After the occurrence of the Effective Date, the Debtors and the Plan Administration Trustee are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to the U.S. Trustee and those Entities that have filed such renewed requests.

12.14 ***Dissolution of the Creditors' Committee***.

On the Effective Date, the Creditors' Committee will dissolve; *provided*, *however*, that following the Effective Date, the Creditors' Committee shall continue in existence and have standing and a right to be heard for the following limited purposes: (a) applications, and any relief related thereto, for compensation by Professional Persons and requests for allowance of fees and/or expenses under section 503(b) of the Bankruptcy Code, (b) any appeals of, or related to, the Confirmation Order or (c) any other appeal to which the Creditors' Committee is a party. Upon the dissolution of the Creditors' Committee, the Creditors' Committee, each of its members (including each officer, director, employee or agent thereof) and its respective Professional Persons will cease to have any duty, obligation or responsibility arising from, or related to, the Chapter 11 Cases and shall be released and discharged from all rights and duties from, or related to, the Chapter 11 Cases.

12.15 ***Reservation of Rights***.

Except as otherwise provided herein, this Plan shall be of no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the filing of this Plan, any statement or provisions of this Plan or the taking of any action by the Debtors with respect to this Plan shall be, or deemed to be, an admission or waiver of any rights of the Debtors with respect to any Claim or Interest prior to the Effective Date.

Dated: [•], 2025
By: */s/ [•]*
Name: [•]
Title: Authorized Signatory

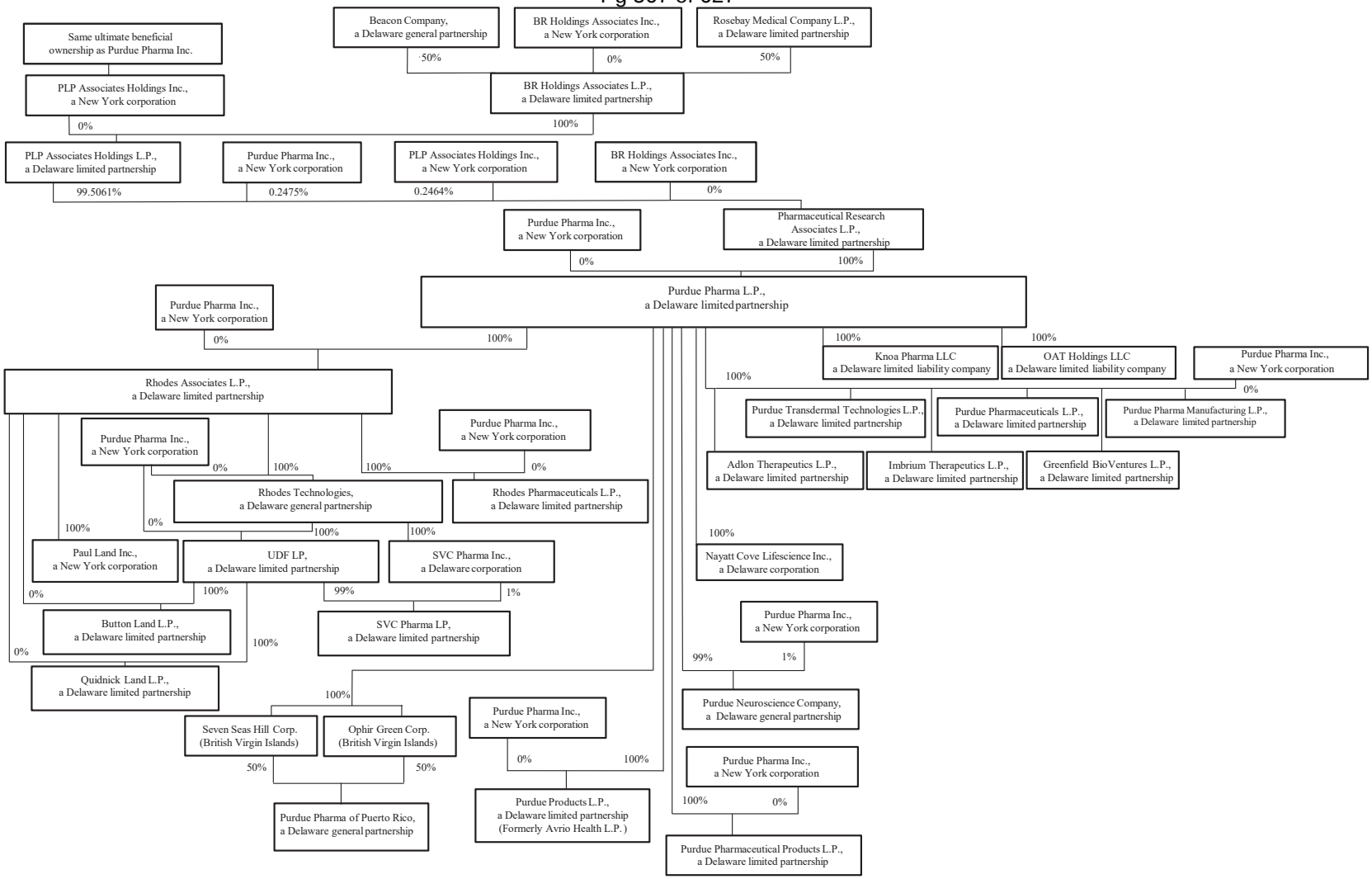
PURDUE PHARMA L.P.
PURDUE PHARMA INC.
PURDUE TRANSDERMAL TECHNOLOGIES L.P.
PURDUE PHARMA MANUFACTURING L.P.
PURDUE PHARMACEUTICALS L.P.
IMBRIUM THERAPEUTICS L.P.
ADLON THERAPEUTICS L.P.
GREENFIELD BIOVENTURES L.P.
SEVEN SEAS HILL CORP.
OPHIR GREEN CORP.
PURDUE PHARMA OF PUERTO RICO
PURDUE PRODUCTS L.P.
PURDUE PHARMACEUTICAL PRODUCTS L.P.
PURDUE NEUROSCIENCE COMPANY
NAYATT COVE LIFESCIENCE INC.
BUTTON LAND L.P.
RHODES ASSOCIATES L.P.
PAUL LAND INC.
QUIDNICK LAND L.P.
RHODES PHARMACEUTICALS L.P.
RHODES TECHNOLOGIES
UDF LP
SVC PHARMA LP
SVC PHARMA INC.

EXHIBIT A

MSGE Fee Allocation Agreement

Appendix B

Organizational Chart


Same ultimate beneficial ownership as Purdue Pharma Inc.
Beacon Company, a Delaware general partnership
BR Holdings Associates Inc., a New York corporation
Rosebay Medical Company L.P., a Delaware limited partnership
50%
0%
50%
PLP Associates Holdings Inc., a New York corporation
BR Holdings Associates L.P., a Delaware limited partnership
0%
100%
PLP Associates Holdings L.P., a Delaware limited partnership
Purdue Pharma Inc., a New York corporation
PLP Associates Holdings Inc., a New York corporation
BR Holdings Associates Inc., a New York corporation
99.5061%
0.2475%
0.2464%
0%
Purdue Pharma Inc., a New York corporation
Pharmaceutical Research Associates L.P., a Delaware limited partnership
0%
100%
Purdue Pharma Inc., a New York corporation
Purdue Pharma L.P., a Delaware limited partnership
0%
100%
100%
100%
Knoa Pharma LLC a Delaware limited liability company
OAT Holdings LLC a Delaware limited liability company
Purdue Pharma Inc., a New York corporation
100%
0%
Rhodes Associates L.P., a Delaware limited partnership
Purdue Transdermal Technologies L.P., a Delaware limited partnership
Purdue Pharmaceuticals L.P., a Delaware limited partnership
Purdue Pharma Manufacturing L.P., a Delaware limited partnership
Purdue Pharma Inc., a New York corporation
Purdue Pharma Inc., a New York corporation
0%
100%
100%
0%
Adlon Therapeutics L.P., a Delaware limited partnership
Imbrium Therapeutics L.P., a Delaware limited partnership
Greenfield BioVentures L.P., a Delaware limited partnership
Rhodes Technologies, a Delaware general partnership
Rhodes Pharmaceuticals L.P., a Delaware limited partnership
0%
100%
100%
100%
100%
Paul Land Inc., a New York corporation
UDF LP, a Delaware limited partnership
SVC Pharma Inc., a Delaware corporation
Nayatt Cove Lifescience Inc., a Delaware corporation
0%
100%
99%
1%
Button Land L.P., a Delaware limited partnership
SVC Pharma LP, a Delaware limited partnership
Purdue Pharma Inc., a New York corporation
0%
100%
99%
1%
Quidnick Land L.P., a Delaware limited partnership
Purdue Neuroscience Company, a Delaware general partnership
100%
Seven Seas Hill Corp. (British Virgin Islands)
Ophir Green Corp. (British Virgin Islands)
Purdue Pharma Inc., a New York corporation
Purdue Pharma Inc., a New York corporation
50%
50%
0%
100%
100%
0%
Purdue Pharma of Puerto Rico, a Delaware general partnership
Purdue Products L.P., a Delaware limited partnership (Formerly Avrio Health L.P.)
Purdue Pharmaceutical Products L.P., a Delaware limited partnership

Appendix C

Liquidation Analysis

I.
LIQUIDATION ANALYSIS

A. Introduction

Under the "best interests" of creditors test set forth in Bankruptcy Code section 1129(a)(7), a bankruptcy court may not confirm a plan of reorganization unless the plan provides, with respect to each impaired class, that each holder of a claim or interest in such class who does not otherwise vote in favor of the plan receive property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor(s) were liquidated under chapter 7 of the Bankruptcy Code as of such date. To demonstrate that the Plan satisfies the "best interests" of creditors test, the Debtors have prepared the hypothetical liquidation analysis attached hereto as **Exhibit 1** (the "**Liquidation Analysis**"), which is based upon certain assumptions discussed below and in the notes accompanying the Liquidation Analysis (the "**Notes**"). Capitalized terms not defined in the Notes shall have the meanings ascribed to them in the Plan and the Disclosure Statement.

The Liquidation Analysis estimates potential Cash distributions to holders of Allowed Claims and Allowed Interests in a hypothetical chapter 7 liquidation of the Debtors' assets (the "**Assets**"). Asset values discussed in the Liquidation Analysis may differ materially from values referred to in the Plan and Disclosure Statement. The Debtors prepared the Liquidation Analysis with the assistance of their advisors.

B. Scope, Intent, and Purpose of the Liquidation Analysis

The determination of the costs of, and hypothetical proceeds from, the liquidation of the Assets is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtors, are inherently subject to significant business, political, economic, and competitive uncertainties and contingencies beyond the control of the Debtors, their management, and their advisors. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could affect the ultimate results in an actual chapter 7 liquidation. In addition, the Debtors' management cannot judge with any degree of certainty the effect of the forced-liquidation asset sales on the recoverable value of the Assets. The Liquidation Analysis was prepared for the sole purpose of generating a reasonable, good-faith estimate of the proceeds that would be generated if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code. The Liquidation Analysis is not intended and should not be used for any other purpose. The underlying financial information in the Liquidation Analysis was not compiled or examined by any independent accountants. No independent appraisals were conducted in preparing the Liquidation Analysis. **NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS WOULD OR WOULD NOT APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS COULD VARY MATERIALLY**.

In preparing the Liquidation Analysis, the Debtors estimated Allowed Claims based upon a review of Claims listed on the Debtors' Schedules, Claims listed in the Debtors' current books and records and Proofs of Claim filed to date. In addition, the Liquidation Analysis includes estimates for Claims not currently reflected in the books and records or asserted in the Chapter 11 Cases, but which could be asserted and Allowed in a chapter 7 liquidation, including Administrative Claims, wind-down costs, and trustee fees. The Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing the Liquidation Analysis. The Debtors' estimate of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution

to be made on account of Allowed Claims under the Plan. **NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE DEBTORS. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS**.

II.
GLOBAL NOTES TO THE LIQUIDATION ANALYSIS

A. Liquidation Date and Appointment of a Chapter 7 Trustee

The Liquidation Analysis assumes the conversion of the Chapter 11 Cases to chapter 7 liquidation cases on or about December 31, 2025 (the "**Liquidation Date**"). On the Liquidation Date, it is assumed that the Bankruptcy Court would appoint a chapter 7 trustee (the "**Trustee**") to oversee the liquidation of the Debtors' Estates. As the Debtors would not generate revenues or cash flows following the Liquidation Date, the Trustee would need to use cash on hand, receivables, and proceeds from the immediate liquidation of Assets to fund the ongoing expenses of the Estates. The Liquidation Analysis assumes that the Trustee would have adequate liquidity to fund the wind-down of the operations and the fees associated with such a liquidation. In the event of an actual liquidation of the Debtors, there is a risk that the Trustee would not have adequate liquidity on hand to settle administrative expenses as incurred, at which point the Trustee might request a dismissal of the chapter 7 cases. If such a scenario were to occur, the recoveries to creditors would be severely impaired as compared with the hypothetical results contained in the Liquidation Analysis.

For the purposes of the Liquidation Analysis, the Debtors are using the most recent available balance sheets as of December 31, 2024 (the "**Balance Sheet Date**") as the basis for book value of the Assets. It is assumed there would be no material change between the Debtors' Assets on the Liquidation Date and the Balance Sheet Date, except as otherwise noted in the assumptions below. The Liquidation Analysis assumes that the Trustee would wind down and monetize the Assets of the Debtors over a twelve-month period, using cash on hand and the proceeds of the Assets to fund the expenses associated with the wind-down of operations. Litigation in respect of Shareholder Claim Rights and claims allowance and allocation could extend beyond twelve months and generate significant costs that could further dilute recoveries in a chapter 7 liquidation. The Liquidation Analysis has been drafted on a legal-entity-by-legal-entity basis for each of the Debtors.

B. Primary Assets of the Debtors

The Debtors have Assets in the form of (i) cash and cash equivalents, (ii) accounts receivable, (iii) inventory ("**Inventory**"), (iv) restricted cash accounts (v) prepaid expenses & other current assets, (vi) property, plant, and equipment ("**PP&E**"), (vii) intangible assets, (viii) investments in non-Debtor companies, (ix) other non-current assets, and (x) Shareholder Claim Rights.[1] The Liquidation Analysis assumes a range (high, medium, and low) of recoveries for these Assets assuming a forced-liquidation asset sale process for certain of the Assets conducted by the Trustee. The Debtors' management believes that values derived from the liquidation assumed in the Liquidation Analysis do not generate a significant recovery for stakeholders as compared with the recovery proposed under the Plan.

The Liquidation Analysis assumes the Debtors would allow, and the Trustee would use, the proceeds of the liquidation of Assets to fund the wind-down expenses. These receivables and other proceeds would be used first to fund the liquidation of the Estates and then to satisfy Claims in the order of priority set forth in section 726 of the Bankruptcy Code.

[1] The Liquidation Analysis does not include any estimate for recoveries for Purdue Insurance Rights and other litigation rights.

C. Forced-Liquidation Sale Process

The liquidation sale process would proceed concurrently with the shutdown of the Debtors' manufacturing facility in Wilson, North Carolina. A significant portion of the gross proceeds distributable to creditors would come from the collection of accounts receivable as well as from the liquidation of inventory, real property and equipment and certain brands, patents and other intangible assets, which liquidation is subject to various offsetting costs. The Liquidation Analysis also assumes that certain staff currently employed by the Debtors would remain with the Debtors through the course of the wind-down. Costs associated with these employees have been included in the operational wind-down expense to support the Trustee in collecting and liquidating the Assets.

The Liquidation Analysis assumes that the Debtors will be subject to a withdrawal liability on account of the Purdue Pension Plan (the "**Qualified Pension Plan**") and the PBGC. During February 2025, the Debtors sought authorization to affect a "standard termination" of the Qualified Pension Plan and on March 17, 2025, the Bankruptcy Court entered an order approving the Purdue Pension Plan termination motion. In order to effectuate a standard termination of the Purdue Pension Plan, the Debtors must make contributions to the Purdue Pension Plan so that it will possess sufficient assets to satisfy all plan benefits and liabilities as of the date of distribution. The Debtors believe that, given the value of Plan assets and the favorable interest rate environment, terminating the Purdue Pension Plan at this time would reduce the risk of future liability and ensure that more funds would be available to creditors. The Debtors expect to contribute approximately $42.8 million to effectuate the standard termination of the Purdue Pension Plan in approximately 12-24 months' time. Therefore, the Debtors estimate that the Qualified Pension Plan claim amounts would total approximately $42.8 million based on the Debtors' actuarial estimates of cost of termination of the Qualified Pension Plan. The Debtors also assumed that the Qualified Pension Plan claims would be asserted at each of the Debtor entities, based on a "controlled group" (as defined in the Employee Retirement Income Security Act) theory of liability. Further, the Debtors have made the assumption that certain other claims which could be asserted in a chapter 7 liquidation—such as potential rejection damages claims for contracts that would be assumed or rejected in a chapter 11 reorganization—are not estimated in the Liquidation Analysis, which claims would otherwise further dilute recovery to creditors.

The Liquidation Analysis assumes that the estimated sale proceeds for the Assets would be less than the tax basis of the Assets and would not generate any additional tax liabilities. Should the tax treatment and effect of the liquidation transactions result in a tax liability that was not reduced by other tax benefits, recoveries in the Liquidation Analysis could change materially.

III.
SPECIFIC NOTES TO THE ASSET ASSUMPTIONS CONTAINED IN THE LIQUIDATION ANALYSIS

The Liquidation Analysis refers to certain categories of Assets. The numerical/alphabetical designations below correspond to the line items listed in Exhibit 1, each with a specific Note.

1. Cash and Cash Equivalents

    - In the Liquidation Analysis, "cash and cash equivalents" comprises cash and marketable securities. The cash balance shown is the Debtors' current unrestricted cash forecast as of the Liquidation Date. Full recovery is anticipated on cash and marketable securities.

2. Accounts Receivable

- Accounts Receivable includes all third-party trade accounts receivable. Allowances for doubtful accounts, accrued returns, cash payment discounts, wholesaler fees and chargebacks are included in receivables. The liquidation analysis assumes that upon conversion to a chapter 7, the Debtors' ability to collect on its receivables will be negatively impacted by an increase in product returns for certain products as the end market demand for its products declines.

- Approximately 90% of the Debtors' outstanding trade accounts receivable are due from 3 main pharmaceutical distributors from which the Debtors have historically seen minimal loss rates. However, potential risks exist around the ability to collect on the Debtors' outstanding accounts receivable due to potential setoff claims against the Debtors.

- Accounts receivable due from associated companies are deemed to have the same recovery assumptions as accounts receivable with third-parties.

- Debtor-to-Debtor intercompany receivables are deemed to have no recoverable value in this analysis.

- For purposes of the Liquidation Analysis, the liquidation proceeds of accounts receivable were estimated to range from 50-75% of net book value.

3. Inventory

- Inventory consists of raw materials, work in process and finished goods which were evaluated for recovery at the product level. The book value of inventory represents the lower of cost or market value. The liquidation analysis assumes that manufacturing facilities would initiate shutdown at the start of the liquidation period and that the raw material and work in progress would not have recoverable value. The Debtors would be expected to sell the remaining finished goods at significantly higher than cost and therefore, results in estimated recovery rate ranges over 100%. The liquidation analysis assumes that sufficient proceeds will not be immediately available to pay accrued rebates, that the Debtors would need to significantly decrease the market price of inventory on hand to account for the increased final cost to customers.

- The liquidation analysis assumes a recovery range for finished goods of 290-580% of net book value and a recovery range for total inventory of 113-226%.

4. Prepaid Expenses and Other Current Assets

- Prepaid Expenses and Other Current Assets primarily includes prepaid retainers and prepaid insurance expense for which the Debtors anticipate no recoverable value.

5. Restricted Cash

- Restricted Cash consists primarily of cash collateralized for insurance policies and trust account agreements with pharmacy benefit managers. The funds related to insurance policies have an estimated recovery of 0-50% of net book value.

6. Property and Equipment, net (PP&E)

- Property and Equipment, net ("PP&E") comprises Land and Buildings, Leasehold

Improvements, Machinery & Equipment ("Equipment"), Furniture and Fixtures ("Furniture"), Computer Software and Equipment ("Software") and Construction in Progress. Recovery ranges for PP&E were based on management's knowledge of the underlying assets and estimates of their ultimate sale values. The estimated recovery ranges for the various components of PP&E are as follows:

- Land and Buildings 25-45%
- Equipment 5-15%
- Furniture 5-10%
- Software 2-4%

- Leasehold Improvements and Construction in Progress are estimated to have no recovery value.

- PP&E consists primarily of a manufacturing facility in Wilson, NC owned by Purdue Pharmaceuticals L.P. The blended recovery for PP&E is 14-27%.

7. Investments at Cost

- Investments at Cost include the Debtors' investments in early stage privately held companies. Primarily due to the estimated high illiquidity discounts, the Debtors assume a recovery rate of 50-75%.

8. Intangible Assets

- Intangible assets include brands, patents, trademarks, know-how and ANDAs for branded and generic products.
  - Intangible assets are held on the Debtors' balance sheets at cost.
  - The liquidation analysis estimates that the liquidation of the ANDAs, patents and other intangibles for the Debtors' generic and branded pharmaceutical products would be at a significant discount to the going concern value of the Debtors' ongoing business operations.
  - Total proceeds are estimated to be $26-$82 million or 689-2160% of net book value

9. Other Assets (Non-Current)

- Other long-term assets consist primarily of prepaid rent and are estimated to have no recoverable value.

- Proceeds from Causes of Action arising under chapter 5 of the Bankruptcy Code ("Avoidance Actions") may be available for distribution to Holders of Administrative Claims, Priority Claims, and General Unsecured Claims in accordance with the priorities established by the Bankruptcy Code. The Debtors, however, believe that recoveries from Avoidance Actions (other than, for the avoidance of doubt, recoveries in respect of Shareholder Claim Rights), if any, would be speculative in nature and have not included any such proceeds in the Liquidation Analysis.

10. Shareholder Settlement

- The Liquidation Analysis assumes that there is no settlement with the shareholders.
- The amount of any hypothetical judgment is unknowable. However, the Debtors believe that

recoveries in respect of Shareholder Claim Rights in the context of a hypothetical chapter 7 liquidation would likely be lower than recoveries under the Shareholder Settlement Agreements for a number of reasons, including:

- The Trustee and its counsel would not be familiar with the extremely complicated and extensive factual record, which could affect the Trustee's ability to prosecute the Shareholder Claim Rights.
- The Shareholder Settlement Agreements allow for the consensual resolution of other complex issues, including collectability.
- In a hypothetical chapter 7 liquidation, the Debtors would be one party of many pursuing claims against the Debtors' shareholders, and the Debtors might not "win the race to the courthouse."

- The Liquidation Analysis assumes that the recoveries in respect of Shareholder Claim Rights are estimated to be $746-$2,238 million and received at PPLP.
  - To estimate midpoint recoveries, the Debtors discounted the total value of contributions, as previously determined in 2021, in settlement of the Shareholder litigation to 12/31/2025 using a discount rate of 9% and estimated recovery rate of 50% under a hypothetical chapter 7 liquidation scenario, exclusive of litigation-related costs and expenses[2].

IV.
SPECIFIC NOTES TO THE LIQUIDATION COST ASSUMPTIONS CONTAINED IN THE LIQUIDATION ANALYSIS

1. Chapter 7 Trustee Fees

- Represents the costs of payment of statutorily allowed reasonable compensation to the Trustee. Estimated Trustee fees are calculated in accordance with section 326 of the Bankruptcy Code as follows: not to exceed 25 percent on the first $5,000 or less, 10 percent on any amount in excess of $5,000 but not in excess of $50,000, 5 percent on any amount in excess of $50,000 but not in excess of $1,000,000, and reasonable compensation not to exceed 3 percent of such moneys in excess of $1,000,000, upon all moneys disbursed or turned over in the case by the trustee to parties in interest, excluding the debtor, but including holders of secured claims. For the purposes of this analysis, Chapter 7 Trustee Fees are assumed to be 2-3% of total liquidation proceeds, excluding recoveries related to cash and cash equivalents available to the Trustee as of the Liquidation Date.

2. Chapter 7 Professional Fees and Claims Resolution Costs

- Pursuant to section 726 of the Bankruptcy Code, the allowed administrative expenses incurred by the Trustee, including fees and expenses incurred in resolving the Debtors' claims register, which currently constitutes over 650,000 claims asserted in a face amount of approximately $41.1 trillion[3], and expenses relating to the sale of the Debtors' assets.
- The Trustee's fees and expenses will be entitled to payment in full prior to any distribution to chapter 11 Administrative Claims and Other Priority Claims.
- The Liquidation Analysis assumes that the Private-Side Resolutions, which among other things were conditioned on confirmation of a plan of reorganization that includes a settlement of

[2] For the avoidance of doubt, the Debtors have applied the same assumptions for any estate litigation as used in 2021.
[3] Exclusive of a single personal injury claim filed in the amount of $100 trillion. Claims filed in amounts certain represent approximately 11% of the claims pool.

Shareholder Claim Rights, are not satisfied.

- As discussed in Section 1.D of the Disclosure Statement, absent the Private-Side Resolutions, litigation among various creditor constituencies could continue for many years and at great expense. The Liquidation Analysis assumes that such litigation takes 5-10 years. Trustee professional fees, including fees incurred in connection with allocation-related litigation and litigation in respect of Shareholder Claim Right, is estimated to be $520-$1,560 million.

3. Transaction cost advisory fees

   - Fees are estimated to be 2-3% of the sales value of the Debtors' PP&E and intangible assets due to the need to hire brokers and/or other specialists to market and liquidate these assets for the Debtors.

4. Wind down costs

   - Wind down costs[4] are based on a percentage of general and administrative (G&A) expenses and are estimated to be 20-25% of annual expenses in year 1 and decreasing percentages in subsequent years.

5. Severance

   - Severance is estimated at two weeks of payroll expense[5].

IV.
SPECIFIC NOTES TO THE CLAIMS ASSUMPTIONS CONTAINED IN THE LIQUIDATION ANALYSIS

The Liquidation Analysis sets forth an allocation of the liquidation proceeds to holders of Claims and Interests in accordance with the priorities set forth in section 726 of the Bankruptcy Code. In preparing the Liquidation Analysis, the Debtors estimated Allowed Claims based upon a review of Claims listed on the Debtors' Schedules, Claims listed in the Debtors' current books and records and Proofs of Claim filed to date. In addition, the Liquidation Analysis includes estimates for certain costs and claims not currently asserted in these Chapter 11 Cases, but which could be asserted and allowed in a chapter 7 liquidation. These costs and claims include those incurred to manage the chapter 7 liquidation (such as trustee and professional fees and operational winddown costs), and additional Administrative Claims.

To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims. For purposes of the Liquidation Analysis, the Debtors' estimates of Allowed Claims are used. Therefore, the Debtors' estimate of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution to be made on account of Allowed Claims and Interests under the Plan.

1. Superpriority Administrative Expense Claims

[4] The Debtors have taken a conservative approach to estimating wind-down costs for purposes of this Liquidation Analysis. Given the complex nature of the Debtors' business operations, actual wind-down costs could be significantly higher.

[5] Under the Debtors' company-wide severance plan, Vice Presidents with less than five years of employment with the Debtors receive six months of severance pay and those with greater than five years of severance receive one year. Employees below Vice President receive either two or three weeks of severance pay for each year they have worked for the Debtors, depending on grade level (with a minimum of eight weeks and a maximum of fifty two weeks of severance pay). This Liquidation Analysis conservatively assumes that the Trustee pays severance to all employees in an amount of two weeks of payroll expenses notwithstanding the Debtors' existing policy. Actual severance costs would be significantly higher than assumed in the Liquidation Analysis to the extent that the Trustee complies with the Company's existing severance plan.

- The Liquidation Analysis assumes that the DOJ Forfeiture Judgment Claim is Allowed against PPLP in the amount of $2 billion and that the DOJ Forfeiture Judgment Credit is unavailable.

2. Administrative Claims

- Administrative Claims arising in a hypothetical chapter 7 liquidation may include, among other things: (1) Claims arising pursuant to section 503(b)(9) of the Bankruptcy Code; (2) postpetition trade payables; (3) accrued postpetition employee obligations; (4) accrued taxes; (5) accrued utility payments; and (6) post-petition intercompany payables.

- This Liquidation Analysis assumes there will be approximately $221 million in Administrative Expense Claims outstanding as of the Liquidation Date, which includes:

    - Post-petition trade payable claims
    - Rejection damage claims resulting from the cancellation of the "RTP Lease" that was previously assumed post-petition by the Debtors
    - Rejection damage claims resulting from the cancellation of the "PPLP lease" that was entered into post-petition by the Debtors
    - Amounts owed under the debtor's Incentive and Retention plans
    - Post-petition accrued expenses

- This Liquidation Analysis concludes that, on a consolidated basis, Administrative Expense Claims will receive a 23% recovery in the mid scenario, while receiving a 3% in the low scenario and a 95% recovery in the high scenario. The variance in recovery is due to the significant variability in liquidation proceeds between the low and high cases.

3. Priority Claims

- The Liquidation Analysis assumes that there are $0.8 million in Priority Employee claims based upon the priority wage cap and the number of total employee claims filed. The priority claims are assumed to receive an equivalent recovery to the assumed administrative claims which ranges from 0-98%.

- The Liquidation Analysis assumes that there are $3.7 million in Priority Tax claims, which consists of accrued Taxes reflected on the balance sheet that are not yet due and payable, or that are being contested in good faith, in accordance with GAAP. The priority claims are assumed to receive an equivalent recovery to the assumed administrative claims, which ranges from 0-100%

4. Class 4 – General Unsecured Claims

- Prepetition accounts payable – The Liquidation Analysis assumes that all undisputed prepetition accounts payable claims will be allowed in full in a Chapter 7 scenario.

- Pension Benefit Guaranty Corporation termination claim – The Liquidation Analysis includes a claim estimate of $42.8 million related to the termination of the Debtors defined benefit pension plan.

- Contract rejection damages – The Liquidation Analysis includes an estimate for rejection damages related to the rejection of the Debtors' prepetition lease at One Stamford Forum.

- Opioid Litigation –The Liquidation Analysis assumes that all opioid-related claims asserted against the Debtors are asserted solely against Debtor PPLP. As discussed herein and in Section 1.D of the Disclosure Statement, a chapter 7 liquidation would likely involve extensive and value-destructive litigation regarding the validity and amount of these claims, and there can be no assurance that any particular claim would ultimately be allowed in a particular amount or at all at the eventual conclusion of such litigation.
- For illustrative purposes only, the Liquidation Analysis shows contingent liability claims in the asserted face amount of approximately $41.1 trillion[6].

[6] Exclusive of a single personal injury claim filed in the amount of $100 trillion. Claims filed in amounts certain represent approximately 11% of the claims pool.

EXHIBIT 1

Hypothetical Liquidation Analysis

Purdue Pharma L.P., et al

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ 1,401.9	100.0%	100.0%	100.0%	$ 1,401.9	$ 1,401.9	$ 1,401.9
Accounts Receivable (Net)	104.6	75.3%	62.7%	50.2%	78.7	65.6	52.5
Inventories, Net	59.7	226.0%	169.5%	113.0%	135.0	101.3	67.5
Prepaid Expenses & Other Current Assets	41.8	4.6%	3.4%	2.3%	1.9	1.4	1.0
Restricted Cash	0.8	50.0%	25.0%	0.0%	0.4	0.2	-
Total Current Assets	$ 1,608.7				$ 1,617.9	$ 1,570.3	$ 1,522.8
Non-Current Assets							
Property and Equipment, net	$ 55.8	26.8%	20.3%	13.8%	$ 14.9	$ 11.3	$ 7.7
Investments at Cost	6.0	75.0%	62.5%	50.0%	4.5	3.8	3.0
Investments in Associated Companies	(25.4)	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	148.8	50.0%	25.0%	0.0%	74.4	37.2	-
Intangible Assets, Net	3.8	2160.2%	1408.6%	688.5%	82.1	53.5	26.2
Other Assets	8.9	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 1,806.7	99.3%	92.8%	86.3%	$ 1,793.8	$ 1,676.2	$ 1,559.7
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 1,793.8	$ 1,676.2	$ 1,559.7
Shareholder litigation					2,238.3	1,492.2	746.1
Total Liquidation Proceeds					$ 4,032.2	$ 3,168.4	$ 2,305.8
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	(52.6)	(44.2)	(27.1)
Chapter 7 Professional Fees					(520.0)	(975.0)	(1,560.0)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	(1.9)	(1.6)	(1.0)
Wind Down Costs					(39.7)	(62.5)	(91.2)
Severance					(3.4)	(3.4)	(3.4)
Total Liquidation Costs					$ (617.6)	$ (1,086.6)	$ (1,682.7)
					-	-	-
Net Liquidation Proceeds Available to Creditors					**$ 3,414.5**	**$ 2,081.7**	**$ 623.1**

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ (2,000.0)	$ 2,000.0	$ 2,000.0	$ 2,000.0	$ 2,000.0	***100.0%***	$ 1,985.5	***99.3%***	$ 572.7	***28.6%***
Administrative Expense Claims	$ (221.3)	$ 225.8	$ 221.3	$ 216.8	214.2	***94.9%***	50.5	***22.8%***	6.4	***3.0%***
Priority Claims	$ (4.5)	$ 4.5	$ 4.5	$ 4.5	4.5	***99.6%***	0.0	***0.7%***	0.0	***0.1%***
LSTC - Prepetition Accounts Payable	(12.2)	12.2	12.2	12.2	3.8	***30.9%***	2.9	***23.5%***	1.2	***10.0%***
PBGC - Termination	(42.8)	42.8	42.8	42.8	42.8	***100.0%***	42.8	***100.0%***	42.8	***100.0%***
Contract Rejection Damages	(40.6)	40.6	40.6	40.6	0.0	***0.0%***	-	***0.0%***	-	***0.0%***
Contingent Litigation Liability	(41,100,000.0)	41,100,000.0	41,100,000.0	41,100,000.0	1,149.3	***0.0%***	-	***0.0%***	-	***0.0%***
General Unsecured Claims	$ (41,100,095.7)	$ 41,100,095.7	$ 41,100,095.7	$ 41,100,095.7	1,195.9	***0.0%***	45.7	***0.0%***	44.0	***0.0%***
Total Claims	**$ (41,102,321.4)**	**$ 41,102,325.9**	**$ 41,102,321.4**	**$ 41,102,316.9**	**$ 3,414.5**	***0.0%***	**$ 2,081.7**	***0.0%***	**$ 623.1**	***0.0%***

Purdue Pharma L.P.

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ 992.7	100.0%	100.0%	100.0%	$ 992.7	$ 992.7	$ 992.7
Accounts Receivable (Net)	30.1	71.1%	59.2%	47.4%	21.4	17.9	14.3
Inventories, Net	6.5	1158.6%	869.0%	579.3%	75.3	56.5	37.7
Prepaid Expenses & Other Current Assets	34.4	4.3%	3.2%	2.1%	1.5	1.1	0.7
Restricted Cash	0.8	50.0%	25.0%	0.0%	0.4	0.2	-
Total Current Assets	$ 1,064.5				$ 1,091.3	$ 1,068.4	$ 1,045.4
Non-Current Assets							
Property and Equipment, net	$ 5.6	4.3%	3.2%	2.1%	$ 0.2	$ 0.2	$ 0.1
Investments at Cost	-	25.0%	12.5%	0.0%	-	-	-
Investments in Associated Companies	463.3	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	148.6	50.0%	25.0%	0.0%	74.3	37.2	-
Intangible Assets, Net	0.3	6895.2%	4596.8%	2298.4%	17.2	11.5	5.7
Other Assets	8.4	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 1,690.7	70.0%	66.1%	62.2%	$ 1,183.1	$ 1,117.2	$ 1,051.3
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 1,183.1	$ 1,117.2	$ 1,051.3
Shareholder litigation					2,238.3	1,492.2	746.1
Total Liquidation Proceeds					$ 3,421.4	$ 2,609.4	$ 1,797.4
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (48.6)	$ (40.4)	$ (24.1)
Chapter 7 Professional Fees					(405.3)	(803.0)	(1,323.7)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	(0.3)	(0.3)	(0.2)
Wind Down Costs					(35.5)	(55.8)	(81.4)
Severance					(2.0)	(2.0)	(2.0)
Total Liquidation Costs					$ (491.7)	$ (901.5)	$ (1,431.4)
Funding of Liquidation Costs for Other Debtor Entities					$ (0.4)	$ (0.7)	$ (2.6)
Excess Proceeds Available from Other Debtor Entities					$ 383.5	$ 278.3	$ 209.4
Net Liquidation Proceeds Available to Creditors					$ 3,312.9	$ 1,985.5	$ 572.7

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ (2,000.0)	$ 2,000.0	$ 2,000.0	$ 2,000.0	$ 2,000.0	*100.0%*	$ 1,985.5	*99.3%*	$ 572.7	*28.6%*
Administrative Expense Claims	$ (159.1)	$ 159.1	$ 159.1	$ 159.1	$ 159.1	*100.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ (4.4)	$ 4.4	$ 4.4	$ 4.4	$ 4.4	*100.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	(5.0)	5.0	5.0	5.0	0.0	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contract Rejection Damages	(40.6)	40.6	40.6	40.6	0.0	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	(41,100,000.0)	41,100,000.0	41,100,000.0	41,100,000.0	1,149.3	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (41,100,088.4)	$ 41,100,088.4	$ 41,100,088.4	$ 41,100,088.4	$ 1,149.3	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Total Claims	**$ (41,102,252.0)**	**$ 41,102,252.0**	**$ 41,102,252.0**	**$ 41,102,252.0**	**$ 3,312.9**	*0.0%*	**$ 1,985.5**	*0.0%*	**$ 572.7**	*0.0%*

Nayatt Cove Lifescience

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ 0.6	100.0%	100.0%	100.0%	$ 0.6	$ 0.6	$ 0.6
Accounts Receivable (Net)	-	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	1.1	6.0%	4.5%	3.0%	0.1	0.0	0.0
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 1.7				$ 0.7	$ 0.6	$ 0.6
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	6.0	75.0%	62.5%	50.0%	4.5	3.8	3.0
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 7.7	67.1%	57.1%	47.1%	$ 5.2	$ 4.4	$ 3.6
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 5.2	$ 4.4	$ 3.6
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 5.2	$ 4.4	$ 3.6
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (0.1)	$ (0.1)	$ (0.1)
Chapter 7 Professional Fees					(0.8)	(1.4)	(2.0)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					-	-	-
Severance					-	-	-
Total Liquidation Costs					$ (0.9)	$ (1.5)	$ (2.1)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ 4.3	$ 3.0	$ 1.5

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	4.3	*10.0%*	3.0	*6.9%*	1.5	*3.6%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (42.8)	$ 42.8	$ 42.8	$ 42.8	$ 4.3	*10.0%*	$ 3.0	*6.9%*	$ 1.5	*3.6%*
Total Claims	**$ (42.8)**	**$ 42.8**	**$ 42.8**	**$ 42.8**	**$ 4.3**	*10.0%*	**$ 3.0**	*6.9%*	**$ 1.5**	*3.6%*

Purdue Pharmaceuticals L.P.

($ in millions)

Assets	Book Value	Estimated Recovery Rate High	Mid	Low	Estimated Recovery Value High	Mid	Low
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	-	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	34.9	0.3%	0.2%	0.2%	0.1	0.1	0.1
Prepaid Expenses & Other Current Assets	2.9	6.0%	4.5%	3.0%	0.2	0.1	0.1
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 37.8				$ 0.3	$ 0.2	$ 0.1
Non-Current Assets							
Property and Equipment, net	$ 49.7	29.4%	22.3%	15.2%	$ 14.6	$ 11.1	$ 7.6
Investments at Cost	-	25.0%	12.5%	0.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	0.1	50.0%	25.0%	0.0%	0.1	0.0	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	0.2	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 87.8	17.1%	12.9%	8.8%	$ 15.0	$ 11.3	$ 7.7
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 15.0	$ 11.3	$ 7.7
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 15.0	$ 11.3	$ 7.7
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (0.3)	$ (0.3)	$ (0.2)
Chapter 7 Professional Fees					(1.7)	(3.5)	(5.8)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	(0.3)	(0.3)	(0.2)
Wind Down Costs					-	-	-
Severance					(0.9)	(0.9)	(0.9)
Total Liquidation Costs					$ (3.2)	$ (4.9)	$ (7.1)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ 11.8	$ 6.4	$ 0.6

Creditor Class		Estimated Claim Allowed High	Mid	Low	Estimated Recovery by Class of Claims ($)/(%) High		Mid		Low	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ (3.0)	$ 3.0	$ 3.0	$ 3.0	$ 3.0	*100.0%*	$ 3.0	*100.0%*	$ 0.6	*19.6%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	(0.6)	0.6	0.6	0.6	0.1	*20.2%*	0.0	*7.9%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	8.7	*20.2%*	3.4	*7.9%*	-	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (43.4)	$ 43.4	$ 43.4	$ 43.4	$ 8.8	*20.2%*	$ 3.4	*7.9%*	$ -	*0.0%*
Total Claims	**$ (46.4)**	**$ 46.4**	**$ 46.4**	**$ 46.4**	**$ 11.8**	*25.4%*	**$ 6.4**	*13.9%*	**$ 0.6**	*1.3%*

Purdue Neuroscience Company

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ 2.8	100.0%	100.0%	100.0%	$ 2.8	$ 2.8	$ 2.8
Accounts Receivable (Net)	0.7	75.0%	62.5%	50.0%	0.5	0.4	0.3
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 3.5				$ 3.3	$ 3.2	$ 3.1
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	25.0%	12.5%	0.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 3.5	95.2%	92.8%	90.4%	$ 3.3	$ 3.2	$ 3.1
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 3.3	$ 3.2	$ 3.1
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 3.3	$ 3.2	$ 3.1
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (0.0)	$ (0.0)	$ (0.0)
Chapter 7 Professional Fees					(0.7)	(1.0)	(1.3)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					(0.0)	(0.0)	(0.0)
Severance					-	-	-
Total Liquidation Costs					$ (0.7)	$ (1.0)	$ (1.3)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ 2.6	$ 2.2	$ 1.9

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	***0.0%***	$ -	***0.0%***	$ -	***0.0%***
Administrative Expense Claims	$ (0.0)	$ 0.0	$ 0.0	$ 0.0	$ 0.0	***100.0%***	$ 0.0	***100.0%***	$ 0.0	***100.0%***
Priority Claims	$ -	$ -	$ -	$ -	$ -	***0.0%***	$ -	***0.0%***	$ -	***0.0%***
LSTC - Prepetition Accounts Payable	-	-	-	-	-	***0.0%***	-	***0.0%***	-	***0.0%***
PBGC - Termination	(42.8)	42.8	42.8	42.8	2.6	***6.1%***	2.2	***5.2%***	1.9	***4.3%***
Contract Rejection Damages	-	-	-	-	-	***0.0%***	-	***0.0%***	-	***0.0%***
Contingent Litigation Liability	-	-	-	-	-	***0.0%***	-	***0.0%***	-	***0.0%***
General Unsecured Claims	$ (42.8)	$ 42.8	$ 42.8	$ 42.8	$ 2.6	***6.1%***	$ 2.2	***5.2%***	$ 1.9	***4.3%***
Total Claims	**$ (42.8)**	**$ 42.8**	**$ 42.8**	**$ 42.8**	**$ 2.6**	***6.1%***	**$ 2.2**	***5.2%***	**$ 1.9**	***4.3%***

Purdue Pharma of Puerto Rico

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	-	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	0.0	6.0%	4.5%	3.0%	0.0	0.0	0.0
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 0.0				$ 0.0	$ 0.0	$ 0.0
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	25.0%	12.5%	0.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 0.0	6.0%	4.5%	3.0%	$ 0.0	$ 0.0	$ 0.0
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 0.0	$ 0.0	$ 0.0
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 0.0	$ 0.0	$ 0.0
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (0.0)	$ (0.0)	$ (0.0)
Chapter 7 Professional Fees					(0.0)	(0.0)	(0.0)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					-	-	-
Severance					-	-	-
Total Liquidation Costs					$ (0.0)	$ (0.0)	$ (0.0)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ 0.0	$ 0.0	$ 0.0

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)		
Creditor Class		**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ - *0.0%*	$ - *0.0%*	$ - *0.0%*
Administrative Expense Claims	$ (0.0)	$ 0.0	$ 0.0	$ 0.0	$ 0.0 *16.5%*	$ 0.0 *9.5%*	$ 0.0 *1.9%*
Priority Claims	$ -	$ -	$ -	$ -	$ - *0.0%*	$ - *0.0%*	$ - *0.0%*
LSTC - Prepetition Accounts Payable	(0.0)	0.0	0.0	0.0	- *0.0%*	- *0.0%*	- *0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	- *0.0%*	- *0.0%*	- *0.0%*
Contract Rejection Damages	-	-	-	-	- *0.0%*	- *0.0%*	- *0.0%*
Contingent Litigation Liability	-	-	-	-	- *0.0%*	- *0.0%*	- *0.0%*
General Unsecured Claims	$ (42.8)	$ 42.8	$ 42.8	$ 42.8	$ - *0.0%*	$ - *0.0%*	$ - *0.0%*
Total Claims	**$ (42.8)**	**$ 42.8**	**$ 42.8**	**$ 42.8**	**$ 0.0** *0.0%*	**$ 0.0** *0.0%*	**$ 0.0** *0.0%*

Purdue Transdermal Technologies L.P.

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	3.8	75.0%	62.5%	50.0%	2.9	2.4	1.9
Inventories, Net	0.8	197.9%	148.4%	98.9%	1.6	1.2	0.8
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 4.6				$ 4.4	$ 3.6	$ 2.7
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	25.0%	12.5%	0.0%	-	-	-
Investments in Associated Companies	(44.7)	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ (40.1)	9.9%	8.2%	6.3%	$ 4.4	$ 3.6	$ 2.7
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 4.4	$ 3.6	$ 2.7
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 4.4	$ 3.6	$ 2.7
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (0.1)	$ (0.1)	$ (0.1)
Chapter 7 Professional Fees					(0.6)	(1.1)	(1.7)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					(0.0)	(0.0)	(0.0)
Severance					-	-	-
Total Liquidation Costs					$ (0.7)	$ (1.2)	$ (1.8)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ 3.7	$ 2.4	$ 0.9

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ (0.2)	$ 0.2	$ 0.2	$ 0.2	$ 0.2	*100.0%*	$ 0.2	*100.0%*	$ 0.2	*100.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	(1.2)	1.2	1.2	1.2	0.1	*8.1%*	0.1	*5.0%*	0.0	*1.7%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	3.5	*8.1%*	2.2	*5.0%*	0.7	*1.7%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (44.0)	$ 44.0	$ 44.0	$ 44.0	$ 3.6	*8.1%*	$ 2.2	*5.0%*	$ 0.7	*1.7%*
Total Claims	**$ (44.1)**	**$ 44.1**	**$ 44.1**	**$ 44.1**	**$ 3.7**	*8.4%*	**$ 2.4**	*5.4%*	**$ 0.9**	*2.0%*

Imbrium Therapeutics L.P.

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	0.3	75.0%	62.5%	50.0%	0.3	0.2	0.2
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	0.5	6.0%	4.5%	3.0%	0.0	0.0	0.0
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 0.8				$ 0.3	$ 0.2	$ 0.2
Non-Current Assets							
Property and Equipment, net	$ 0.5	14.9%	10.0%	5.0%	$ 0.1	$ 0.1	$ 0.0
Investments at Cost	-	25.0%	12.5%	0.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	0.3	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 1.6	22.1%	17.5%	13.0%	$ 0.4	$ 0.3	$ 0.2
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 0.4	$ 0.3	$ 0.2
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 0.4	$ 0.3	$ 0.2
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (0.0)	$ (0.0)	$ (0.0)
Chapter 7 Professional Fees					(0.0)	(0.1)	(0.1)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	(0.0)	(0.0)	(0.0)
Wind Down Costs					(0.4)	(0.6)	(0.9)
Severance					(0.3)	(0.3)	(0.3)
Total Liquidation Costs					$ (0.8)	$ (1.0)	$ (1.4)
Funding Required from Purdue Pharma L.P.					$ 0.4	$ 0.7	$ 1.1
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ -	$ -	$ -

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ (11.6)	$ 11.6	$ 11.6	$ 11.6	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	(0.3)	0.3	0.3	0.3	-	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (43.1)	$ 43.1	$ 43.1	$ 43.1	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Total Claims	**$ (54.7)**	**$ 54.7**	**$ 54.7**	**$ 54.7**	**$ -**	*0.0%*	**$ -**	*0.0%*	**$ -**	*0.0%*

Greenfield Bio Ventures L.P.

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	-	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ -				$ -	$ -	$ -
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	25.0%	12.5%	0.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ -	$ -	$ -
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ -	$ -	$ -
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ -	$ -	$ -
Chapter 7 Professional Fees					-	-	-
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					(0.0)	(0.0)	(0.0)
Severance					-	-	-
Total Liquidation Costs					$ (0.0)	$ (0.0)	$ (0.0)
Funding Required from Purdue Pharma L.P.					$ 0.0	$ 0.0	$ 0.0
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ -	$ -	$ -

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (42.8)	$ 42.8	$ 42.8	$ 42.8	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Total Claims	**$ (42.8)**	**$ 42.8**	**$ 42.8**	**$ 42.8**	**$ -**	*0.0%*	**$ -**	*0.0%*	**$ -**	*0.0%*

Adlon Therapeutics L.P.

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	(0.4)	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ (0.4)				$ -	$ -	$ -
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	25.0%	12.5%	0.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	N/A	N/A	N/A	4.1	1.6	0.2
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ (0.4)	91.6%	80.3%	31.5%	$ 4.1	$ 1.6	$ 0.2
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 4.1	$ 1.6	$ 0.2
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 4.1	$ 1.6	$ 0.2
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (0.1)	$ (0.0)	$ (0.0)
Chapter 7 Professional Fees					(0.0)	(0.5)	(1.6)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	(0.1)	(0.0)	(0.0)
Wind Down Costs					(0.0)	(0.0)	(0.1)
Severance					-	-	-
Total Liquidation Costs					$ (0.2)	$ (0.6)	$ (1.7)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ 1.5
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ 3.9	$ 1.0	$ -

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ (0.0)	$ 0.0	$ 0.0	$ 0.0	$ 0.0	*100.0%*	$ 0.0	*100.0%*	$ -	*0.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	(0.5)	0.5	0.5	0.5	0.0	*9.0%*	0.0	*2.2%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	3.8	*9.0%*	0.9	*2.2%*	-	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (43.3)	$ 43.3	$ 43.3	$ 43.3	$ 3.9	*9.0%*	$ 1.0	*2.2%*	$ -	*0.0%*
Total Claims	**$ (43.3)**	**$ 43.3**	**$ 43.3**	**$ 43.3**	**$ 3.9**	*9.0%*	**$ 1.0**	*2.2%*	**$ -**	*0.0%*

Purdue Pharma Inc.

($ in millions)

Assets	Book Value	Estimated Recovery Rate High	Mid	Low	Estimated Recovery Value High	Mid	Low
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	0.8	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	0.5	6.0%	4.5%	3.0%	0.0	0.0	0.0
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 1.3				$ 0.0	$ 0.0	$ 0.0
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	25.0%	12.5%	0.0%	-	-	-
Investments in Associated Companies	(25.4)	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ (24.1)	0.1%	0.1%	0.1%	$ 0.0	$ 0.0	$ 0.0
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 0.0	$ 0.0	$ 0.0
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 0.0	$ 0.0	$ 0.0
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (0.0)	$ (0.0)	$ (0.0)
Chapter 7 Professional Fees					(0.0)	(0.0)	(0.0)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					-	-	-
Severance					-	-	-
Total Liquidation Costs					$ (0.0)	$ (0.0)	$ (0.0)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ 0.0	$ 0.0	$ 0.0

Creditor Class		Estimated Claim Allowed High	Mid	Low	Estimated Recovery by Class of Claims ($)/(%) High		Mid		Low	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ (0.0)	$ 0.0	$ 0.0	$ 0.0	$ 0.0	*87.6%*	$ 0.0	*50.6%*	$ 0.0	*9.9%*
LSTC - Prepetition Accounts Payable	(0.2)	0.2	0.2	0.2	-	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (43.0)	$ 43.0	$ 43.0	$ 43.0	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Total Claims	**$ (43.0)**	**$ 43.0**	**$ 43.0**	**$ 43.0**	**$ 0.0**	*0.1%*	**$ 0.0**	*0.0%*	**$ 0.0**	*0.0%*

Purdue Pharmaceutical Products L.P.

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	0.1	75.0%	62.5%	50.0%	0.1	0.0	0.0
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 0.1				$ 0.1	$ 0.0	$ 0.0
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	25.0%	12.5%	0.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 0.1	75.0%	62.5%	50.0%	$ 0.1	$ 0.0	$ 0.0
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 0.1	$ 0.0	$ 0.0
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 0.1	$ 0.0	$ 0.0
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (0.0)	$ (0.0)	$ (0.0)
Chapter 7 Professional Fees					(0.0)	(0.0)	(0.0)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					(0.0)	(0.0)	(0.0)
Severance					-	-	-
Total Liquidation Costs					$ (0.0)	$ (0.0)	$ (0.0)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ 0.0	$ 0.0	$ 0.0

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ (0.0)	$ 0.0	$ 0.0	$ 0.0	$ 0.0	*100.0%*	$ 0.0	*100.0%*	$ 0.0	*76.1%*
Priority Claims	$ (0.0)	$ 0.0	$ 0.0	$ 0.0	$ 0.0	*100.0%*	$ 0.0	*100.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	(0.0)	0.0	0.0	0.0	0.0	*0.0%*	0.0	*0.0%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	0.0	*0.0%*	0.0	*0.0%*	-	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (42.8)	$ 42.8	$ 42.8	$ 42.8	$ 0.0	*0.0%*	$ 0.0	*0.0%*	$ -	*0.0%*
Total Claims	**$ (42.8)**	**$ 42.8**	**$ 42.8**	**$ 42.8**	**$ 0.0**	*0.1%*	**$ 0.0**	*0.0%*	**$ 0.0**	*0.0%*

Purdue Pharma Manufacturing L.P.

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	-	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	0.0	6.0%	4.5%	3.0%	0.0	0.0	0.0
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 0.0				$ 0.0	$ 0.0	$ 0.0
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	25.0%	12.5%	0.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 0.0	6.0%	4.5%	3.0%	$ 0.0	$ 0.0	$ 0.0
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 0.0	$ 0.0	$ 0.0
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 0.0	$ 0.0	$ 0.0
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (0.0)	$ (0.0)	$ (0.0)
Chapter 7 Professional Fees					(0.0)	(0.0)	(0.0)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					-	-	-
Severance					-	-	-
Total Liquidation Costs					$ (0.0)	$ (0.0)	$ (0.0)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ 0.0	$ 0.0	$ 0.0

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)		
Creditor Class		**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ - *0.0%*	$ - *0.0%*	$ - *0.0%*
Administrative Expense Claims	$ (0.0)	$ 0.0	$ 0.0	$ 0.0	$ 0.0 *83.0%*	$ 0.0 *47.9%*	$ 0.0 *9.4%*
Priority Claims	$ (0.0)	$ 0.0	$ 0.0	$ 0.0	$ - *0.0%*	$ - *0.0%*	$ - *0.0%*
LSTC - Prepetition Accounts Payable	(0.7)	0.7	0.7	0.7	- *0.0%*	- *0.0%*	- *0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	- *0.0%*	- *0.0%*	- *0.0%*
Contract Rejection Damages	-	-	-	-	- *0.0%*	- *0.0%*	- *0.0%*
Contingent Litigation Liability	-	-	-	-	- *0.0%*	- *0.0%*	- *0.0%*
General Unsecured Claims	$ (43.5)	$ 43.5	$ 43.5	$ 43.5	$ - *0.0%*	$ - *0.0%*	$ - *0.0%*
Total Claims	**$ (43.5)**	**$ 43.5**	**$ 43.5**	**$ 43.5**	**$ 0.0** *0.0%*	**$ 0.0** *0.0%*	**$ 0.0** *0.0%*

Seven Seas Hill Corp.

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	-	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ -				$ -	$ -	$ -
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	0.0%	0.0%	0.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ -	$ -	$ -
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ -	$ -	$ -
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ -	$ -	$ -
Chapter 7 Professional Fees					-	-	-
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					-	-	-
Severance					-	-	-
Total Liquidation Costs					$ -	$ -	$ -
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ -	$ -	$ -

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Total Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*

Ophir Green Corp.

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	-	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ -				$ -	$ -	$ -
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	0.0%	0.0%	0.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ -	$ -	$ -
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ -	$ -	$ -
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ -	$ -	$ -
Chapter 7 Professional Fees					-	-	-
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					-	-	-
Severance					-	-	-
Total Liquidation Costs					$ -	$ -	$ -
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ -	$ -	$ -

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Total Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*

Purdue Products L.P. (formerly Avrio Health L.P)*

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ 405.7	100.0%	100.0%	100.0%	$ 405.7	$ 405.7	$ 405.7
Accounts Receivable (Net)	-	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 405.7				$ 405.7	$ 405.7	$ 405.7
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	75.0%	62.5%	50.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 405.7	100.0%	100.0%	100.0%	$ 405.7	$ 405.7	$ 405.7
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 405.7	$ 405.7	$ 405.7
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 405.7	$ 405.7	$ 405.7
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ -	$ -	$ -
Chapter 7 Professional Fees					(91.5)	(124.9)	(157.0)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					(0.0)	(0.0)	(0.0)
Severance					-	-	-
Total Liquidation Costs					$ (91.5)	$ (124.9)	$ (157.0)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ 313.0	$ 278.3	$ 209.4
Net Liquidation Proceeds Available to Creditors					$ 314.2	$ 280.9	$ 248.8

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	***0.0%***	$ -	***0.0%***	$ -	***0.0%***
Administrative Expense Claims	$ -	$ -	$ -	$ -	$ -	***0.0%***	$ -	***0.0%***	$ -	***0.0%***
Priority Claims	$ -	$ -	$ -	$ -	$ -	***0.0%***	$ -	***0.0%***	$ -	***0.0%***
LSTC - Prepetition Accounts Payable	(1.2)	1.2	1.2	1.2	1.2	***100.0%***	1.2	***100.0%***	1.2	***100.0%***
PBGC - Termination	(42.8)	42.8	42.8	42.8	-	***0.0%***	1.4	***3.2%***	38.2	***89.1%***
Contract Rejection Damages	-	-	-	-	-	***0.0%***	-	***0.0%***	-	***0.0%***
Contingent Litigation Liability	-	-	-	-	-	***0.0%***	-	***0.0%***	-	***0.0%***
General Unsecured Claims	$ (44.0)	$ 44.0	$ 44.0	$ 44.0	$ 1.2	***2.7%***	$ 2.6	***5.8%***	$ 39.4	***89.4%***
Total Claims	**$ (44.0)**	**$ 44.0**	**$ 44.0**	**$ 44.0**	**$ 1.2**	***2.7%***	**$ 2.6**	***5.8%***	**$ 39.4**	***89.4%***

*Pursuant to the bankruptcy court's order dated June 5, 2023, the partnership name of Avrio Health L.P. was changed to Purdue Products L.P. effective as of the closing of the sale of substantially all of the assets of Avrio Health L.P. on June 1, 2023.

UDF LP

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	0.6	13.7%	11.4%	9.1%	0.1	0.1	0.1
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 0.6				$ 0.1	$ 0.1	$ 0.1
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	75.0%	62.5%	50.0%	-	-	-
Investments in Associated Companies	2.6	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 3.2	2.5%	2.0%	1.6%	$ 0.1	$ 0.1	$ 0.1
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 0.1	$ 0.1	$ 0.1
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 0.1	$ 0.1	$ 0.1
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (0.0)	$ (0.0)	$ (0.0)
Chapter 7 Professional Fees					(0.0)	(0.0)	(0.0)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					-	-	-
Severance					-	-	-
Total Liquidation Costs					$ (0.0)	$ (0.0)	$ (0.0)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ 0.1	$ 0.0	$ 0.0

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	0.1	*0.2%*	0.0	*0.1%*	0.0	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (42.8)	$ 42.8	$ 42.8	$ 42.8	$ 0.1	*0.2%*	$ 0.0	*0.1%*	$ 0.0	*0.0%*
Total Claims	**$ (42.8)**	**$ 42.8**	**$ 42.8**	**$ 42.8**	**$ 0.1**	*0.2%*	**$ 0.0**	*0.1%*	**$ 0.0**	*0.0%*

Rhodes Associates L.P.

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	13.8	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 13.8				$ -	$ -	$ -
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	75.0%	62.5%	50.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 13.8	0.0%	0.0%	0.0%	$ -	$ -	$ -
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ -	$ -	$ -
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ -	$ -	$ -
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ -	$ -	$ -
Chapter 7 Professional Fees					-	-	-
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					-	-	-
Severance					-	-	-
Total Liquidation Costs					$ -	$ -	$ -
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ -	$ -	$ -

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (42.8)	$ 42.8	$ 42.8	$ 42.8	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Total Claims	**$ (42.8)**	**$ 42.8**	**$ 42.8**	**$ 42.8**	**$ -**	*0.0%*	**$ -**	*0.0%*	**$ -**	*0.0%*

Rhodes Pharmaceuticals LP

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	68.6	75.0%	62.5%	50.0%	51.5	42.9	34.3
Inventories, Net	17.6	330.5%	247.9%	165.2%	58.0	43.5	29.0
Prepaid Expenses & Other Current Assets	2.4	6.0%	4.5%	3.0%	0.1	0.1	0.1
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 88.6				$ 109.7	$ 86.5	$ 63.4
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	75.0%	62.5%	50.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	5.4	1128.7%	752.5%	376.2%	60.7	40.5	20.2
Other Assets	0.0	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 94.0	181.3%	135.2%	89.0%	$ 170.4	$ 127.0	$ 83.6
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 170.4	$ 127.0	$ 83.6
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 170.4	$ 127.0	$ 83.6
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (3.4)	$ (3.2)	$ (2.5)
Chapter 7 Professional Fees					(18.9)	(39.1)	(65.9)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	(1.2)	(1.0)	(0.6)
Wind Down Costs					(3.8)	(6.0)	(8.7)
Severance					(0.2)	(0.2)	(0.2)
Total Liquidation Costs					$ (27.5)	$ (49.5)	$ (78.0)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ 70.5	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ 142.9	$ 77.5	$ 5.7

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	***0.0%***	$ -	***0.0%***	$ -	***0.0%***
Administrative Expense Claims	$ (47.4)	$ 51.9	$ 47.4	$ 42.9	$ 51.9	***100.0%***	$ 47.4	***100.0%***	$ 5.7	***13.2%***
Priority Claims	$ -	$ -	$ -	$ -	$ -	***0.0%***	$ -	***0.0%***	$ -	***0.0%***
LSTC - Prepetition Accounts Payable	(2.3)	2.3	2.3	2.3	2.3	***100.0%***	1.5	***66.9%***	-	***0.0%***
PBGC - Termination	(42.8)	42.8	42.8	42.8	18.2	***42.5%***	28.6	***66.9%***	-	***0.0%***
Contract Rejection Damages *(Not Applicable)*	-	-	-	-	-	***0.0%***	-	***0.0%***	-	***0.0%***
Contingent Litigation Liability	-	-	-	-	-	***0.0%***	-	***0.0%***	-	***0.0%***
General Unsecured Claims	$ (45.1)	$ 45.1	$ 45.1	$ 45.1	$ 20.5	***45.5%***	$ 30.2	***66.9%***	$ -	***0.0%***
Total Claims	**$ (92.5)**	**$ 97.0**	**$ 92.5**	**$ 88.0**	**$ 72.4**	***74.6%***	**$ 77.5**	***83.8%***	**$ 5.7**	***6.4%***

Button Land L.P.

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	(0.0)	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ (0.0)				$ -	$ -	$ -
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	75.0%	62.5%	50.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ (0.0)	0.0%	0.0%	0.0%	$ -	$ -	$ -
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ -	$ -	$ -
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ -	$ -	$ -
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ -	$ -	$ -
Chapter 7 Professional Fees					-	-	-
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					-	-	-
Severance					-	-	-
Total Liquidation Costs					$ -	$ -	$ -
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ -	$ -	$ -

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (42.8)	$ 42.8	$ 42.8	$ 42.8	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Total Claims	**$ (42.8)**	**$ 42.8**	**$ 42.8**	**$ 42.8**	**$ -**	*0.0%*	**$ -**	*0.0%*	**$ -**	*0.0%*

Quidnick Land L.P.

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	(0.0)	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ (0.0)				$ -	$ -	$ -
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	75.0%	62.5%	50.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ (0.0)	0.0%	0.0%	0.0%	$ -	$ -	$ -
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ -	$ -	$ -
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ -	$ -	$ -
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ -	$ -	$ -
Chapter 7 Professional Fees					-	-	-
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					-	-	-
Severance					-	-	-
Total Liquidation Costs					$ -	$ -	$ -
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ -	$ -	$ -

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (42.8)	$ 42.8	$ 42.8	$ 42.8	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Total Claims	**$ (42.8)**	**$ 42.8**	**$ 42.8**	**$ 42.8**	**$ -**	*0.0%*	**$ -**	*0.0%*	**$ -**	*0.0%*

Paul Land Inc.

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	0.1	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 0.1				$ -	$ -	$ -
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	75.0%	62.5%	50.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 0.1	0.0%	0.0%	0.0%	$ -	$ -	$ -
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ -	$ -	$ -
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ -	$ -	$ -
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ -	$ -	$ -
Chapter 7 Professional Fees					-	-	-
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					-	-	-
Severance					-	-	-
Total Liquidation Costs					$ -	$ -	$ -
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ -	$ -	$ -

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)					
Creditor Class		**High**	**Mid**	**Low**	**High**		**Mid**		**Low**	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (42.8)	$ 42.8	$ 42.8	$ 42.8	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Total Claims	**$ (42.8)**	**$ 42.8**	**$ 42.8**	**$ 42.8**	**$ -**	*0.0%*	**$ -**	*0.0%*	**$ -**	*0.0%*

Rhodes Technologies

($ in millions)		Estimated Recovery Rate			Estimated Recovery Value		
Assets	**Book Value**	**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	4.2	49.3%	41.1%	32.9%	2.0	1.7	1.4
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 4.2				$ 2.0	$ 1.7	$ 1.4
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	75.0%	62.5%	50.0%	-	-	-
Investments in Associated Companies	2.4	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 6.6	31.2%	26.0%	20.8%	$ 2.0	$ 1.7	$ 1.4
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 2.0	$ 1.7	$ 1.4
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 2.0	$ 1.7	$ 1.4
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (0.0)	$ (0.0)	$ (0.0)
Chapter 7 Professional Fees					(0.3)	(0.5)	(0.8)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					(0.0)	(0.0)	(0.0)
Severance					-	-	-
Total Liquidation Costs					$ (0.4)	$ (0.6)	$ (0.8)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ 1.7	$ 1.1	$ 0.5

		Estimated Claim Allowed			Estimated Recovery by Class of Claims ($)/(%)		
Creditor Class		**High**	**Mid**	**Low**	**High**	**Mid**	**Low**
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ - *0.0%*	$ - *0.0%*	$ - *0.0%*
Administrative Expense Claims	$ -	$ -	$ -	$ -	$ - *0.0%*	$ - *0.0%*	$ - *0.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ - *0.0%*	$ - *0.0%*	$ - *0.0%*
LSTC - Prepetition Accounts Payable	(0.3)	0.3	0.3	0.3	0.0 *3.9%*	0.0 *2.6%*	0.0 *1.2%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	1.7 *3.9%*	1.1 *2.6%*	0.5 *1.2%*
Contract Rejection Damages	-	-	-	-	- *0.0%*	- *0.0%*	- *0.0%*
Contingent Litigation Liability	-	-	-	-	- *0.0%*	- *0.0%*	- *0.0%*
General Unsecured Claims	$ (43.1)	$ 43.1	$ 43.1	$ 43.1	$ 1.7 *3.9%*	$ 1.1 *2.6%*	$ 0.5 *1.2%*
Total Claims	**$ (43.1)**	**$ 43.1**	**$ 43.1**	**$ 43.1**	**$ 1.7** *3.9%*	**$ 1.1** *2.6%*	**$ 0.5** *1.2%*

SVC Pharma Inc.

($ in millions)

Assets	Book Value	Estimated Recovery Rate High	Mid	Low	Estimated Recovery Value High	Mid	Low
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	0.0	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	0.1	6.0%	4.5%	3.0%	0.0	0.0	0.0
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ 0.1				$ 0.0	$ 0.0	$ 0.0
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	75.0%	62.5%	50.0%	-	-	-
Investments in Associated Companies	0.0	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ 0.1	3.6%	2.7%	1.8%	$ 0.0	$ 0.0	$ 0.0
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ 0.0	$ 0.0	$ 0.0
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ 0.0	$ 0.0	$ 0.0
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ (0.0)	$ (0.0)	$ (0.0)
Chapter 7 Professional Fees					(0.0)	(0.0)	(0.0)
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					-	-	-
Severance					-	-	-
Total Liquidation Costs					$ (0.0)	$ (0.0)	$ (0.0)
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ 0.0	$ 0.0	$ 0.0

Creditor Class	Estimated Claim Allowed High	Mid	Low	Estimated Recovery by Class of Claims ($)/(%) High		Mid		Low	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	0.0 *0.0%*	0.0	*0.0%*	0.0	*0.0%*
Contract Rejection Damages	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (42.8)	$ 42.8	$ 42.8	$ 42.8	$ 0.0 *0.0%*	$ 0.0	*0.0%*	$ 0.0	*0.0%*
Total Claims	**$ (42.8)**	**$ 42.8**	**$ 42.8**	**$ 42.8**	**$ 0.0** *0.0%*	**$ 0.0**	*0.0%*	**$ 0.0**	*0.0%*

SVC Pharma L.P.

($ in millions)

Assets	Book Value	Estimated Recovery Rate High	Mid	Low	Estimated Recovery Value High	Mid	Low
Current Assets							
Cash and Cash Equivalents (Net)	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Accounts Receivable (Net)	(0.5)	0.0%	0.0%	0.0%	-	-	-
Inventories, Net	-	0.0%	0.0%	0.0%	-	-	-
Prepaid Expenses & Other Current Assets	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash	-	0.0%	0.0%	0.0%	-	-	-
Total Current Assets	$ (0.5)				$ -	$ -	$ -
Non-Current Assets							
Property and Equipment, net	$ -	0.0%	0.0%	0.0%	$ -	$ -	$ -
Investments at Cost	-	75.0%	62.5%	50.0%	-	-	-
Investments in Associated Companies	-	0.0%	0.0%	0.0%	-	-	-
Restricted Cash - Long-Term	-	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	-	0.0%	0.0%	0.0%	-	-	-
Other Assets	-	0.0%	0.0%	0.0%	-	-	-
Total Assets	$ (0.5)	0.0%	0.0%	0.0%	$ -	$ -	$ -
Liquidation Proceeds							
Liquidation Proceeds from Assets					$ -	$ -	$ -
Shareholder litigation					-	-	-
Total Liquidation Proceeds					$ -	$ -	$ -
Liquidation Costs							
Chapter 7 Trustee Fees		-2.0%	-2.5%	-3.0%	$ -	$ -	$ -
Chapter 7 Professional Fees					-	-	-
Transaction Costs/Advisory Fees		-2.0%	-2.5%	-3.0%	-	-	-
Wind Down Costs					-	-	-
Severance					-	-	-
Total Liquidation Costs					$ -	$ -	$ -
Funding Required from Purdue Pharma L.P.					$ -	$ -	$ -
Excess Proceeds Available to Purdue Pharma L.P.					$ -	$ -	$ -
Net Liquidation Proceeds Available to Creditors					$ -	$ -	$ -

Creditor Class		Estimated Claim Allowed High	Mid	Low	Estimated Recovery by Class of Claims ($)/(%) High		Mid		Low	
DOJ - Criminal Forfeiture	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Administrative Expense Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Priority Claims	$ -	$ -	$ -	$ -	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
LSTC - Prepetition Accounts Payable	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
PBGC - Termination	(42.8)	42.8	42.8	42.8	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contract Rejection Damages	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
Contingent Litigation Liability	-	-	-	-	-	*0.0%*	-	*0.0%*	-	*0.0%*
General Unsecured Claims	$ (42.8)	$ 42.8	$ 42.8	$ 42.8	$ -	*0.0%*	$ -	*0.0%*	$ -	*0.0%*
Total Claims	**$ (42.8)**	**$ 42.8**	**$ 42.8**	**$ 42.8**	**$ -**	*0.0%*	**$ -**	*0.0%*	**$ -**	*0.0%*

Appendix D

Financial Projections

Financial Projections

In connection with the Disclosure Statement,[1] the Debtors' management team ("Management") prepared financial projections ("Financial Projections") for NewCo for fiscal years 2025 through 2026 (the "Projection Period"). The Financial Projections were prepared by Management and are based on a number of assumptions made by Management with respect to the future performance of NewCo's business. **Although Management has prepared the Financial Projections in good faith and believes the assumptions to be reasonable, there can be no assurance that such assumptions will be realized. As described in detail in the Disclosure Statement, a variety of risk factors could affect NewCo's financial results and must be considered. Accordingly, the Financial Projections should be reviewed in conjunction with a review of the risk factors set forth in the Disclosure Statement and the assumptions described herein, including all relevant qualifications and footnotes.**

The Debtors believe that the Plan meets the feasibility requirements set forth in section 1129(a)(11) of the Bankruptcy Code, as confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successor under the Plan. In connection with the planning and development of a plan of reorganization and for the purposes of determining whether such plan would satisfy this feasibility standard, the Debtors analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources.

These Financial Projections were not prepared with a view toward compliance with published guidelines of the United States Securities and Exchange Commission or guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. An independent auditor has not examined, compiled or performed any procedures with respect to the prospective financial information contained in this Exhibit and, accordingly, it does not express an opinion or any other form of assurance on such information or its achievability. Debtors' independent auditor assumes no responsibility for, and denies any association with, the prospective financial information.

Principal Assumptions for the Financial Projections

The Financial Projections are based on, and assume the successful implementation of, the Debtors' current business plan ("Business Plan"). Both the Business Plan and the Financial Projections reflect numerous assumptions, including various assumptions regarding the anticipated future performance of NewCo, industry performance, general business and economic conditions, and other matters, many of which are beyond the control of the Debtors. These projections assume that the Company continues to operate its business in the ordinary course and do not forecast for any potential future operating asset sales.

Therefore, although the Financial Projections are necessarily presented with numerical specificity, the actual results achieved during the Projection Period will likely vary from the projected results. These variations may be material. Accordingly, no definitive representation can be or is being made with respect to the accuracy of the Financial Projections or the ability of NewCo to achieve the projected results of operations. See "Risk Factors."

In deciding whether to vote to accept or reject the Plan, creditors must make their own determinations as to the reasonableness of such assumptions and the reliability of the Financial Projections. See "Risk Factors."

Moreover, the Financial Projections were prepared solely in connection with the restructuring pursuant to the Plan.

Under Accounting Standards Codification "ASC" 852, "Reorganizations" ("ASC 852"), the Debtors note that the Financial Projections reflect the operational emergence from chapter 11 but not the impact of fresh start accounting that will likely be required upon emergence. Fresh start accounting requires all assets, liabilities, and equity instruments to be valued at "fair value." The Financial Projections account for the reorganization and related transactions pursuant to the Plan. While the Debtors expect that NewCo will be required to implement fresh start accounting upon emergence, they have not yet completed the work required to quantify the impact to the Financial Projections. When NewCo fully implements fresh start accounting, differences are anticipated and such differences could be material.

Safe Harbor Under The Private Securities Litigation Reform Act of 1995

The Financial Projections contain statements which constitute "forward-looking statements" within the meaning of the Securities Act of 1933, as amended (the "Securities Act") and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995 (the "Exchange Act"). Forward-looking statements in the Financial Projections include the intent, belief, or current expectations of the Debtors and members of its management team with respect to the Business Plan and NewCo's future liquidity, as well as the assumptions upon which such statements are based.

While the Debtors believe that the expectations are based on reasonable assumptions within the bounds of their knowledge of their business and operations, parties in interest are cautioned that any such forward-looking statements are not guarantees of future performance, and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

Select Risk Factors Related to the Financial Projections

The Financial Projections are subject to inherent risks and uncertainties, most of which are difficult to predict and many of which are beyond Management's control. Many factors could cause actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. A description of the risk factors associated with the Plan, the Disclosure Statement, and the Financial Projections is included in Article VIII.B of the Disclosure Statement.

Financial Projections General Assumptions

Basis of presentation (non-GAAP)

- The consolidated financial statements include NewCo and its subsidiaries, as successors to the operating businesses of Purdue Pharma L.P. and its Debtor subsidiaries. All significant intercompany transactions and accounts have been eliminated.

- The Debtors' liabilities subject to compromise account balance consists of $6,500 million of opioid litigation contingency accrual (expected to be paid by the Company's shareholders) and approximately $13 million of pre-petition trade liabilities. Upon emergence, the Debtors' forecasts reclassify the liability associated with the cash settlement that is expected to be paid by the Company's pre-petition shareholders (and therefore not part of Debtors cash projections) to equity as a capital contribution based on the settlement agreement with the pre-petition shareholders. The pre-petition trade liabilities are assumed to be settled in cash. Other balance sheet projections do not include adjustments for fresh start accounting; projections are non-GAAP and not created in accordance with American Institute of Certified Public Accountants Statement of Position 90-7.

- The calculation of the cash Distributions to Claimants from the Estate at emergence is calculated as cash in excess of $135 million after other required effective date payments are funded (refer to "Allocation of Estate Distributable Value under the Plan" below). Up to 5% of the NewCo Distributable Cash, which shall not exceed $5 million per annum, will be distributed annually to the Foundation, which the Foundation may utilize to make grants for evidence-based strategies to abate the opioid crisis. NewCo shall allocate any remaining NewCo Distributable Cash not distributed to the Foundation to the Governmental Remediation Trust and the Tribes Trust. Because the exact distributions to the Foundation, the Governmental Remediation Trust and the Tribes Trust will be determined by NewCo's board, for illustrative purposes these financial forecasts do not show any distributions by NewCo in 2026.

Allocation of Estate Distributable Value under the Plan

- Pursuant to Section 5.14(a) of the Plan, the Debtors' Effective Date Cash will be used to (i) fund the Professional Fee Escrow Account, the PAT Reserves and PAT Distribution Accounts to pay Professional Fee Claims and operating expenses of the Plan Administration Trust and to make distributions to Holders of Allowed Claims that will be administered by the Plan Administration Trust, (ii) fund the MDT Operating Reserve to pay operating expenses of the Master Disbursement Trust, (iii) contribute the Initial NewCo Cash to NewCo in the amount of $135 million, (iv) make the Initial Tribe Trust Distribution, distribution to Public School Trust, and the Initial Private Creditor Trust Distributions on account of ER Physician Claims, Tribe Claims, Hospital Claims, Third-Party Payor Claims and PI Claims and (v) pay the other required amounts pursuant to the Plan.

- Pursuant to Section 5.14(b) of the Plan, all Effective Date Cash remaining after the satisfaction of the amounts described above will be used to make the Initial Governmental Remediation Trust ("GRT") Distribution, which is currently estimated to be $821 million.

- On or as soon as practicable after the Effective Date, the NewCo Transferred Assets, consisting of the Initial NewCo Cash and all of the operating assets of the Debtors (including all non-cash assets of the Debtors other than the Excluded Assets), will be transferred directly or indirectly to NewCo or one or more of its subsidiaries.

- On the Effective Date, the Master Disbursement Trust will receive the MDT Transferred Assets (consisting of the MDT Operating Reserve, Shareholder Claim Rights, including the rights to receive payments due under the Shareholder Settlement Agreements, the MDT Insurance Rights and the MDT Causes of Action).

- The Master Disbursement Trust will use available cash to fund operating expenditures of the Master Disbursement Trust (including the payment of fees for certain third-party services and the compensation of the MDT Trustees and the MDT Advisory Council Representatives) and to make distributions to the Private Creditor Trusts on each MDT Distribution Date in accordance with the terms outlined in Section 5.2(e) of the Plan. MDT excess cash will ultimately be distributed to GRT and the Tribe Trust.

- Amounts paid in respect of the Shareholder Settlement Agreements are forecasted based on the terms set forth in the Plan and Disclosure Statement.

- The timing of any recoveries in respect of MDT Insurance Rights is currently uncertain and such recoveries have not been included in the forecast for conservatism.

- Distributions to each Creditor Trust will be used to make Distributions on account of Claims channeled to such Creditor Trust in accordance with the Plan, in addition to paying certain attorneys' fees and costs and funding operating expenditures of such Creditor Trust.

Below is a brief description of selected forecasted financial statement items for the NewCo operating assets:

Non-GAAP P&L

- Net Sales
    - NewCo will continue to operate the business under four main segments:
        1. Branded Opioids: Prescription opioids, including OxyContin, Hysingla, and Butrans
        2. Rhodes Pharmaceuticals (the "Generic Business"): Primarily generic solid oral-dose opioids, transdermal prescription medications, ADHD prescription medications and other prescription medications
        3. Pipeline Assets: Early-stage non-opioid assets that require investment to reach commercialization or potential inflection point (for next decisions around further investment or monetization) but present upside if successfully developed; range of therapeutic areas from oncology to non-opioid pain; and
        4. Public Health Initiative: Four life savings medicines (OTC Naloxone nasal spray (RiVive™), buprenorphine/naloxone (generic Suboxone® tablets), the Nalmefene Vial and Zurnai™ (Nalmefene Auto-Injector)) have been approved by the FDA during the pendency of the bankruptcy and are expected to help address and abate the ongoing opioid epidemic. Given the Debtors' commitment to provide these medications for free or at or below cost, future net sales for these products, which are forecasted to be relatively minimal, are excluded from these Financial Projections.
    - In determining net sales for Branded Opioids, the Debtors first forecast gross sales based upon a combination of historical sales, demand trends, industry growth/decline, competitive landscape and market share assumptions. Management then forecasts the appropriate gross to net adjustments, such as expected returns, wholesaler fees and rebates, amongst other adjustments, to determine the appropriate net sales forecast for each product. As noted above, these Financial Projections reflect the Debtors' current business plan and, upon emergence, they are subject to the decisions to be made by the NewCo Managers.
    - The Branded Opioids segment forecasts net sales to continue to decline in line with the overall market decline in opioid prescriptions, with some adjustments due to changes in market share from year to year.
    - Rhodes Pharmaceuticals' net sales are forecasted to decline slightly during the projection period as certain of the Debtors' products face increasing competition during the 2025-2026 timeframe.
- Cost of Sales
    - Cost of sales forecasts for each product include the cost of goods sold, royalty expense and shipping and warehousing costs. The forecasts for each of the products are consistent with the Debtors' historical margins. Over time the Debtors' consolidated margins are expected to shift with its underlying product mix.

- General and Administrative
    - General and administrative expenses primarily consist of salaries and benefits and related overhead costs for functions such as the finance, legal and human resources, amongst others.
- Legal Fees – Ordinary Course
    - Ordinary course legal fees are primarily related to outside legal fees for general corporate, patent defense/prosecution, employment, regulatory and insurance.
- Research and Development
    - Research and development expenses primarily include expenses for salaries and benefits, the development of a low dose version of Nalmefene and investment in the for-profit pipeline.
- Milestones
    - Milestone expenses are either (i) pre-NDA milestone payments related to research projects or (ii) the amortization of capitalized NDA approval or launch milestone payments.
- Medical Affairs
    - Medical Affairs cost primarily relate to expenses for salaries and benefits, opioid and Nalmefene FDA commitments, future pipeline product research, and adverse event reporting.
- Sales and Promotion
    - Sales and promotion expenses are primarily related to salary and benefit costs of the commercial team and data expenses and market awareness spend for Nalmefene. The company does not have a sales force for marketing opioid products to healthcare providers.
- Health Care Reform Fee / Opioid Tax
    - The health care reform fee is an annual tax paid to the IRS by pharmaceutical manufacturers, generally related to sales made to specified programs. This line of the profit and loss statement also includes various taxes on sales made to certain states, including opioid taxes.
- Other
    - Other expenses primarily represent annual bonus and long-term employee incentive compensation payments.
- Other Items
    - Other items primarily relate to third party royalty income, royalty expenses and interest income.
- PHI Costs

- Upon emergence, NewCo will provide overdose and addiction treatment medications ("Public Health Initiative" or "PHI") at or below cost to the U.S. public. The cost of developing the PHI products as well as the related spend for medical affairs and sales and promotion expenses are included in these forecasts. However, the additional costs of manufacturing and distributing the Nalmefene Vial and Auto-Injector are excluded from the forecasts. The forecasts assume that these PHI products are provided at cost (i.e. Selling price equals cost), resulting in zero net cash flow impact. For the generic Suboxone® tablets distributed under the MMCAP Infuse program, the net costs are included within General and Administrative expenses.

- Legal Fees - Non-Recurring
  - Non-recurring legal fees are primarily due to bankruptcy and litigation related professional fees.

- One Time Charges / Other Items
  - One-time charges are primarily related to non-recurring expenses including asset impairments / write-offs, or severance.

- Taxes
  - The potential future tax liabilities of NewCo remain uncertain and will depend, among other factors, on (1) whether NewCo elects to be treated as a corporation for U.S. federal income tax purposes and (2) the tax basis of Newco's assets at emergence that will be based on a detailed valuation performed by a qualified third party expert (this valuation has yet to be performed). Due to the uncertainty of the future tax liabilities, the cash flow statement is shown without tax. The Debtors continue to work to optimize NewCo's post-emergence structure to minimize its future tax liabilities, however, the ultimate result of this process remains uncertain. The Debtors' current preliminary estimates are that NewCo could incur $40 million to $80 million over the period 2025 to 2026 in tax liabilities, but is highly dependent on (1) and (2) above. Even if NewCo were to incur tax liabilities of such magnitude, NewCo would retain sufficient liquidity to meet all future obligations.

Non-GAAP Balance Sheet

- Cash and Cash Equivalents
  - The Debtors record all highly liquid instruments, with a maturity of less than 90 days when acquired, to be cash equivalents. The forecast is assumed to distribute all Estate cash in excess of $135 million at emergence after other required effective date payments are funded.

- Investments
  - Investments classified as available-for-sale are carried at estimated fair value with unrealized gains and losses recorded to net income.
  - Investments in privately held companies are accounted for using the cost method. The carrying value of investments in privately held companies are accounted for using the net asset value plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer.

- Receivables
    - Allowance for doubtful accounts, accrued return reserves, cash payment discounts, wholesaler fees and chargebacks are included in receivables. Receivables generally are due within 30 to 60 days for the branded business and generally are between 60 and 100 days for the Generic Business. Credit is extended to customers based on an evaluation of their financial condition and collateral is not required. Consistent with historical trend, account write-offs have been assumed to be de-minimis.
- Inventories
    - Inventories, consisting of raw materials, work in progress and finished goods, are stated at the lower of cost or net realizable value and computed using the first-in, first-out method.
    - Inventory balances are forecasted based on quantities needed to fulfill forecasted sales and are consistent with historical inventory management practices.
- Prepaid expenses and other assets
    - Amount consist primarily of prepaid operating expenses, retainers relating to advisors and deposits, and other advances to vendors.
- Restricted Cash
    - The Debtors' restricted cash primarily relates to cash collateralized for insurance policies and trust agreements. These cash collateralization requirements are in place due to the Debtors' branded opioid business. The forecasted reductions in restricted cash represent the release of funds that will revert to NewCo based upon the underlying contractual terms and conditions in the underlying agreements. For illustrative purposes, these releases of funds are shown as reverting to NewCo, although they may ultimately revert directly to the MDT to the extent that the underlying policies and restricted cash balances are transferred to the MDT at emergence.
- Property and Equipment
    - Property and equipment are stated at cost and depreciated primarily using the straight-line method over the estimated useful lives of the related assets.
    - Forecasted amounts for capital expenditures consist of maintenance expenditures including ordinary course alterations and repairs.
- Intangible Assets
    - Finite lived intangible assets (consisting of acquisition costs, approval or launch milestones for patent rights for OxyContin and Dilaudid) are amortized using the straight-line method over the estimated useful lives of the related assets up to fifteen years.
    - Indefinite lived intangibles are stated at cost and not subject to amortization.

- Other Assets
    - Other assets balance consists of right-of-use assets for leased office and laboratory space and prepaid rent.
- Accounts Payable
    - Accounts payable consist of trade payables and accrued operating expenses.
- Accrued Expenses and Other Liabilities
    - This amount consists primarily of accrued rebates, accrued and unpaid legal expenses, salaries and benefits, state opioid taxes, royalty expenses and other accrued expenses.
    - Revenue from sales of products is recognized at the time title passes to the customer, which generally occurs upon receipt by the customer. The Company establishes:
        - Returns, early payment discounts, customer discounts, wholesaler fees, chargebacks, Medicaid, Medicare and commercial rebates in the same period as the related sales are recognized in determining net sales. Accrued returns, cash payment discounts, wholesaler fees and chargebacks are included in receivables. Rebates are included in accrued expenses.
        - Rebate accruals are recorded for (1) the future rebates that will be paid on the value of inventory held within the distribution channel that has not been consumed by the end customer as of a reporting date and (2) rebates that have either been invoiced to the Company and not paid or rebates that are estimated based on consumption by the end customer. Information is regularly reviewed to confirm amounts of inventory in the distribution channel, such as data from several large customers' inventory management systems, and for other customers, data from third parties to help estimate the amount of inventory held by retail.
        - Royalty accruals from the licensing of product rights over the periods earned.
- Other Long-Term Liabilities
    - Other long-term liabilities consist primarily of employee defined pension benefits liability and employee post-retirement benefits liability related to the retirement and medical benefits provided by the Debtors to substantially all employees through a former, now frozen (see below) noncontributory defined benefit pension plan and a postretirement health care and life insurance plan.
    - Effective December 31, 2017, all remaining participants of the Debtors' defined pension plan ceased to accrue any additional benefits. The postretirement health care and life insurance plan was also amended effective January 1, 2018 to close post-65 medical coverage and life insurance coverage to future retirees. During February 2025, the Debtors sought authorization to affect a "standard termination" of the Purdue Pension Plan and on March 17, 2025, the Bankruptcy Court entered an order approving the Purdue Pension Plan termination motion. In order to effectuate a standard termination of the Purdue Pension Plan, the Debtors must make contributions to the Purdue Pension Plan so that it will possess sufficient assets to satisfy all plan benefits and liabilities

as of the date of distribution. The Debtors believe that, given the value of Plan assets and the favorable interest rate environment, terminating the Purdue Pension Plan at this time would reduce the risk of future liability and ensure that more funds would be available to creditors. The Debtors expect to contribute approximately $43 million to effectuate the standard termination of the Purdue Pension Plan in approximately 12-24 months' time. Of this amount, $30 million is estimated to be paid prior to emergence from chapter 11.

Cash Flows

- Operating Activities
    - Change in working capital is driven by ordinary course changes in accounts receivable, accounts payable, inventory, other current assets and other current liabilities.
- Investing Activities
    - Capital expenditures largely reflect manufacturing facility replacement of equipment and IT applications/infrastructure.
    - In forecasting the proceeds from sale of investments, the forecasted sale amount is estimated based on the sale of marketable security investments using the market prices as of December 31, 2024 as a proxy for the sale price and an investment at cost appreciating approximately 25% from its value at December 31, 2024. More recently, the market prices of the marketable security investments have traded at approximately 50% of the prices at year end. While the future sale proceeds will depend upon, among other factors, the prevailing market price at the time of such sale, the Debtors believe that the potential for lower sale proceeds presents little to no risk in the context of the overall plan.
    - The release of restricted cash is forecasted based upon the assumption of restricted cash collateral backstopping various of the Debtors' insurance policies. For the component of this restricted cash collateral transferred directly to the MDT, the released restricted cash would also be transferred directly to the MDT. However, as previously stated, for illustrative purposes, the Financial Projections reflect release of restricted cash associated with historical insurance policies is released at NewCo and subsequently transferred to the MDT and GRT at the discretion of the NewCo Board.
- Financing Activities
    - The contribution represents $6.5 billion in aggregate payments due under the Shareholder Settlement Agreements as outlined in the Disclosure Statement and Plan, which will be recorded in the Debtors' financials as a shareholder contribution, but which will be paid directly to Master Disbursement Trust under the Shareholder Settlement Agreements.

Claimant Trusts

- Operating Expenses
    - MDT expenses represent preliminary estimates of the go forward costs to administer each entity and to perform the duties for which each entity has been created.
- Cash Balances

- MDT is assumed to hold cash equal to the next year of operating expenses.

- Distributions
  - Private settlement payments, tribe distributions and GRT distributions are made per the terms of the plan of reorganization.

1. Consolidated Non-GAAP P&L *($ in millions)*	**FY 2025 Forecast**	**FY 2026 Forecast**
NET SALES	**$ 562**	**$ 497**
Cost of Goods Sold / Royalties	(120)	(123)
GROSS PROFIT	**$ 442**	**$ 373**
General and Administrative	(70)	(61)
Legal Fees - Ordinary Course	(19)	(16)
Research and Development	(67)	(56)
Milestones and Alliances	0	0
Medical Affairs	(32)	(42)
Sales and Promotion	(36)	(42)
Health Care Reform Fee / Opioid Taxes	(10)	(8)
Incentive Compensation	(31)	(26)
Other	(2)	(2)
OPERATING EXPENSES	**$ (267)**	**$ (253)**
OPERATING PROFIT	**$ 175**	**$ 120**
Other Items	57	94
PROFIT BEFORE NON-RECURRING & ONE-TIME CHARGES	**$ 231**	**$ 213**
Legal Fees - Non-Recurring	(224)	(15)
One Time Charges / Other Items	(11)	(20)
PROFIT (LOSS)	**$ (3)**	**$ 178**
Net Profit (Loss) From Discontinued Operations	28	-
PROFIT (LOSS) AFTER CLAIMANT DISTRIBUTIONS	**$ 25**	**$ 178**

2. Consolidated Non-GAAP Balance Sheets *($ in millions)*	FY 2025 Forecast	FY 2026 Forecast
Assets		
Current Assets:		
Cash and cash equivalents	$ 135	$ 309
Accounts receivable	73	57
Due from associated companies	6	5
Inventories	65	56
Restricted Cash	17	12
Prepaid expenses and other assets	34	32
Total current assets	330	472
Property, plant, and equipment, net	61	62
Restricted cash - long-term	144	119
Intangible assets, net	3	1
Other assets	5	1
Total assets	**$ 543**	**$ 655**
Liabilities		
Current liabilities:		
Accounts payable	$ 29	$ 28
Accrued expenses and taxes	153	117
Due to associated companies	1	1
Total current liabilities	183	146
Other liabilities	148	121
Due to associated companies	11	11
Total liabilities	343	279
Equity		
Retained earnings and partners' capital	258	436
Accumulated other comprehensive loss	(58)	(60)
Total stockholder's equity	200	376
Total liabilities and stockholder's equity	**$ 543**	**$ 655**

3. Consolidated Non-GAAP Cash Flow Metrics *($ in millions)*	FY 2025 Forecast	FY 2026 Forecast
Operating activities		
Net Income (before distributions to claimants)	$ 25	$ 178
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12	12
Net Gain on Sale of Consumer Health Assets	(28)	-
Due (From)To Associates	(0)	1
Working capital changes	(50)	(11)
Long-term assets and liabilities	(21)	(25)
Net cash provided by operating activities	(62)	154
Investing activities		
Capital expenditures	(14)	(12)
Proceeds from sale of investments	10	-
Net Proceeds from Sale of Consumer Health Assets	28	-
Restricted cash, net	1	32
Net cash used in investing activities	25	20
Financing activities		
Distribution to Trust/Creditors/DOJ	(1,282)	-
Net cash used in financing activities	(1,282)	-
Increase (decrease) in cash and cash equivalents	(1,320)	174
Unrestricted Cash at beginning of period	1,455	135
Unrestricted Cash at end of period	**$ 135**	**$ 309**

4. Claimant Trusts - Cash Schedule *($ in millions)*	12/31/2025 Emergence Date	2026 Forecast	Cumulative 2025 - 2026
Excess Unrestricted Cash at Debtors/NewCo	$ 1,282	-	$ 1,282
Settlement Payments to Federal Government	(250)	-	(250)
Other Emergence Date Expenses and Reserves	(105)	-	(105)
Total Cash Sweep from Debtors/NewCo	**$ 927**	**$ -**	**$ 927**
MDT			
Shareholder Proceeds	$ 1,500	$ 500	$ 2,000
Shareholder Prepayment Adjustment[1]	$ 151	$ (27)	124
Special Operating Reserve Fund[2]	(200)	(100)	(300)
Cash Sweep from Debtors/NewCo	927	-	927
Total Cash Inflows	**$ 2,378**	**$ 373**	**$ 2,751**
Trust Operating Expenses	-	(20)	(20)
Private Settlements	(1,462)	-	(1,462)
Public Schools & Repository	(28)	(18)	(45)
MDT Federal Government Claim	-	(10)	(10)
Tribe Distribution	(28)	(11)	(39)
Total	**$ (1,517)**	**$ (58)**	**$ (1,575)**
Net Increase / (Decrease) in Cash	**861**	**315**	**1,176**
Opening MDT Cash Balance	$ -	$ 40	$ -
Net Increase / (Decrease) in Cash	861	315	1,176
GRT Distribution [3]	(821)	(315)	(1,136)
Ending MDT Cash Balance	**$ 40**	**$ 40**	**$ 40**

Notes:

[1] Amount assumes the prepayment of a shareholder party's entire payment obligation upon Effective Date. This adjustment assumes a $218 million payment upon the Effective Date by the prepaying shareholder party, resulting in a discount to the face amount. If this amount is not prepaid, this party would owe $345 million over fifteen years.

[2] Assuming no suspension event, the reversion of these reserve funds may occur at the earliest in years 2030 to 2033.

[3] For the avoidance of doubt, the GRT distributions exclude any potential professional fees that may need to ultimately be paid out of these distributions.

Appendix E

Tribal Allocation Distribution Percentages

Allocation of Settlement Among Tribes

6/18/2021

FederallyRecognizedTribeName	Division of Funds (Allocation %)
Total	**100.0000%**
Absentee-Shawnee Tribe of Indians of Oklahoma	0.5575%
Agua Caliente Band of Cahuilla Indians of the Agua Caliente Indian Reservation, California	0.0406%
Ak-Chin Indian Community	0.0635%
Alabama-Coushatta Tribe of Texas	0.0293%
Alabama-Quassarte Tribal Town	0.0111%
ALL Alaskan Tribes	9.2643%
Alaska Native Tribal Health Consortium	1.8883%
*Aleutian Pribilof Islands Association	0.0674%
*Arctic Slope Native Association	0.2825%
*Bristol Bay Area Health Corporation	0.4733%
Chickaloon Native Village	0.0105%
*Chugachmiut	0.1055%
*Copper River Native Association	0.0922%
*Eastern Aleutian Tribes	0.1017%
Eklutna Native Village	0.0125%
Eyak Native Village	0.0202%
*Kodiak Area Native Association	0.1817%
*Kenaitze Indian Tribe	0.1544%
*Ketchikan Indian Community	0.1033%
Knik Tribe	0.0118%
*Maniilaq Association	0.4026%
Metlakatla Indian Community	0.0703%
*Mt. Sanford Tribal Consortium	0.0268%
*Norton Sound Health Corporation	0.5929%
*Southcentral Foundation	1.5145%
*Southeast Alaska Regional Health Corporation	0.5865%
Seldovia Village Tribe	0.0322%
*Tanana Chiefs Conference (including Council of Athabascan Tribal Governments)	0.9318%
Yakutat Tlingit Tribe	0.0290%
*Yukon Kuskokwim Health Corporation	1.4987%
Native Village of Chitina	0.0115%
Ninilchik Village	0.0289%
Native Village of Tanana	0.0190%
Native Village of Tyonek	0.0145%
Alturas Indian Rancheria, California	0.0008%
Apache Tribe of Oklahoma	0.1334%
Arapaho Tribe of the Wind River Reservation, Wyoming	0.3444%
Aroostook Band of Micmacs	0.0370%
Assiniboine and Sioux Tribes of the Fort Peck Indian Reservation, Montana	0.3789%
Augustine Band of Cahuilla Indians, California	0.0013%
Bad River Band of the Lake Superior Tribe of Chippewa Indians of the Bad River Reservation, Wisconsin	0.1533%
Bay Mills Indian Community, Michigan	0.0714%
Bear River Band of the Rohnerville Rancheria, California	0.0507%
Berry Creek Rancheria of Maidu Indians of California	0.1121%
Big Lagoon Rancheria, California	0.0027%
Big Pine Paiute Tribe of the Owens Valley	0.0320%
Big Sandy Rancheria of Western Mono Indians of California	0.0328%
Big Valley Band of Pomo Indians of the Big Valley Rancheria, California	0.1214%
Bishop Paiute Tribe	0.1041%
Blackfeet Tribe of the Blackfeet Indian Reservation of Montana	0.5378%

FederallyRecognizedTribeName	Division of Funds (Allocation %)
Blue Lake Rancheria, California	0.0038%
Bois Forte (Nett Lake) Band of the Minnesota Chippewa Tribe, Minnesota	0.0820%
Bridgeport Indian Colony	0.0026%
Buena Vista Rancheria of Me-Wuk Indians of California	0.0034%
Burns Paiute Tribe	0.0116%
Cabazon Band of Mission Indians, California	0.0017%
Cachil DeHe Band of Wintun Indians of the Colusa Indian Community of the Colusa Rancheria, California	0.0056%
Caddo Nation of Oklahoma	0.1084%
Cahto Tribe of the Laytonville Rancheria	0.0207%
Cahuilla Band of Indians	0.0368%
California Valley Miwok Tribe, California	0.0044%
Campo Band of Diegueno Mission Indians of the Campo Indian Reservation, California	0.0241%
Catawba Indian Nation	0.0743%
Cayuga Nation	0.0070%
Cedarville Rancheria, California	0.0019%
Chemehuevi Indian Tribe of the Chemehuevi Reservation, California	0.0181%
Cher-Ae Heights Indian Community of the Trinidad Rancheria, California	0.0200%
Cherokee Nation	12.1894%
Cheyenne and Arapaho Tribes, Oklahoma	0.7723%
Cheyenne River Sioux Tribe of the Cheyenne River Reservation, South Dakota	0.2906%
Chickahominy Indian Tribe	0.0315%
Chickahominy Indian Tribe—Eastern Division	0.0085%
Chickasaw Nation	2.1567%
Chicken Ranch Rancheria of Me-Wuk Indians of California	0.0026%
Chippewa Cree Indians of the Rocky Boy's Reservation, Montana	0.2330%
Chitimacha Tribe of Louisiana	0.0347%
Choctaw Nation of Oklahoma	5.4805%
Citizen Potawatomi Nation, Oklahoma	1.4669%
Cloverdale Rancheria of Pomo Indians of California	0.0518%
Cocopah Tribe of Arizona	0.0366%
Coeur D'Alene Tribe	0.2865%
Cold Springs Rancheria of Mono Indians of California	0.0108%
Colorado River Indian Tribes of the Colorado River Indian Reservation, Arizona and California	0.2784%
Comanche Nation, Oklahoma	0.6989%
Confederated Salish and Kootenai Tribes of the Flathead Reservation	0.6040%
Confederated Tribes and Bands of the Yakama Nation	0.6242%
Confederated Tribes of Siletz Indians of Oregon	0.4294%
Confederated Tribes of the Chehalis Reservation	0.0887%
Confederated Tribes of the Colville Reservation	0.4214%
Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians	0.0541%
Confederated Tribes of the Goshute Reservation, Nevada and Utah	0.0144%
Confederated Tribes of the Grand Ronde Community of Oregon	0.2456%
Confederated Tribes of the Umatilla Indian Reservation	0.1554%
Confederated Tribes of the Warm Springs Reservation of Oregon	0.3374%
Coquille Indian Tribe	0.0926%
Coushatta Tribe of Louisiana	0.0264%
Cow Creek Band of Umpqua Tribe of Indians	0.1532%
Cowlitz Indian Tribe	0.4024%
Coyote Valley Band of Pomo Indians of California	0.0337%
Crow Creek Sioux Tribe of the Crow Creek Reservation, South Dakota	0.1504%
Crow Tribe of Montana	0.7579%
Delaware Nation, Oklahoma	0.0342%
Delaware Tribe of Indians	0.3134%

FederallyRecognizedTribeName	Division of Funds (Allocation %)
Dry Creek Rancheria Band of Pomo Indians, California	0.0709%
Duckwater Shoshone Tribe of the Duckwater Reservation, Nevada	0.0224%
Eastern Band of Cherokee Indians	0.9560%
Eastern Shawnee Tribe of Oklahoma	0.0548%
Eastern Shoshone Tribe of the Wind River Reservation, Wyoming	0.1459%
Elem Indian Colony of Pomo Indians of the Sulphur Bank Rancheria, California	0.0101%
Elk Valley Rancheria, California	0.0063%
Ely Shoshone Tribe of Nevada	0.0550%
Enterprise Rancheria of Maidu Indians of California	0.1825%
Ewiiaapaayp Band of Kumeyaay Indians, California	0.0004%
Federated Indians of Graton Rancheria, California	0.0770%
Flandreau Santee Sioux Tribe of South Dakota	0.0224%
Fond du Lac Band of the Minnesota Chippewa Tribe, Minnesota	0.3382%
Forest County Potawatomi Community, Wisconsin	0.0266%
Fort Belknap Indian Community of the Fort Belknap Reservation of Montana	0.1662%
Fort Bidwell Indian Community of the Fort Bidwell Reservation of California	0.0088%
Fort Independence Indian Community of Paiute Indians of the Fort Independence Reservation, California	0.0104%
Fort McDermitt Paiute and Shoshone Tribes of the Fort McDermitt Indian Reservation, Nevada and Oregon	0.0212%
Fort McDowell Yavapai Nation, Arizona	0.0852%
Fort Mojave Indian Tribe of Arizona, California & Nevada	0.1614%
Fort Sill Apache Tribe of Oklahoma	0.0194%
Gila River Indian Community of the Gila River Indian Reservation, Arizona	2.5642%
Grand Portage Band of the Minnesota Chippewa Tribe, Minnesota	0.0211%
Grand Traverse Band of Ottawa and Chippewa Indians, Michigan	0.1041%
Greenville Rancheria	0.0942%
Grindstone Indian Rancheria of Wintun-Wailaki Indians of California	0.0255%
Guidiville Rancheria of California	0.0137%
Habematolel Pomo of Upper Lake, California	0.0275%
Hannahville Indian Community, Michigan	0.0279%
Havasupai Tribe of the Havasupai Reservation, Arizona	0.0325%
Ho-Chunk Nation of Wisconsin	0.2791%
Hoh Indian Tribe	0.0032%
Hoopa Valley Tribe, California	0.2647%
Hopi Tribe of Arizona	0.4475%
Hopland Band of Pomo Indians, California	0.0723%
Houlton Band of Maliseet Indians	0.0350%
Hualapai Indian Tribe of the Hualapai Indian Reservation, Arizona	0.2240%
Iipay Nation of Santa Ysabel, California	0.0136%
Inaja Band of Diegueno Mission Indians of the Inaja and Cosmit Reservation, California	0.0008%
Ione Band of Miwok Indians of California	0.1215%
Iowa Tribe of Kansas and Nebraska	0.0527%
Iowa Tribe of Oklahoma	0.0959%
Jackson Band of Miwuk Indians	0.0054%
Jamestown S'Klallam Tribe	0.0344%
Jamul Indian Village of California	0.0082%
Jena Band of Choctaw Indians	0.0116%
Jicarilla Apache Nation, New Mexico	0.2812%
Kaibab Band of Paiute Indians of the Kaibab Indian Reservation, Arizona	0.0158%
Kalispel Indian Community of the Kalispel Reservation	0.0374%
Karuk Tribe	0.2540%
Kashia Band of Pomo Indians of the Stewarts Point Rancheria, California	0.0043%
Kaw Nation, Oklahoma	0.1314%
Kewa Pueblo, New Mexico	0.1155%

FederallyRecognizedTribeName	Division of Funds (Allocation %)
Keweenaw Bay Indian Community, Michigan	0.1080%
Kialegee Tribal Town	0.0174%
Kickapoo Traditional Tribe of Texas	0.0175%
Kickapoo Tribe of Indians of the Kickapoo Reservation in Kansas	0.0580%
Kickapoo Tribe of Oklahoma	0.5597%
Kiowa Indian Tribe of Oklahoma	0.4367%
Klamath Tribes	0.1776%
Kletsel Dehe Band of Wintun Indians	0.0363%
Koi Nation of Northern California	0.0140%
Kootenai Tribe of Idaho	0.0097%
La Jolla Band of Luiseno Indians, California	0.0372%
La Posta Band of Diegueno Mission Indians of the La Posta Indian Reservation, California	0.0030%
Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin	0.1611%
Lac du Flambeau Band of Lake Superior Chippewa Indians of the Lac du Flambeau Reservation of Wisconsin	0.2145%
Lac Vieux Desert Band of Lake Superior Chippewa Indians of Michigan	0.0310%
Las Vegas Tribe of Paiute Indians of the Las Vegas Indian Colony, Nevada	0.3560%
Leech Lake Band of the Minnesota Chippewa Tribe, Minnesota	0.3876%
Little River Band of Ottawa Indians, Michigan	0.0925%
Little Shell Tribe of Chippewa Indians of Montana	0.2023%
Little Traverse Bay Bands of Odawa Indians, Michigan	0.1765%
Lone Pine Paiute-Shoshone Tribe	0.0210%
Los Coyotes Band of Cahuilla and Cupeno Indians, California	0.0157%
Lovelock Paiute Tribe of the Lovelock Indian Colony, Nevada	0.0173%
Lower Brule Sioux Tribe of the Lower Brule Reservation, South Dakota	0.0499%
Lower Elwha Tribal Community	0.0686%
Lower Sioux Indian Community in the State of Minnesota	0.0236%
Lummi Tribe of the Lummi Reservation	0.2100%
Lytton Rancheria of California	0.0238%
Makah Indian Tribe of the Makah Indian Reservation	0.1833%
Manchester Band of Pomo Indians of the Manchester Rancheria, California	0.0819%
Manzanita Band of Diegueno Mission Indians of the Manzanita Reservation, California	0.0046%
Mashantucket Pequot Indian Tribe	0.0369%
Mashpee Wampanoag Tribe	0.0687%
Match-e-be-nash-she-wish Band of Pottawatomi Indians of Michigan	0.0175%
Mechoopda Indian Tribe of Chico Rancheria, California	0.1655%
Menominee Indian Tribe of Wisconsin	0.2586%
Mesa Grande Band of Diegueno Mission Indians of the Mesa Grande Reservation, California	0.0337%
Mescalero Apache Tribe of the Mescalero Reservation, New Mexico	0.2753%
Miami Tribe of Oklahoma	0.0514%
Miccosukee Tribe of Indians	0.0269%
Middletown Rancheria of Pomo Indians of California	0.0260%
Mille Lacs Band of the Minnesota Chippewa Tribe, Minnesota	0.1295%
Mississippi Band of Choctaw Indians	0.4540%
Moapa Band of Paiute Indians of the Moapa River Indian Reservation, Nevada	0.0431%
Modoc Nation	0.0054%
Mohegan Tribe of Indians of Connecticut	0.0666%
Monacan Indian Nation	0.0588%
Mooretown Rancheria of Maidu Indians of California	0.1949%
Morongo Band of Mission Indians, California	0.0795%
Muckleshoot Indian Tribe	0.2826%
Muscogee (Creek) Nation	2.8659%
Nansemond Indian Nation	0.0071%
Narragansett Indian Tribe	0.0435%

FederallyRecognizedTribeName	Division of Funds (Allocation %)
Navajo Nation, Arizona, New Mexico & Utah	15.2207%
Nez Perce Tribe	0.2349%
Nisqually Indian Tribe	0.0661%
Nooksack Indian Tribe	0.0494%
Northern Cheyenne Tribe of the Northern Cheyenne Indian Reservation, Montana	0.2535%
Northfork Rancheria of Mono Indians of California	0.1192%
Northwestern Band of the Shoshone Nation	0.0046%
Nottawaseppi Huron Band of the Potawatomi, Michigan	0.0735%
Oglala Sioux Tribe	0.9582%
Ohkay Owingeh, New Mexico	0.2226%
Omaha Tribe of Nebraska	0.1098%
Oneida Indian Nation	0.0792%
Oneida Nation	0.6249%
Onondaga Nation	0.0286%
Osage Nation	0.2998%
Otoe-Missouria Tribe of Indians, Oklahoma	0.1412%
Ottawa Tribe of Oklahoma	0.0294%
Paiute Indian Tribe of Utah (Cedar Band of Paiutes, Kanosh Band of Paiutes, Koosharem Band of Paiutes, Indian Peaks Band of Paiutes, and Shivwits Band of Paiutes)	0.0864%
Paiute-Shoshone Tribe of the Fallon Reservation and Colony, Nevada	0.1593%
Pala Band of Mission Indians	0.0654%
Pamunkey Indian Tribe	0.0149%
Pascua Yaqui Tribe of Arizona	0.6028%
Paskenta Band of Nomlaki Indians of California	0.0061%
Passamaquoddy Tribe Indian Township	0.0601%
Passamaquoddy Tribe Pleasant Point	0.0758%
Pauma Band of Luiseno Mission Indians of the Pauma & Yuima Reservation, California	0.0135%
Pawnee Nation of Oklahoma	0.1674%
Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation, California	0.1620%
Penobscot Nation	0.1004%
Peoria Tribe of Indians of Oklahoma	0.0425%
Picayune Rancheria of Chukchansi Indians of California	0.0820%
Pinoleville Pomo Nation, California	0.0269%
Pit River Tribe, California (includes XL Ranch, Big Bend, Likely, Lookout, Montgomery Creek and Roaring Creek Rancherias)	0.1144%
Poarch Band of Creeks	0.1346%
Pokagon Band of Potawatomi Indians, Michigan and Indiana	0.1197%
Ponca Tribe of Indians of Oklahoma	0.2376%
Ponca Tribe of Nebraska	0.1290%
Port Gamble S'Klallam Tribe	0.0841%
Potter Valley Tribe, California	0.0005%
Prairie Band Potawatomi Nation	0.0680%
Prairie Island Indian Community in the State of Minnesota	0.0030%
Pueblo of Acoma, New Mexico	0.1776%
Pueblo of Cochiti, New Mexico	0.0602%
Pueblo of Isleta, New Mexico	0.9641%
Pueblo of Jemez, New Mexico	0.4715%
Pueblo of Laguna, New Mexico	0.3010%
Pueblo of Nambe, New Mexico	0.0678%
Pueblo of Picuris, New Mexico	0.0148%
Pueblo of Pojoaque, New Mexico	0.0364%
Pueblo of San Felipe, New Mexico	0.1962%
Pueblo of San Ildefonso, New Mexico	0.0515%
Pueblo of Sandia, New Mexico	0.0539%

FederallyRecognizedTribeName	Division of Funds (Allocation %)
Pueblo of Santa Ana, New Mexico	0.1216%
Pueblo of Santa Clara, New Mexico	0.0972%
Pueblo of Taos, New Mexico	0.1254%
Pueblo of Tesuque, New Mexico	0.0368%
Pueblo of Zia, New Mexico	0.1135%
Puyallup Tribe of the Puyallup Reservation	0.3461%
Pyramid Lake Paiute Tribe of the Pyramid Lake Reservation, Nevada	0.2112%
Quapaw Nation	0.0677%
Quartz Valley Indian Community of the Quartz Valley Reservation of California	0.0209%
Quechan Tribe of the Fort Yuma Indian Reservation, California & Arizona	0.2304%
Quileute Tribe of the Quileute Reservation	0.0445%
Quinault Indian Nation	0.1554%
Ramona Band of Cahuilla, California	0.0016%
Rappahannock Tribe, Inc.	0.0068%
Red Cliff Band of Lake Superior Chippewa Indians of Wisconsin	0.0680%
Red Lake Band of Chippewa Indians, Minnesota	0.3333%
Redding Rancheria, California	0.3258%
Redwood Valley or Little River Band of Pomo Indians of the Redwood Valley Rancheria California	0.0214%
Reno-Sparks Indian Colony, Nevada	0.4667%
Resighini Rancheria, California	0.0117%
Rincon Band of Luiseno Mission Indians of the Rincon Reservation, California	0.0301%
Robinson Rancheria	0.0577%
Rosebud Sioux Tribe of the Rosebud Indian Reservation, South Dakota	0.3906%
Round Valley Indian Tribes, Round Valley Reservation, California	0.1304%
Sac & Fox Nation of Missouri in Kansas and Nebraska	0.0066%
Sac & Fox Nation, Oklahoma	0.4786%
Sac & Fox Tribe of the Mississippi in Iowa	0.0652%
Saginaw Chippewa Indian Tribe of Michigan	0.1612%
Saint Regis Mohawk Tribe	0.3164%
Salt River Pima-Maricopa Indian Community of the Salt River Reservation, Arizona	0.3690%
Samish Indian Nation	0.0508%
San Carlos Apache Tribe of the San Carlos Reservation, Arizona	0.9842%
San Juan Southern Paiute Tribe of Arizona	0.0052%
San Manuel Band of Mission Indians, California	0.0212%
San Pasqual Band of Diegueno Mission Indians of California	0.0096%
Santa Rosa Band of Cahuilla Indians, California	0.0163%
Santa Rosa Indian Community of the Santa Rosa Rancheria, California	0.0567%
Santa Ynez Band of Chumash Mission Indians of the Santa Ynez Reservation, California	0.0489%
Santee Sioux Nation, Nebraska	0.0407%
Sauk-Suiattle Indian Tribe	0.0041%
Sault Ste. Marie Tribe of Chippewa Indians, Michigan	0.7720%
Scotts Valley Band of Pomo Indians of California	0.0140%
The Seminole Nation of Oklahoma	0.4506%
Seminole Tribe of Florida	0.4524%
Seneca Nation of Indians	0.4387%
Seneca-Cayuga Nation	0.0727%
Shakopee Mdewakanton Sioux Community of Minnesota	0.0040%
Shawnee Tribe	0.0385%
Sherwood Valley Rancheria of Pomo Indians of California	0.0390%
Shingle Springs Band of Miwok Indians, Shingle Springs Rancheria (Verona Tract), California	0.0578%
Shinnecock Indian Nation	0.0136%
Shoalwater Bay Indian Tribe of the Shoalwater Bay Indian Reservation	0.0388%
Shoshone-Bannock Tribes of the Fort Hall Reservation	0.2571%

FederallyRecognizedTribeName	Division of Funds (Allocation %)
Shoshone-Paiute Tribes of the Duck Valley Reservation, Nevada	0.1081%
Sisseton-Wahpeton Oyate of the Lake Traverse Reservation, South Dakota	0.2481%
Skokomish Indian Tribe	0.0492%
Skull Valley Band of Goshute Indians of Utah	0.0031%
Snoqualmie Indian Tribe	0.0268%
Soboba Band of Luiseno Indians, California	0.1192%
Sokaogon Chippewa Community, Wisconsin	0.0119%
Southern Ute Indian Tribe of the Southern Ute Reservation, Colorado	0.0816%
Spirit Lake Tribe, North Dakota	0.1358%
Spokane Tribe of the Spokane Reservation	0.1194%
Squaxin Island Tribe of the Squaxin Island Reservation	0.0474%
St. Croix Chippewa Indians of Wisconsin	0.0720%
Standing Rock Sioux Tribe of North & South Dakota	0.2451%
Stillaguamish Tribe of Indians of Washington	0.0069%
Stockbridge Munsee Community, Wisconsin	0.0656%
Summit Lake Paiute Tribe of Nevada	0.0045%
Suquamish Indian Tribe of the Port Madison Reservation	0.0385%
Susanville Indian Rancheria, California	0.0940%
Swinomish Indian Tribal Community	0.0685%
Sycuan Band of the Kumeyaay Nation	0.0050%
Table Mountain Rancheria	0.0008%
Tejon Indian Tribe	0.0230%
Te-Moak Tribe of Western Shoshone Indians of Nevada (Four constituent bands: Battle Mountain Band; Elko Band; South Fork Band and Wells Band)	0.1564%
Thlopthlocco Tribal Town	0.0385%
Three Affiliated Tribes of the Fort Berthold Reservation, North Dakota	0.2170%
Timbisha Shoshone Tribe	0.0061%
Tohono O'odham Nation of Arizona	1.4176%
Tolowa Dee-ni' Nation	0.1350%
Tonawanda Band of Seneca	0.0103%
Tonkawa Tribe of Indians of Oklahoma	0.0387%
Tonto Apache Tribe of Arizona	0.0187%
Torres Martinez Desert Cahuilla Indians, California	0.0496%
Tulalip Tribes of Washington	0.3139%
Tule River Indian Tribe of the Tule River Reservation, California	0.1030%
Tunica-Biloxi Indian Tribe	0.0183%
Tuolumne Band of Me-Wuk Indians of the Tuolumne Rancheria of California	0.0252%
Turtle Mountain Band of Chippewa Indians of North Dakota	0.4382%
Tuscarora Nation	0.0127%
Twenty-Nine Palms Band of Mission Indians of California	0.0023%
United Auburn Indian Community of the Auburn Rancheria of California	0.3284%
United Keetoowah Band of Cherokee Indians in Oklahoma	0.1820%
Upper Mattaponi Tribe	0.0194%
Upper Sioux Community, Minnesota	0.0055%
Upper Skagit Indian Tribe	0.0250%
Ute Indian Tribe of the Uintah & Ouray Reservation, Utah	0.3345%
Ute Mountain Ute Tribe	0.1348%
Utu Utu Gwaitu Paiute Tribe of the Benton Paiute Reservation, California	0.0030%
Capitan Grande Band of Diegueno Mission Indians of California (Barona Group of Capitan Grande Band of Mission Indians of the Barona Reservation, California; Viejas (Baron Long) Group of Capitan Grande Band of Mission Indians of the Viejas Reservation, California)	0.0639%
Walker River Paiute Tribe, Nevada	0.0922%
Wampanoag Tribe of Gay Head (Aquinnah)	0.0216%
Washoe Tribe of Nevada & California	0.2416%

FederallyRecognizedTribeName	Division of Funds (Allocation %)
White Earth Band of the Minnesota Chippewa Tribe, Minnesota	0.3129%
White Mountain Apache Tribe of the Fort Apache Reservation, Arizona	1.2832%
Wichita and Affiliated Tribes, Oklahoma	0.1054%
Wilton Rancheria, California	0.0764%
Winnebago Tribe of Nebraska	0.1438%
Winnemucca Indian Colony of Nevada	0.0121%
Wiyot Tribe, California	0.0513%
Wyandotte Nation	0.0858%
Yankton Sioux Tribe of South Dakota	0.1301%
Yavapai-Apache Nation of the Camp Verde Indian Reservation, Arizona	0.1642%
Yavapai-Prescott Indian Tribe	0.0463%
Yerington Paiute Tribe of the Yerington Colony & Campbell Ranch, Nevada	0.0546%
Yocha Dehe Wintun Nation, California	0.0091%
Yomba Shoshone Tribe of the Yomba Reservation, Nevada	0.0162%
Ysleta del Sur Pueblo	0.0531%
Yurok Tribe of the Yurok Reservation, California	0.4941%
Zuni Tribe of the Zuni Reservation, New Mexico	0.4432%

** 50% of the allocation to this entity shall be made available to federally recognized tribes served by the entity.*

Appendix F

Non-Federal Domestic Governmental Allocation

[To come]

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	***Chapter 11***
PURDUE PHARMA L.P., et al.,	***Case No. 19-23649 (SHL)***
Debtors.[1]	***(Jointly Administered)***

THIRTEENTH AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF PURDUE PHARMA L.P. AND ITS AFFILIATED DEBTORS

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Abraham Bane

Counsel to the Debtors
and Debtors in Possession

Dated: March 18, 2025
New York, New York

THIS DRAFT OF THE PLAN REMAINS SUBJECT TO CONTINUING NEGOTIATIONS WITH ALL PARTIES IN INTEREST AND THE FINAL VERSION MAY CONTAIN MATERIAL DIFFERENCES. FOR THE AVOIDANCE OF DOUBT, NO PARTY HAS CONSENTED TO THIS VERSION AS THE FINAL FORM, AND ALL PARTIES RESERVE THEIR RESPECTIVE RIGHTS WITH RESPECT TO THIS DOCUMENT AND ANY RELATED DOCUMENTS. THE DEBTORS SHALL FILE A REDLINE VERSION WITH THE BANKRUPTCY COURT CONCURRENTLY WITH THE FILING OF ANY AMENDED OR MODIFIED VERSION OF THIS PLAN.

[1] The Debtors in these cases, along with the last four digits of each Debtor's registration number in the applicable jurisdiction, are as follows: Purdue Pharma L.P. (7484), Purdue Pharma Inc. (7486), Purdue Transdermal Technologies L.P. (1868), Purdue Pharma Manufacturing L.P. (3821), Purdue Pharmaceuticals L.P. (0034), Imbrium Therapeutics L.P. (8810), Adlon Therapeutics L.P. (6745), Greenfield BioVentures L.P. (6150), Seven Seas Hill Corp. (4591), Ophir Green Corp. (4594), Purdue Pharma of Puerto Rico (3925), Purdue Products L.P. (4140), Purdue Pharmaceutical Products L.P. (3902), Purdue Neuroscience Company (4712), Nayatt Cove Lifescience Inc. (7805), Button Land L.P. (7502), Rhodes Associates L.P. (N/A), Paul Land Inc. (7425), Quidnick Land L.P. (7584), Rhodes Pharmaceuticals L.P. (6166), Rhodes Technologies (7143), UDF LP (0495), SVC Pharma LP (5717) and SVC Pharma Inc. (4014). The Debtors' corporate headquarters is located at One Stamford Forum, 201 Tresser Boulevard, Stamford, CT 06901.

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Each of Purdue Pharma L.P., Purdue Pharma Inc., Purdue Transdermal Technologies L.P., Purdue Pharma Manufacturing L.P., Purdue Pharmaceuticals L.P., Imbrium Therapeutics L.P., Adlon Therapeutics L.P., Greenfield BioVentures L.P., Seven Seas Hill Corp., Ophir Green Corp., Purdue Pharma of Puerto Rico, Purdue Products L.P. (f/k/a Avrio Health L.P.), Purdue Pharmaceutical Products L.P., Purdue Neuroscience Company, Nayatt Cove Lifescience Inc., Button Land L.P., Rhodes Associates L.P., Paul Land Inc., Quidnick Land L.P., Rhodes Pharmaceuticals L.P., Rhodes Technologies, UDF LP, SVC Pharma LP and SVC Pharma Inc. (each, a "***Debtor***" and, collectively, the "***Debtors***" or "***Purdue***") proposes the following thirteenth amended joint chapter 11 plan of reorganization pursuant to section 1121(a) of the Bankruptcy Code. Capitalized terms used herein shall have the meanings set forth in Section 1.1 below.

ARTICLE I DEFINITIONS AND INTERPRETATION.

1.1 ***Definitions***.

The following terms shall have the respective meanings specified below:

"***Access Materials***" has the meaning set forth in Section 5.13(f)(i) of the Plan.

"***Act***" has the meaning set forth in Section 5.2(f)(i)(D) of the Plan.

"***Ad Hoc Committee***" means the ad hoc committee of governmental and other contingent litigation claimants identified in the *Verified Statement Pursuant to Bankruptcy Rule 2019* [D.I. 279], as may be amended from time to time.

"***Ad Hoc Group of Hospitals***" means the Ad Hoc Group of Hospitals identified in the *Second Amended Verified Statement of the Ad Hoc Group of Hospitals Pursuant to Bankruptcy Rule 2019* [D.I. 1536].

"***Ad Hoc Group of Individual Victims***" means the Ad Hoc Group of Individual Victims of Purdue Pharma L.P. identified in the *Second Amended Verified Statement of the Ad Hoc Group of Individual Victims of Purdue Pharma L.P., et al., Pursuant to Bankruptcy Rule 2019* [D.I. 3939], as may be amended from time to time.

"***Additional Net Proceeds Payments***" has the meaning set forth in the Master Shareholder Settlement Agreement.

"***Adlon General Unsecured Claim***" means any Claim against Adlon Therapeutics L.P. that is not an Administrative Claim, a Priority Claim, a Secured Claim, a Federal Government Unsecured Claim, a Channeled Claim, a Co-Defendant Claim, an Other Subordinated Claim, an Intercompany Claim or a Shareholder Claim.

"***Administrative Claim***" means any Claim against any Debtor for costs and expenses of administration of the Chapter 11 Cases pursuant to section 327, 328, 330, 365, 503(b), 507(a)(2) or 507(b) of the Bankruptcy Code, including (i) the actual and necessary costs and expenses incurred on or after the Petition Date and through the Effective Date of preserving the Estates and operating the Debtors' business, (ii) any Professional Fee Claim, (iii) any fee or charge assessed against the Estates pursuant to sections 1911 through 1930 of chapter 123 of title 28 of the United States Code, (iv) any Allowed Claim that is to be treated as an Administrative Claim pursuant to a Final Order of the Bankruptcy Court under section 546(c)(2) of the Bankruptcy Code, (v) once Allowed in accordance with Section 2.3(a) of the Plan, the DOJ Forfeiture Judgment Claim and (vi) any Allowed Cure Claim.

"***Aggregate LG Cost Cap***" has the meaning set forth in Section 5.9(a)(i) of the Plan.

"***Aggregate State Expenses Cap***" has the meaning set forth in Section 5.9(b) of the Plan.

"***AHC Reimbursement Agreement Assumption Order***" means the *Order Authorizing the Debtors to Assume the Reimbursement Agreement and Pay the Fees and Expenses of the Ad Hoc Committee's Professionals* [D.I. 553], as amended or supplemented by the Bankruptcy Court pursuant to D.I. 1617 and D.I. 2190.

"***Allowed***" means (i) any Claim held by a Settling Creditor, (ii) with respect to any Claim held by a Non-Settling Creditor, such Claim that has been allowed in accordance with the Plan or a Final Order, (iii) with respect to any Adlon General Unsecured Claim or Avrio General Unsecured Claim, such Claim that is Scheduled as not disputed, contingent or unliquidated, and for which no Proof of Claim or Interest, as applicable, has been timely filed, and (iv) with respect to any Claim (other than a Channeled Claim) against a Debtor, such Claim (A) that is allowed pursuant to the Plan or a Final Order, (B) as to which no objection has been timely filed and that is evidenced by a Proof of Claim timely filed by the applicable Bar Date or that is not required to be evidenced by a filed Proof of Claim under the Plan, the Bankruptcy Code or a Final Order or (C) the amount of which has been agreed, compromised, settled or otherwise resolved pursuant to the authority of the Debtors or the Plan Administration Trustee, as applicable. Except as otherwise specified in the Plan or any Final Order, the amount of an Allowed Claim shall not include interest or other charges on such Claim on and after the Petition Date. No Claim of any Person subject to section 502(d) of the Bankruptcy Code shall be deemed Allowed unless and until such Person pays in full the amount for which it is liable to the applicable Debtor or the Plan Administration Trustee as provided in section 502(d). Correlative terms such as "Allow" and "Allowance" have correlative meanings. For the avoidance of doubt, any Channeled Claim that is Allowed under the Plan shall still be subject to, and shall only receive a distribution pursuant to, the applicable Creditor Trust Documents.

"***Asset***" means, with respect to a Person, all of the right, title and interest of such Person in and to property of whatever type or nature, including real, personal, mixed, intellectual, tangible and intangible property, which, for avoidance of doubt, includes insurance policies and any rights, claims or potential claims with respect thereto.

"***Assumed Liabilities***" means the liabilities of the Debtors assumed by NewCo as expressly set forth in the NewCo Transfer Agreement.

"***Assumption Notice***" means a notice of the assumption or assumption and assignment and any proposed Cure Amount provided to counterparties to executory contracts and unexpired leases pursuant to the Solicitation Procedures Order.

"***Avrio General Unsecured Claim***" means any Claim against Purdue Products L.P. (f/k/a Avrio Health L.P.) that is not an Administrative Claim, a Priority Claim, a Secured Claim, a Federal Government Unsecured Claim, a Channeled Claim, a Co-Defendant Claim, an Other Subordinated Claim, an Intercompany Claim or a Shareholder Claim. "***Bankruptcy Code***" means title 11 of the United States Code, as applicable to the Chapter 11 Cases.

"***Bankruptcy Court***" means the United States Bankruptcy Court for the Southern District of New York having jurisdiction over the Chapter 11 Cases and, to the extent any reference made under section 157 of title 28 of the United States Code is withdrawn or the Bankruptcy Court is determined not to have authority to enter a Final Order on an issue, the United States District Court for the Southern District of New York.

"***Bankruptcy Rules***" means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases, and any local rules of the Bankruptcy Court.

"***Bar Date***" means, as applicable, the General Bar Date or any other date established by the Bankruptcy Court as the deadline by which Proofs of Claim or requests for payment of Administrative Claims must be filed.

"***Bar Date Order***" means, collectively, (i) the *Order Establishing (I) Deadlines for Filing Proofs of Claims and Procedures Relating Thereto, (II) Approving the Proof of Claim Forms, and (III) Approving the Form and Manner of Notice Thereof* [D.I. 800] and (ii) the *Order (I) Extending the General Bar Date for a Limited Period and (II) Approving the Form and Manner of Notice Thereof* [D.I. 1221].

"***Benefit Plan***" means any "employee benefit plan" as defined in section 3(3) of ERISA, compensation, employment, consulting, severance, retention or similar plan, agreement, arrangement, program or policy, or other plan, agreement, arrangement, program or policy providing for compensation, bonuses or other forms of incentive compensation, including the Key Employee Plans, vacation benefits, insurance, medical, dental, vision, prescription or fringe benefits, life insurance, perquisites, disability or sick leave benefits or employee assistance program, in each case, that is sponsored, maintained or administered or entered into by the Debtors for the benefit of their respective employees or non-employee directors.

["***Breaching Shareholder Family Group***" means a Shareholder Family Group that is in Specified Breach (as defined in the Master Shareholder Settlement Agreement).]

"***Business Day***" means any day other than a Saturday, a Sunday or any other day which is a federal holiday.

"***Canadian Patient Claim Settlement Stipulation***" means the *Amended and Restated Stipulation and Order Permitting the Filing of a Class Proof of Claim Solely for Administrative Convenience in Order to Effectuate a Potential Settlement in Respect of Certain Canadian Patient Litigation* [D.I. 1515].

"***Canadian Patient Settlement Agreement***" means the "Patient Settlement Agreement" as defined in the Canadian Patient Claim Settlement Stipulation.

"***Canadian Patient Settlement Trust***" means the "Settlement Trust" as defined in the Canadian Patient Claim Settlement Stipulation.

"***Case Stipulation***" means the *Amended and Restated Case Stipulation Among the Debtors, the Official Committee of Unsecured Creditors and Certain Related Parties* [D.I. 518], including any predecessors thereto.

"***Cash***" means all legal tender of the United States of America.

"***Cause of Action***" means any Claim, action, class action, claim, cross-claim, counterclaim, third-party claim, cause of action, controversy, dispute, demand, right, Lien, indemnity, contribution, rights of subrogation, reimbursement, guaranty, suit, obligation, liability, debt, damage, judgment, loss, cost, attorneys' fees and expenses, account, defense, remedy, offset, power, privilege, license or franchise, in each case, of any kind, character or nature whatsoever, asserted or unasserted, accrued or unaccrued, known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or

unliquidated, disputed or undisputed, foreseen or unforeseen, direct or indirect, choate or inchoate, secured or unsecured, allowable or disallowable, Allowed or Disallowed, assertible directly or derivatively (including, without limitation, under alter-ego theories), in rem, quasi in rem, in personam or otherwise, whether arising before, on or after the Petition Date, arising under federal or state statutory or common law, or any other applicable international, foreign or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, in contract or in tort, at law, in equity or pursuant to any other theory or principle of law, including fraud, negligence, gross negligence, recklessness, reckless disregard, deliberate ignorance, public or private nuisance, breach of fiduciary duty, avoidance, willful misconduct, veil piercing, alter ego, unjust enrichment, disgorgement, restitution, contribution, indemnification, rights of subrogation and joint liability, regardless of where in the world accrued or arising. For the avoidance of doubt, "Cause of Action" expressly includes (i) any Cause of Action held by a natural person who is not yet born or who has not yet attained majority as of the Petition Date or as of the Effective Date, (ii) any right of setoff, counterclaim or recoupment and any Cause of Action for breach of contract or for breach of duty imposed by law or in equity, (iii) the right to object to or otherwise contest Claims or Interests, (iv) any Cause of Action pursuant to section 362 of the Bankruptcy Code or chapter 5 of the Bankruptcy Code, (v) any claim or defense, including fraud, mistake, duress and usury and any other defense set forth in section 558 of the Bankruptcy Code, and (vi) any claim under any state or foreign law, including for the recovery of any fraudulent transfer or similar theory.

"***Channeled Claims***" means, collectively, all Non-Federal Domestic Governmental Channeled Claims, Tribe Channeled Claims, Public School Channeled Claims, Hospital Channeled Claims, Third-Party Payor Channeled Claims, ER Physician Channeled Claims, and PI Channeled Claims.

"***Channeling Injunction***" means the channeling injunction issued pursuant to Section 10.8 of the Plan.

"***Chapter 11 Cases***" means the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors on or after the Petition Date (and not otherwise dismissed), currently pending in the Bankruptcy Court that are jointly administered in the case styled *In re Purdue Pharma L.P.*, Case No. 19-23649 (SHL).

"***Civil Settlement Agreement***" means that certain civil settlement agreement attached as Exhibit C to the DOJ 9019 Motion, as approved and modified by the DOJ 9019 Order, by and among Purdue Pharma L.P. and the United States, acting through the United States Department of Justice, Civil Division, Commercial Litigation Branch, the United States Attorney's Office for the District of New Jersey, the United States Attorney's Office for the District of Vermont, and on behalf of the Office of Inspector General of the United States Department of Health and Human Services, the Defense Health Agency, acting on behalf of the TRICARE Program, 10 U.S.C. §§ 1071-1110b, and the Office of Personnel Management.

"***Claim***" has the meaning set forth in section 101(5) of the Bankruptcy Code. For the avoidance of doubt, unless otherwise indicated herein, "Claim" shall not be limited to Claims against the Debtors or to Claims for which a Proof of Claim was submitted.

"***Claims Reserves***" means, collectively, (i) PAT Disputed Claims Reserves, and (ii) Creditor Trust Non-Participating Claims Reserves.

"***Class***" means any group of Claims or Interests classified under this Plan pursuant to section 1122(a) of the Bankruptcy Code.

"***Class 4 Non-Participating Claims Reserve***" means the Creditor Trust Non-Participating Claims Reserve established in respect of Non-Participating Non-Federal Domestic Governmental Channeled Claims.

"***Class 4 Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating Non-Federal Domestic Governmental Channeled Claims.

"***Class 5 Non-Participating Claims Reserve***" means the Creditor Trust Non-Participating Claims Reserve established in respect of Non-Participating Tribe Claims.

"***Class 5 Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating Tribe Claims.

"***Class 6 Non-Participating Claims Reserve***" means the Creditor Trust Non-Participating Claims Reserve established in respect of Non-Participating Public School Claims.

"***Class 6 Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating Public School Claims.

"***Class 7 Non-Participating Claims Reserve***" means the Creditor Trust Non-Participating Claims Reserve established in respect of Non-Participating Hospital Claims.

"***Class 7 Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating Hospital Claims.

"***Class 8 Non-Participating Claims Reserve***" means the Creditor Trust Non-Participating Claims Reserve established in respect of Non-Participating Third-Party Payor Claims.

"***Class 8 Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating Third-Party Payor Claims.

"***Class 9 Non-Participating Claims Reserve***" means the Creditor Trust Non-Participating Claims Reserve established in respect of Non-Participating ER Physician Claims.

"***Class 9 Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating ER Physician Claims.

"***Class 10(a) Non-Participating Claims Reserve***" means the Creditor Trust Non-Participating Claims Reserve established in respect of Non-Participating NAS PI Claims.

"***Class 10(a) Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating NAS PI Claims.

"***Class 10(b) Non-Participating Claims Reserve***" means the Creditor Trust Non-Participating Claims Reserve established in respect of Non-Participating Non-NAS PI Claims.

"***Class 10(b) Released Claims Reserve***" means the Released Claims Reserve established in respect of Non-Participating Non-NAS PI Claims.

"***Co-Defendant***" means any co-defendant in a Pending Opioid Action commenced as of the Effective Date, in each case, other than (x) the Debtors and their current and former officers, directors, authorized agents and employees and (y) the Shareholder Released Parties.

"***Co-Defendant Action***" means any Pending Opioid Action and any previous, pending, or future litigation or dispute that alleges substantially similar facts or causes of action as those alleged in the Pending Opioid Actions and that concerns conduct occurring before the Effective Date.

"***Co-Defendant Claim***" means any Claim, other than a Claim held by an Insurance Company, that (i) either (A) is or could be asserted against any Debtor, including without limitation any Claim that would otherwise be a Cure Claim or (B) seeks to recover from any property of any Debtor or its Estate, including any MDT Insurance Policy, (ii) is for or based upon or arises from contribution, indemnification, reimbursement, setoff or recoupment or any other similar claim or Cause of Action, and (iii) seeks to recover, directly or indirectly, any costs, losses, damages, fees, expenses or any other amounts whatsoever, actually or potentially imposed upon the Holder of such Claim, in each case relating to or arising from any actual or potential litigation or dispute, whether accrued or unaccrued, asserted or unasserted, existing or hereinafter arising, based on or relating to, or in any manner arising from, in whole or in part, Opioid-Related Activities or otherwise relating to opioids (including, without limitation, any such Claims asserted by any manufacturer, distributor, pharmacy, pharmacy-benefit manager, group purchasing organization or physician or other contract counterparty or business partner of any Debtor), in each case that is not a Shareholder Claim or a Claim held by any current or former director, officer, employee or agent of the Debtors. For the avoidance of doubt, a Co-Defendant Claim shall not include any Co-Defendant Surviving Pre-Effective Date Claim. Notwithstanding anything to the contrary outside of this definition in the Plan, any Claim that satisfies the definition of a Co-Defendant Claim shall be a Co-Defendant Claim notwithstanding that such Claim would otherwise satisfy the definition of another type of Claim. For the avoidance of doubt, Co-Defendant Claim includes a Claim that is held by an insurance company in its capacity as subrogee of a Holder of a Co-Defendant Claim.

["***Co-Defendant Defensive Rights***" means any and all direct, or indirect, protections, immunities, objections, assertions, Causes of Action and, in each case, of any kind, character or nature, whether legal, equitable or contractual, contingent or non-contingent, liquidated or unliquidated, disputed or undisputed, including, without limitation, all rights, remedies, defenses, assertions and Claims against liability, rights to setoff, offset, recoupment, counter-claims, cross-claims, rights to allocation or apportionment of fault and judgment reduction, apportionment of damages, any other defenses, affirmative defenses or judgment reduction mechanisms or rights similar to the foregoing, and any steps necessary to assert the foregoing, in each case, solely to reduce the liability, judgment, obligation or fault of the applicable Holder of a Co-Defendant Claim or Excluded Party to any Person that asserts any Cause of Action against such Holder of any Co-Defendant Claim or Excluded Party based in whole or in part on Opioid-Related Activities. Co-Defendant Defensive Rights (i) may be used to offset, set-off, recoup, allocate or apportion fault, liability or damages, or seek judgment reduction or otherwise defend against any Cause of Action brought by any Person against the Holder of any Co-Defendant Claim or the Excluded Party based in whole or in part on Opioid-Related Activities and (ii) shall in no case be used to seek or obtain any affirmative monetary recovery from any Protected Party or any Asset of any Protected Party (including from any Purdue Insurance Policy or any other insurance policy of a Protected Party) on account of any Released Claim or Shareholder Released Claim.]

"***Co-Defendant Surviving Pre-Effective Date Claim***" means any Cause of Action held by a Co-Defendant that (i) arose in the ordinary course of business, (ii) is not related to a Co-Defendant Action, and (iii) concerns conduct occurring before the Effective Date.

"***Common Benefit Escrow***" means the fund to be established as set forth in Section 5.9(c) of the Plan.

"***Common Benefit Fund***" means a common benefit fund established by order of, and administered by, the MDL Court.

"***Confirmation Date***" means the date on which the Bankruptcy Court enters the Confirmation Order.

"***Confirmation Hearing***" means the hearing to be held by the Bankruptcy Court regarding confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

"***Confirmation Order***" means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code and approving the Plan Settlement, which shall be in form and substance acceptable to the Debtors and reasonably acceptable to the Creditors' Committee, the Governmental Consent Parties [and the Sackler Parties' Representative].

"***Contract Dispute***" means an unresolved objection regarding assumption or assumption and assignment, Cure Amount, "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) or other issues related to assumption or assumption and assignment of an executory contract or unexpired lease.

"***Covered Conduct***" means [●].[2]

"***Creditor Trust***" means (i) with respect to Non-Federal Domestic Governmental Channeled Claims, the Governmental Remediation Trust, (ii) with respect to Tribe Channeled Claims, the Tribe Trust, (iii) with respect to Hospital Channeled Claims, the Hospital Trust, (iv) with respect to ER Physician Channeled Claims, the ERP Trust, (v) with respect to Public School Channeled Claims, the Public School Trust, (vi) with respect to Third-Party Payor Channeled Claims, the TPP Trust, and (vii) with respect to PI Channeled Claims, the PI Trust.

"***Creditor Trust Advance Amount***" means, with respect to each Creditor Trust, a reduction in Distributions equal to amounts advanced to such Creditor Trust prior to the Effective Date pursuant to the Creditor Trust Establishment Order.

"***Creditor Trust Establishment Order***" means the *Order (I) Authorizing the Debtors to Fund Establishment of the Creditor Trusts, the Master Disbursement Trust and Topco, (II) Directing Prime Clerk LLC to Release Certain Protected Information, and (III) Granting Other Related Relief* [D.I. 3773].

"***Creditor Trust Non-Participating Claims Reserves***" means segregated accounts established pursuant to Section 7.2 of this Plan for each of Classes 4 through 10(b), in each case held and administered on and after the Effective Date by the applicable Creditor Trust of such Class. Each Creditor Trust Non-Participating Claims Reserve shall be funded in accordance with Sections 7.2(c) and (d) of this Plan.

"***Creditor Trust Documents***" means, collectively, the Governmental Remediation Trust Documents, the Tribe Trust Documents, the Public School Trust Documents, the Hospital Trust Documents, the ERP Trust Documents, the TPP Trust Documents and the PI Trust Documents.

"***Creditor Trust Operating Expenses***" means, with respect to each Creditor Trust, any and all costs, expenses, fees, taxes, disbursements, debts or obligations incurred from the operation and administration of such Creditor Trust, including in connection with the reconciliation and administration of the Channeled Claims channeled to such Creditor Trust, working capital and all compensation, costs and fees of the Creditor Trustees of such Creditor Trust and any professionals retained by such Creditor Trustees.

"***Creditor Trust Operating Reserves***" means the reserves to be established to pay the Creditor Trust Operating Expenses of the respective Creditor Trusts, as and to the extent set forth in the

[2] [**NTD**: Definition subject to ongoing discussion]

Creditor Trust Documents. The Creditor Trust Operating Reserves shall be (i) funded with Cash and cash equivalents held by the respective Creditor Trusts in accordance with the respective Creditor Trust Documents and (ii) held by the respective Creditor Trusts in a segregated account and administered by the respective Creditor Trustees.

"***Creditor Trust Overseer(s)***" means, with respect to each Creditor Trust, the Person(s) responsible for the administration of such Creditor Trust or advisory or oversight committee member(s), as applicable, for such Creditor Trust, in each case, appointed in accordance with Section 5.8(c) of the Plan and the Creditor Trust Documents for such Creditor Trust.

"***Creditor Trust TDPs***" means, collectively or as applicable, the Governmental Remediation Trust Documents, the Tribe TDP, the Hospital TDP, the Public School TDP, the ERP TDP, the TPP TDP, and the PI TDP.

"***Creditor Trustee(s)***" means each trustee of a Creditor Trust or, collectively, the trustees of the Creditor Trusts, in each case, appointed in accordance with Section 5.8(c) of the Plan, including the Governmental Remediation Trust Trustees.

"***Creditors' Committee***" means the statutory committee of unsecured creditors appointed by the U.S. Trustee on September 27, 2019 pursuant to section 1102(a)(1) of the Bankruptcy Code.

"***Cure Amount***" means the payment of Cash or the distribution of other property (as the parties may agree or the Bankruptcy Court may order) as necessary to (i) cure a monetary default by the Debtors in accordance with the terms of an executory contract or unexpired lease of the Debtors, and (ii) permit the Debtors to assume such executory contract or unexpired lease under section 365(a) of the Bankruptcy Code.

"***Cure Claim***" means a Claim for a Cure Amount in connection with the assumption or assumption and assignment of an executory contract or unexpired lease under section 365(a) of the Bankruptcy Code.

"***Cutoff Date***" has the meaning set forth in Section 5.13(i)(i) of the Plan.

"***D&O Insurance Policies***" means all directors and officers/executive liability insurance policies (including extension of coverage of any policy beyond the end of the policy period) issued to or providing insurance coverage at any time to any of the Debtors' directors, officers, managers or authorized agents, in their respective capacities as such, for alleged Wrongful Acts (as defined in such policies) or similar triggering acts, and all agreements, documents or instruments relating thereto.

"***Debtor(s)***" has the meaning set forth in the introductory paragraph of the Plan.

"***Defense Counsel***" has the meaning set forth in Section 5.13(s)(v) of the Plan.

"***Designated Shareholder Released Parties***" has the meaning set forth in the Master Shareholder Settlement Agreement.

"***Direct Claims Shareholder Settlements***" means the Governmental Entity Shareholder Direct Settlement, the Tribal Shareholder Direct Settlement, the Public School District Shareholder Direct Settlement, the Third-Party Payor Shareholder Direct Settlement, the ER Physician Shareholder Direct Settlement, the Hospital Shareholder Direct Settlement, the PI Shareholder Direct Settlements[, the Ratepayer Mediation Participants Stipulation,] and any other settlements that contemplate releases similar

to the foregoing that are entered into by and among the Shareholder Payment Parties and Holders of Claims, if applicable.

"***Direct Claims Shareholder Settlement Agreements***" means, collectively, the (i) Governmental Entity Shareholder Direct Settlement Agreement, (ii) Tribal Shareholder Direct Settlement Agreement, (iii) ER Physician Shareholder Direct Settlement Agreement, (iv) Hospital Shareholder Direct Settlement Agreement, (v) Public School District Shareholder Direct Settlement Agreement [and (vi) any other settlement agreement entered into in connection with an Opt-Out Class Action Settlement].

"***Direct Claim Settlement Retained Payment Amounts***" shall mean:

(a) with respect to each Direct Claims Shareholder Settlement other than the Third-Party Payor Shareholder Direct Settlement and the PI Shareholder Direct Settlements and at the relevant time, (i) the maximum amounts payable pursuant to the applicable Direct Claims Shareholder Settlement Agreement *less* (ii) amounts actually paid pursuant to the applicable Direct Claims Shareholder Settlement Agreement, in each case as set forth in the applicable Direct Claims Shareholder Settlement Agreement;

(b) with respect to the Third-Party Payor Shareholder Direct Settlement, [●];[3] and

(c) with respect to the PI Shareholder Direct Settlements, [●].

"***Disallowed***" means (i) with respect to a Channeled Claim, or any portion thereof, such Channeled Claim that has been disallowed by a Final Order or pursuant to a settlement, and (ii) with respect to any Claim against a Debtor (other than a Channeled Claim), such Claim, or any portion thereof, that (A) has been disallowed under this Plan, by a Final Order or pursuant to a settlement, (B) is Scheduled at zero dollars ($0) or as contingent, disputed or unliquidated and as to which a Bar Date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court, including the Bar Date Order, or otherwise deemed timely filed under applicable law, or (C) is not Scheduled and as to which a Bar Date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law. Correlative terms such as "Disallow", and "Disallowance" have correlative meanings.

"***Disallowed Claim Distribution***" shall have the meaning set forth in Section 7.8 of this Plan.

"***Disbursing Agent***" means any Person in its capacity as disbursing agent under Article VI of the Plan, including the Plan Administration Trustee acting in such a capacity to make Distributions in respect of Allowed Claims, other than Channeled Claims, pursuant to the Plan.

"***Disclosure Program Budget***" has the meaning set forth in Section 5.13(e) of the Plan.

"***Disclosure Statement***" means the disclosure statement for this Plan, as may be amended or supplemented from time to time, prepared and distributed in accordance with sections 1125, 1126(b) and

[3] [**NTD**: Methodology for calculating Direct Claim Settlement Retained Payment Amounts for TPPs and PIs remains subject to ongoing discussions between the Debtors, Shareholder Payment Parties and creditors]

1145 of the Bankruptcy Code, Bankruptcy Rules 3016 and 3018 and other applicable law, and all exhibits, appendices, schedules, supplements, modifications, amendments, annexes and attachments to such disclosure statement.

"***Disposition Event***" has the meaning set forth in Section 5.4(d)(ii) of the Plan.

"***Disputed***" means, with respect to a Claim against a Debtor, a Claim that is not yet Allowed or Disallowed, regardless of whether such Claim is the subject of an objection.

"***Disputed Cure Claim***" means the amount that a counterparty to a Contract Dispute alleges must be paid in order for an executory contract or unexpired lease to be assumed or assumed and assigned as provided under the Plan.

"***Disputed Cure Claims Reserve***" means a reserve established to pay the aggregate amount of Disputed Cure Claims or such lower amount as ordered by the Bankruptcy Court or agreed to by the parties to the applicable executory contract or unexpired lease. The Disputed Cure Claims Reserve shall be (i) funded on the Effective Date with Effective Date Cash in an amount determined by the Debtors and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties and (ii) held by the Plan Administration Trust in a segregated account and administered by the Plan Administration Trustee on and after the Effective Date in a manner consistent with the Master Shareholder Settlement Agreement.

"***Disputed Other General Unsecured Claims Reserve***" means the PAT Disputed Claims Reserve established on account of Disputed Other General Unsecured Claims.

"***Distribution***" means any initial or periodic payment or transfer of consideration in respect of Allowed Claims or Channeled Claims made under this Plan (including any amounts funded under any Direct Shareholder Settlement Agreement); *provided* that all Distributions to Holders in respect of Channeled Claims shall be exclusively from the applicable Creditor Trust in accordance with the applicable Creditor Trust Documents.

"***Distribution Record Date***" means the record date for purposes of making Distributions under the Plan on account of Allowed Claims, which date shall be the Effective Date.

"***DOB***" means the volunteer disclosure oversight board created in accordance with Section 5.13(c) of the Plan.

"***DOJ***" means the United States Department of Justice.

"***DOJ 9019 Motion***" means the *Motion of Debtors Pursuant to 11 U.S.C. § 105 and Fed. R. Bankr. P. 9019 Authorizing and Approving Settlements Between the Debtor and the United States* [D.I. 1828].

"***DOJ 9019 Order***" means the *Order Pursuant to 11 U.S.C. § 105 and Fed. R. Bankr. P. 9019 Authorizing and Approving Settlements Between the Debtors and the United States* [D.I. 2004].

"***DOJ Civil Claim***" means the "Civil Claim" as defined in the DOJ 9019 Order in the amount of $2.8 billion.

"***DOJ Conviction Judgment Date***" means the date on which the United States District Court for the District of New Jersey enters a judgment of conviction pursuant to the Plea Agreement and the DOJ 9019 Order.

"***DOJ Criminal Fine Claim***" means the "Criminal Fine Claim" as defined in the DOJ 9019 Order in the amount of $3.544 billion.

"***DOJ Forfeiture Judgment Claim***" means the "Forfeiture Judgment" as defined in the DOJ 9019 Order in the amount of $2 billion.

"***DOJ Forfeiture Judgment Credit***" means the amount of value distributed or otherwise conferred by the Debtors in respect of Non-Federal Domestic Governmental Claims and Tribe Claims, which shall be credited against the DOJ Forfeiture Judgment Claim pursuant to the Plan and the Plea Agreement, it being understood and agreed that (i) the amount so credited shall not exceed $1.775 billion, and (ii) the Confirmation Order shall include a finding that the amount of value distributed or otherwise conferred by the Debtors in respect of Non-Federal Domestic Governmental Claims and Tribe Claims exceeds $1.775 billion.

"***DOJ Forfeiture Payment***" means a payment of $225 million in Cash by PPLP to the United States Marshals in accordance with the Plan, the Plea Agreement and the DOJ 9019 Order.

"***DOJ Repository Obligation***" has the meaning set forth in Section 5.13(b) of the Plan.

"***DOJ Resolution***" means the Plea Agreement and the Civil Settlement Agreement, including the settlements contemplated therein and the other terms and conditions thereof.

"***DOJ Unsecured Claims***" means the DOJ Civil Claim and the DOJ Criminal Fine Claim.

["***Domestic Governmental Entity***" means the United States or any State, county, municipality, Tribe, or other Governmental Unit within the United States, or an officer of any of the foregoing in his or her official capacity, but, for the avoidance of doubt, not including (a) any Non-Federal Acute Care Hospitals, (b) any elementary, middle, or secondary public school district in the United States, (c) health districts that have filed Proofs of Claim as Third-Party Payors, or (d) any hospitals listed on Exhibit [A] of the Hospital Shareholder Direct Settlement Agreement.][4]

"***Effective Date***" means the date selected by the Debtors for the consummation of the Plan, or as soon thereafter as reasonably practicable.

"***Effective Date Cash***" means, collectively all Cash and cash equivalents of the Debtors (including all amounts paid on the Effective Date directly to, or pursuant to direction from, the MDT under the Shareholder Settlement Agreements) on the Effective Date prior to the making of any payments by the Debtors or the MDT, as applicable, in accordance with the Restructuring Transactions, excluding any Cash and cash equivalents (i) in the form of security deposits, (ii) that collateralize any obligations of the Debtors or (iii) that are otherwise subject to any legal, contractual or other restriction on the ability to freely transfer such Cash or cash equivalents.

"***EMTALA***" means the Emergency Medical Treatment & Labor Act, 42 U.S.C. § 1395dd.

"***Entity***" has the meaning set forth in section 101(15) of the Bankruptcy Code.

"***ER Physician***" means an emergency room physician, in its capacity as such.

[4] [**NTD**: Subject to ongoing discussion]

"***ER Physician Channeled Claim***" means (i) any ER Physician Claim or (ii) any Released Claim or Shareholder Released Claim that is held by an ER Physician (in the case of Shareholder Released Direct Claims, solely to the extent that such ER Physician is a Settling Creditor). ER Physician Channeled Claims shall be channeled to the ERP Trust in accordance with the Plan and Master TDP.

"***ER Physician Claims***" means any Claim against any Debtor that is held by an ER Physician, provided that such Claim arose when such ER Physician's billing and revenue collection were entirely separate from the billing and revenue collection practices of the medical facility at which such ER Physician practiced, and such ER Physician was not employed by such medical facility.

"***ER Physician Shareholder Direct Settlement***" means the settlement set forth in the ER Physician Shareholder Direct Settlement Agreement.

"***ER Physician Shareholder Direct Settlement Agreement***" means the settlement agreement which shall be filed by the Debtors with the Plan Supplement.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended. 29 U.S.C. §§ 1301-1461.

"***ERP TDP***" means the trust distribution procedures to be implemented by the ERP Trust setting forth the procedures for Distributions from the ERP Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the ERP Trustee and reasonably acceptable to the Creditors' Committee, the Governmental Consent Parties [and the Sackler Parties' Representative],[5] and which shall be filed by the Debtors with the Plan Supplement.

"***ERP Trust***" means the trust to be established in accordance with Section 5.8 of the Plan to (i) assume all liability for the ER Physician Channeled Claims, (ii) collect the Initial ERP Trust Distribution and additional payments due under the MDT ERP Claim in accordance with the Private Entity Settlements and the ERP Trust Documents, (iii) administer ER Physician Channeled Claims, (iv) hold and administer the Class 9 Non-Participating Claims Reserve on and after the Effective Date, (v) hold the Class 9 Released Claims Reserve on and after the Effective Date and (vi) make Distributions in accordance with the ERP TDP.

"***ERP Trust Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the ERP Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the ERP Trustee and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***ERP Trust Documents***" means the ERP Trust Agreement and the ERP TDP.

"***ERP Trustee***" means Dr. Michael Masiowski, or such successor(s) as may be appointed pursuant to the terms of the ERP Trust Documents.

"***Estate(s)***" means, individually or collectively, the estate or estates of the Debtors created under section 541 of the Bankruptcy Code.

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[5] [**NTD**: Sackler Parties' Representative consent rights over TDPs subject to ongoing discussions between private claimants and Shareholder Payment Parties]

"***Estate Causes of Action***" means, in each case whether or not asserted, any and all Causes of Action that any Debtor or its Estate may have, hold, or control, or be entitled to assert, or that any Person may be entitled to assert, currently or in the future, by, through, under, or on behalf of any Debtor or its Estate, and each of their respective successors or assigns, including, without limitation, any and all Causes of Action that: (i) were included in the proposed complaint filed by the Creditors' Committee [D.I. 6685-2]; (ii) seek to avoid or recover any transfer of property or value by any Debtor or its Estate, or to avoid any obligation incurred by any Debtor or its Estate, including on a theory of fraudulent transfer, fraudulent conveyance, preference, turnover, unjust enrichment, constructive trust, or conversion; (iii) arise from an injury suffered by a Debtor, including Causes of Action arising from a breach of fiduciary duty, mismanagement, corporate waste, or similar theories arising out of a Person's ownership, management, oversight, operation, status, tenure, conduct, omission, liability, action, or inaction at any time as a stockholder, affiliate, owner, partner, member, manager, director, officer, employee, servant, agent, representative, attorney, creditor, successor, assign, or other relationship with a Debtor or any of its predecessors; (iv) arise from disregarding the separateness of any Debtor or its Estate or imputing the liability of any Debtor or its Estate to another Person, including on a theory of successor liability, vicarious liability, respondeat superior, alter ego, veil piercing, agency, control person liability, or joint venture; (v) arise from a common injury that (a) could be asserted by creditors of a Debtor or its Estate or (b) arises from a breach of duty owed to a Debtor or its Estate; (vi) are property of any Debtor or its Estate or can be asserted, settled, or released by any Debtor or its Estate under the Bankruptcy Code or other applicable law; or (vii) are other derivative claims duplicative of any of the foregoing. Estate Causes of Action shall not include any Cause of Action arising from a breach by a non-Debtor of a legally cognizable duty or statutory prohibition – including not to engage personally in fraud, misrepresentation, or misconduct that causes a nuisance, in each case under consumer protection laws and like regulatory laws or statutes (such as UDAP laws) or the common law – which duty or statutory obligation is owed by such non-Debtor directly to the Person asserting such Cause of Action (or to the citizenry on whose behalf such Person is charged to act), where the injury caused by such breach is particular to the Person asserting such Cause of Action (or the citizenry on whose behalf such Person is charged to act) and is not an injury common to creditors of the Debtor or its Estate.

"***Estate Distributions***" means, with respect to the Distributions to each Class, all Distributions other than such Class's Shareholder Direct Settlement Portion. For the avoidance of doubt, any amounts received by the Governmental Remediation Trust or the Tribe Trust from Additional Net Proceeds Payments shall constitute Estate Distributions.

"***Estate Releases***" means the releases provided for in Section 10.6 of the Plan.

"***Estate Surviving Pre-Effective Date Claim***" means any Estate Cause of Action against a Co-Defendant that (i) arose in the ordinary course of business, (ii) is not related to a Co-Defendant Action, and (iii) concerns conduct occurring before the Effective Date.

"***Excluded Assets***" means (i) all Effective Date Cash other than the Initial NewCo Cash and (ii) any other Assets of the Debtors excluded from the transfer to NewCo pursuant to the NewCo Transfer Agreement, including without limitation all MDT Transferred Assets and all PAT Assets.

"***Excluded Claim***" means (i) any criminal action or criminal proceeding arising under a criminal provision of any statute instituted (A) by a Domestic Governmental Entity that has authority to bring such a criminal action or criminal proceeding, and (B) to adjudicate a person's guilt or to set a convicted person's punishment; (ii) any Cause of Action against a non-Debtor Person by any federal, state or local authority with respect to taxes (other than tax laws targeting Covered Conduct) imposed on such non-Debtor Person; (iii) any Estate Cause of Action or any Cause of Action held by a Releasing Party against an Excluded Party; (iv) any Cause of Action against any Person to the extent based on the actual

conduct of such Person after the Effective Date; (v) any Cause of Action against persons or entities who are not Released Parties or Shareholder Released Parties; or (vi) any claim arising under the Plan for enforcement of the Plan.

"***Excluded Insurance Policies***" means (i) the Isosceles Insurance Ltd. policy number PPLP-01/2019, (ii) the Purdue Insurance Policies agreed by the Debtors, the Creditors' Committee and the Governmental Consent Parties, which shall be identified in the MDT Agreement, and (iii) any rights or obligations under any Purdue Insurance Policy to the extent, but only to the extent, that such rights or obligations pertain solely to coverage for workers' compensation liability. For the avoidance of doubt, clause (i) of this definition does not negate or limit the scope of the definition of MDT Insurance Collateral. For the avoidance of further doubt, if a Purdue Insurance Policy both (x) does or may afford the Debtors rights, benefits, indemnity, insurance coverage or defense costs with respect to any Cause of Action against the Debtors arising out of, on account of, or in connection with Opioid-Related Activities or for which the Debtors have insurance rights arising out of or in connection with Opioid-Related Activities and (y) is subject to clause (ii) or (iii) of this definition, such Purdue Insurance Policy is only an Excluded Insurance Policy to the extent it is subject to clause (ii) or (iii) of this definition, and all provisions herein concerning the MDT Insurance Policies apply to that Purdue Insurance Policy.

"***Excluded Party***" means (i) each Person identified on the Schedule of Excluded Parties and (ii) each Co-Defendant; provided that no Settling Co-Defendant and none of their respective Related Parties (except to the extent any such Related Party is identified by name on the Schedule of Excluded Parties filed on August 23, 2021) shall be an Excluded Party.

"***Excluded Privileged Materials***" means the Privileged documents, books and records prepared in connection with or related to any Purdue Legal Matter.

"***Exculpated Parties***" means, collectively, (i) the Debtors, (ii) the Creditors' Committee and its members, solely in their capacities as such, (iii) the Plan Administration Trustee, (iv) the MDT Trustees and the MDT Advisory Council Representatives, (v) the Creditor Trustees, (vi) the Supporting Claimants, each solely in their capacities as such, (vii) the DOB members, and (viii) with respect to each of the Persons in the foregoing clauses (i) through (vii), each of their Related Parties; *provided*, *however*, that no Excluded Party or Shareholder Released Party (other than current and former directors, officers and employees of the Debtors that are not Excluded Parties or Sackler Family Members) shall be an Exculpated Party in any capacity or respect.

"***FDA***" means the United States Food and Drug Administration.

"***Federal Government Unsecured Claims***" means the DOJ Unsecured Claims and the Other Federal Agency Claims.

"***Final Order***" means an order or judgment of the Bankruptcy Court, as entered on the docket in any Chapter 11 Case, or of any other court of competent jurisdiction (i) that has not been reversed, stayed, modified or amended, and (ii) (A) as to which the time to appeal, seek certiorari or move for a new trial, re-argument or rehearing has expired according to applicable law and no appeal or petition for certiorari or other proceedings for a new trial, re-argument or rehearing has been timely taken or (B) as to which any appeal that has been taken or any petition for certiorari that has been or may be timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, re-argument or rehearing shall have been denied, resulted in no modification of such order or has otherwise been dismissed with prejudice.

"***First Reversion Date***" shall have the meaning ascribed to such term in the Master Shareholder Settlement Agreement.

"***Foundation***" means a newly formed New York non-stock corporation treated as a corporation for U.S. federal income tax purposes to be created in accordance with Section 5.5 of the Plan to receive and hold the NewCo Interest and collect the Foundation Distributable Cash in accordance with the Plan and the Foundation Bylaws and is intended to be an exempt organization for U.S. federal income tax purposes.

"***Foundation Distributable Cash***" means an amount of NewCo Distributable Cash to be distributed from NewCo directly to the Foundation in respect of the NewCo Interest in any year equal to the lesser of (x) 5% of NewCo Distributable Cash and (y) $5 million.

"***Foundation Governance Term Sheet***" means the governance term sheet for the Foundation attached as Appendix [●] to the Disclosure Statement.

"***Foundation Bylaws***" means the agreement establishing and delineating the terms and conditions for the creation and operation of the Foundation, the terms of which shall be consistent with Articles I through XII of the Plan and the Foundation Governance Term Sheet and otherwise acceptable to the DOJ and the Governmental Consent Parties and reasonably acceptable to the Debtors, and which shall be filed by the Debtors with the Plan Supplement.

"***Foundation Trustees***" means the trustees of the Foundation appointed in accordance with Section 5.5(b) of the Plan."***General Bar Date***" means July 30, 2020.

"***Governmental Consent Parties***" means (i) the States AG Negotiating Group, (ii) the Ad Hoc Committee, and (iii) the MSGE Group.

"***Governmental Entity Shareholder Direct Settlement***" means the settlement set forth in the Governmental Entity Shareholder Direct Settlement Agreement.

"***Governmental Entity Shareholder Direct Settlement Agreement***" means the agreement substantially in the form of Exhibit [●] attached to the Plan.

"***Governmental Remediation Trust***" means the Delaware trust to be established in accordance with Section [5.8] of the Plan and the Governmental Remediation Trust Documents and administered by the Governmental Remediation Trust Administrator, which shall receive and distribute all distributions on account of the Allowed Non-Federal Domestic Governmental Channeled Claims pursuant to the Governmental Remediation Trust Documents.

"***Governmental Remediation Trust Administrator***" means the Person appointed pursuant to the Governmental Entity Shareholder Direct Settlement Agreement to serve as the "Directing Administrator."

"***Governmental Remediation Trust Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the Governmental Remediation Trust, the terms of which shall be consistent with the Plan and acceptable to the Governmental Consent Parties, in consultation with the Debtors and the Creditors' Committee, and which shall be filed by the Debtors with the Plan Supplement. "***Governmental Remediation Trust Delaware Trustee***" means the Person appointed pursuant to the Governmental Remediation Trust Agreement to serve as the "Delaware Trustee."

"***Governmental Remediation Trust Directed Trustee***" means the Person appointed pursuant to the Governmental Entity Shareholder Direct Settlement Agreement to serve as the "Directed Trustee."

"***Governmental Remediation Trust Documents***" means the Governmental Entity Shareholder Direct Settlement Agreement and the Governmental Remediation Trust Agreement.

"***Governmental Remediation Trust and Tribe Trust NewCo Distributable Cash***" means all NewCo Distributable Cash other than Foundation Distributable Cash.

"***Governmental Remediation Trust Trustees***" means the Governmental Remediation Trust Administrator, the Governmental Remediation Trust Delaware Trustee, and the Governmental Remediation Trust Directed Trustee.

"***Governmental Unit***" has the meaning set forth in section 101(27) of the Bankruptcy Code.

"***Holder***" means a Person holding a Claim, a Channeled Claim, a Cause of Action or an Interest, as applicable. For the avoidance of doubt, "Holder" shall not be limited to Persons Holding Claims against the Debtors or Persons that submitted timely Proofs of Claim.

"***Hospital***" means any acute care hospital subject to EMTALA which hospital is not a Domestic Governmental Entity or a Physician.

"***Hospital Attorney Fee Fund***" means the fund to be established as set forth in Section 5.9(d) of the Plan.

"***Hospital Channeled Claim***" means (i) any Hospital Claim or (ii) any Released Claim or Shareholder Released Claim that is held by a Hospital (in the case of Shareholder Released Direct Claims, solely to the extent that such Hospital is a Settling Creditor). Hospital Channeled Claims shall be channeled to the Hospital Trust in accordance with the Plan and Master TDP.

"***Hospital Claim***" means any Claim against any Debtor that is held by a Hospital, other than as set forth below. For the avoidance of doubt, (a) Proofs of Claim filed by (i) Physicians or (ii) Domestic Governmental Entities shall not be Hospital Claims (other than as set forth in clause "b") (b) Hospital Claims shall include any Claims of hospitals listed on Exhibit [A] of the Hospital Shareholder Direct Settlement Agreement, in their capacity as such, and (c) Hospital Claims shall include all Proofs of Claim filed by hospitals other than those set forth on Exhibit [B] of the Hospital Shareholder Direct Settlement Agreement].

"***Hospital Shareholder Direct Settlement***" means the settlement set forth in the Hospital Shareholder Direct Settlement Agreement.

"***Hospital Shareholder Direct Settlement Agreement***" means the settlement agreement which shall be filed by the Debtors with the Plan Supplement.

"***Hospital TDP***" means the trust distribution procedures to be implemented by the Hospital Trust setting forth the procedures for Distributions from the Hospital Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Ad Hoc Group of Hospitals and reasonably acceptable to the Creditors' Committee, the Governmental Consent Parties [and the Sackler Parties' Representative], and which shall be filed by the Debtors with the Plan Supplement.

"***Hospital Trust***" means a trust to be established in accordance with Section 5.8 of the Plan to (i) assume all liability for the Hospital Channeled Claims, (ii) hold the MDT Hospital Claim and collect the Initial Hospital Trust Distribution and additional payments due under the MDT Hospital Claim in

accordance with the Private Entity Settlements and the Hospital Trust Documents, (iii) administer Hospital Channeled Claims, (iv) hold and administer the Class 7 Non-Participating Claims Reserve on and after the Effective Date, (v) hold the Class 7 Released Claims Reserve on and after the Effective Date and (vi) make Distributions in accordance with the Hospital TDP.

"***Hospital Trust Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the Hospital Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Ad Hoc Group of Hospitals and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***Hospital Trust Documents***" means the Hospital Trust Agreement and the Hospital TDP.

"***Host Institutions***" has the meaning set forth in Section 5.13(b) of the Plan.

"***Impaired***" means, with respect to any Claim, Interest or Class of Claims or Interests, "impaired" within the meaning of such term in section 1124 of the Bankruptcy Code.

"***Initial ERP Trust Distribution***" means the payment of $[5,811,440] of Effective Date Cash to the ERP Trust on the later of (i) the Effective Date and (ii) consummation of the applicable Opt-Out Class Action Settlement, subject to (i) the SOR Holdback in the amount of $[141,440] and (ii) any applicable Direct Claim Settlement Retained Payment Amount.

"***Initial Federal Government Distribution***" means the payment of $25 million of Effective Date Cash to the United States on the Effective Date on account of the Federal Government Unsecured Claims.

"***Initial Hospital Trust Distribution***" means the payment of $[263,507,000] of Effective Date Cash to the Hospital Trust on the later of (i) the Effective Date and (ii) consummation of the applicable Opt-Out Class Action Settlement, subject to (i) the SOR Holdback in the amount of $[2,697,000], (ii) any applicable Direct Claim Settlement Retained Payment Amount, and (iii) any applicable Creditor Trust Advance Amount.

"***Initial Governmental Remediation Trust Distribution***" means the payment to the Governmental Remediation Trust on the Effective Date of all Effective Date Cash remaining after the satisfaction of all amounts described in Section 5.14(a) of the Plan and the SOR Holdback.

"***Initial LG Costs Funding Date***" has the meaning set forth in Section 5.9(a)(i) of the Plan.

"***Initial NewCo Cash***" means $135 million of Effective Date Cash to be transferred to NewCo on the Effective Date.

"***Initial PI Trust Distribution***" means the payment of $[815,851,710] of Effective Date Cash to the PI Trust on the Effective Date less any amounts paid by the Debtors to the PI Claims Administrator (as defined in the *Order (I) Appointing PI and TPP Claims Administrators; (II) Authorizing the Establishment of Claims Deadlines and Claims Objection Procedures; and (III) Granting Related Relief* [D.I. [●]]) as of the Effective Date, subject to (i) the SOR Holdback in the amount of $[11,171,710], (ii) any applicable Direct Claim Settlement Retained Payment Amount, and (iii) any applicable Creditor Trust Advance Amount.

"***Initial Private Creditor Trust Distributions***" means, collectively, the Initial Hospital Trust Distribution, the Initial TPP Trust Distribution, the Initial ERP Trust Distribution and the Initial PI Trust Distribution.

"***Initial Public Creditor Trust Distributions***" means, collectively, the Initial Governmental Remediation Trust Distribution and the Initial Tribe Trust Distribution.

"***Initial Public Schools' Special Education Initiative Contribution***" means a payment of Effective Date Cash to the Public School Trust (a) in the amount of $25.5 million on the later of (i) the Effective Date and (ii) consummation of the applicable Opt-Out Class Action Settlement, subject to the applicable Direct Claim Settlement Retained Payment Amount, which amount will be used by the Public Schools Special Education Initiative (i) to fund educational supports to abate the effects of the opioid crisis and (ii) for the required payments to the Common Benefit Escrow and in respect of attorneys' fees of the Public School District Claimants in accordance with Section 5.9(c) and (h) of the Plan, and (b) for reimbursement of costs and expenses incurred in connection with the Public Schools' Opt-Out Class Action Settlement notices in an amount not to exceed $75,000.[6]

"***Initial TPP Trust Distribution***" means the payment of $[394,929,850] of Effective Date Cash to the TPP Trust on the Effective Date less any amounts paid by the Debtors to the TPP Claims Administrator (as defined in the *Order (I) Appointing PI and TPP Claims Administrators; (II) Authorizing the Establishment of Claims Deadlines and Claims Objection Procedures; and (III) Granting Related Relief* [D.I. [●]]) as of the Effective Date, subject to (i) the SOR Holdback in the amount of $[5,989,850], (ii) any applicable Direct Claim Settlement Retained Payment Amount, and (iii) any applicable Creditor Trust Advance Amount.

"***Initial Tribe Trust Distribution***" means the payment of $50 million of Effective Date Cash to the Tribe Trust on the Effective Date, subject to (i) the SOR Holdback and (ii) any applicable Creditor Trust Advance Amount.

"***Insurance Companies***" means, collectively, all Persons that issued any Purdue Insurance Policy, any third-party administrator, claims handling agent or any parent, Subsidiary, affiliate, successor, predecessor or assign of any of the foregoing, solely in such Insurance Company's capacity with respect to a Purdue Insurance Policy.

"***Intercompany Claim***" means any Claim against any Debtor that is held by another Debtor or an affiliate of a Debtor.

"***Intercompany Interest***" means any Interest in any Debtor that is held by another Debtor.

"***Interest***" means any equity security (as defined in section 101(16) of the Bankruptcy Code) in a Person, including any shares, common stock or units, preferred stock or units, or other instrument evidencing any fixed or contingent equity or ownership interest in a Person, including any option, warrant or other right, contractual or otherwise, to acquire any such interest in such Person, whether or not transferable and whether fully vested or vesting in the future.

"***Interim Compensation Order***" means the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals* [D.I. 529].

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[6] [**NTD**: Public Schools' SOR holdback subject to ongoing discussions]

"***IRC***" means the Internal Revenue Code of 1986, as amended (including any successor statute).

"***IRS***" means the Internal Revenue Service.

"***Key Employee Plans***" means, collectively, the Key Employee Retention Plans and Key Employee Incentive Plans approved by the Bankruptcy Court pursuant to the *Order Authorizing the Debtors to Implement a Key Employee Retention Plan* [D.I. 1762], the *Order Authorizing the Debtors to Implement a Key Employee Incentive Plan* [D.I. 1861], the *Supplemental Order Authorizing the Debtors to Implement a Key Employee Incentive Plan* [D.I. 2002], the *Order Authorizing the Debtors to Implement 2021 Key Employee Retention Plan* [D.I. 3571], the *Order Authorizing the Debtors to Implement 2021 Key Employee Incentive Plan* [D.I. 3770], the *Order Authorizing the Debtors to Implement 2022 Key Employee Retention Plan and 2022 Key Employee Incentive Plan* [D.I. 4862], the *Supplemental Order Authorizing the Debtors to Implement 2022 Key Employee Incentive Plan* [D.I. 4924], the *Order Authorizing the Debtors to Implement 2023 Key Employee Incentive Plan and 2023 Key Employee Retention Plan* [D.I. 5646], the *Order Authorizing the Debtors to Implement 2024 Key Employee Incentive Plan and 2024 Key Employee Retention Plan* [D.I. 6322], and any similar compensation programs approved by other order of the Bankruptcy Court, in each case, as may be supplemented from time to time by further order of the Bankruptcy Court.

"***Lien***" has the meaning set forth in section 101(37) of the Bankruptcy Code.

"***Liquidating Debtors***" means, collectively, all Debtors that are not Transferred Debtors, on and after the Effective Date.

"***Local Government Costs and Expenses Fund***" means the fund to be established as set forth in Section 5.9(a) of the Plan.

"***LRP Agreement***" means the agreement establishing lien resolution procedures with respect to certain claims held by LRP Participating TPPs against Holders of PI Claims and Distributions payable to Holders of PI Claims, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors, the Ad Hoc Group of Individual Victims and the Third-Party Payor Group and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement (it being understood and agreed that the form of LRP Agreement filed on May 26, 2021 is acceptable to such parties).

"***LRP Participating TPP***" means any Holder of a Third-Party Payor Claim that becomes a party to the LRP Agreement in accordance with the terms thereof.

"***Master Disbursement Trust***" means the trust established in accordance with Section 5.6 of the Plan to, among other things, (i) hold and administer the MDT Transferred Assets and the Special Operating Reserve, (ii) serve as [administrative agent][7]with respect to Released Claims Reserves held by Creditor Trusts, (iii) make payments in satisfaction of the MDT Claims in accordance with the Plan and the Private Entity Settlements and (iv) make Public Creditor Trust Distributions in respect of the MDT Interests from MDT Distributable Value in accordance with the Plan and the Public Entity Settlements.

"***Master Shareholder Settlement Agreement***" means the settlement agreement substantially in the form of Exhibit [●] attached to the Plan.

[7] [**NTD:** Form of authority/oversight subject to ongoing discussion.]

"***Master TDP***" means the master trust distribution procedures to be implemented by the Master Disbursement Trust setting forth the procedures for the administration of Channeled Claims by the Master Disbursement Trust, which shall be filed by the Debtors with the Plan Supplement, and the terms of which shall be consistent with Articles I through XII of the Plan and otherwise reasonably acceptable to (i) the Debtors, (ii) the Creditors' Committee, (iii) the Governmental Consent Parties and (iv) solely with respect to any provisions regarding the channeling of Channeled Claims to (A) the Tribe Trust, the Native American Tribe Group, (B) the Hospital Trust, the Ad Hoc Group of Hospitals, (C), the ERP Trust, the ERP Trustee, (D) TPP Trust, the Third-Party Payor Group, (E) the Public School Trust, the Public School District Claimants, and (F) the PI Trust, the Ad Hoc Group of Individual Victims and the NAS Committee.

"***Material Litigation***" shall have the meaning ascribed to such term in the Master Shareholder Settlement Agreement.

"***MDL Court***" means the United States District Court for the Northern District of Ohio, Eastern Division, presiding over the MDL Proceeding.

"***MDL Plaintiffs' Executive Committee***" means the sixteen-member committee appointed by the MDL Court in the MDL Proceeding.

"***MDL Proceeding***" means *In re National Prescription Opiate Litigation*, Case No. 17-md-02804, MDL No. 2804.

"***MDT Advisory Council***" means the advisory council established in accordance with Section 5.6(e) of the Plan and the MDT Agreement, to which the Master Disbursement Trust shall [regularly report] with respect to the operations and activities of the Master Disbursement Trust and the handling of all payments and Distributions made from the Master Disbursement Trust, all as provided for in greater detail in the MDT Agreement.

"***MDT Advisory Council Representative***" has the meaning set forth in Section 5.6(e) of the Plan.

"***MDT Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the Master Disbursement Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise reasonably acceptable to the Debtors, the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***MDT Beneficiaries***" means, subject to Section 5.6(f)(iv), each of (i) the Public Creditor Trusts, (ii) the Hospital Trust, (iii) the ERP Trust, (iv) the Public School Trust, (v) the PI Trust, (vi) the TPP Trust, and (vii) the United States.

"***MDT Causes of Action***" means any and all Retained Causes of Action (i) against Excluded Parties (other than Co-Defendants) or relating to and necessary to enforce Retained Causes of Action against Excluded Parties (other than Co-Defendants), (ii) relating to and necessary to enforce the MDT Insurance Rights, (iii) relating to and necessary to enforce the MDT Shareholder Rights, including without limitation, but subject to the terms of, the Master Shareholder Settlement Agreement or (iv) against any other Person that is not a Co-Defendant or an ongoing commercial counterparty of NewCo or any of its Subsidiaries, to the extent such Retained Causes of Action are not otherwise transferred to the Plan Administration Trust or the Creditor Trusts. For the avoidance of doubt, "MDT Causes of Action" shall include all entitlements, proceeds, payments and benefits of the Debtors to any of the foregoing.

"***MDT Claims***" means, collectively, the MDT Private Claims, the MDT Public School Districts Claim and the MDT Federal Government Claim.

"***MDT Distributable Value***" means all Cash and cash equivalents held by the Master Disbursement Trust, as of the relevant date of determination, after application of Cash to satisfy the amounts contemplated by Section 5.2(g)(i), (ii), (iii), and (iv) of the Plan in the MDT Priority Waterfall.

"***MDT Distribution Date***" means (i) each Scheduled MDT Distribution Date, (ii) the date that is ten (10) Business Days after the receipt by the Master Disbursement Trust of any Shareholder Prepayment, (iii) the date that is ten (10) Business Days after the receipt by the Master Disbursement Trust of any reversion amounts pursuant to Section 5.7 of the Plan, (iv) the date that is ten (10) Business Days after the receipt by the Master Disbursement Trust of any IAC Sale Bonus Payments under Section [2.06] of the Master Shareholder Settlement Agreement, and (v) each other date on which the MDT Trustees seek to make a [distribution to the Public School Trust or] Public Creditor Trust Distribution, acting in accordance with their fiduciary duties to the Creditor Trusts as beneficiaries of the Master Disbursement Trust, solely in accordance with Section 5.6(f) of the Plan.

"***MDT Documents***" means the MDT Agreement and the Master TDP.

"***MDT ERP Claim***" means the beneficial interest in the Master Disbursement Trust granted to the ERP Trust pursuant to the Private Entity Settlements, which interest shall entitle the ERP Trust to the reversion rights from the Special Operating Reserve as set forth in the Plan, the Master Shareholder Settlement Agreement, and the ER Physician Shareholder Direct Settlement Agreement, as applicable.

"***MDT Federal Government Claim***" means the beneficial interest in the Master Disbursement Trust granted to the United States pursuant to Section 4.3(b) of the Plan.

"***MDT Governmental Remediation Trust Interest***" means the beneficial interest in the Master Disbursement Trust granted to the Governmental Remediation Trust pursuant to the Public Entity Settlements and the Plan, which interest shall entitle the Governmental Remediation Trust to (i) its share of distributions of MDT Distributable Value in accordance with Section 5.2(f)(i)(A) of the Plan and the MDT Priority Waterfall and (ii) the reversion rights from the Special Operating Reserve as set forth in the Plan, the Master Shareholder Settlement Agreement, and the Governmental Entity Shareholder Direct Settlement Agreement, as applicable.

"***MDT Hospital Claim***" means the beneficial interest in the Master Disbursement Trust granted to the Hospital Trust pursuant to the Private Entity Settlements, which interest shall entitle the Hospital Trust to the reversion rights from the Special Operating Reserve as set forth in the Plan, the Master Shareholder Settlement Agreement, and the Hospital Shareholder Direct Settlement Agreement, as applicable.

"***MDT Insurance Collateral***" means (i) the Purdue Insurance Collateral in respect of the Purdue Insurance Policies agreed by the Debtors, the Creditors' Committee and the Governmental Consent Parties, which shall be identified in the MDT Agreement, and (ii) the Purdue Insurance Collateral in respect of the Isosceles Insurance Ltd. policy number PPLP-01/2019.

"***MDT Insurance Policies***" means all Purdue Insurance Policies that do or may afford the Debtors rights, benefits, indemnity, insurance coverage or defense costs with respect to any Cause of Action against the Debtors arising out of, on account of, or in connection with Opioid-Related Activities or for which the Debtors have or may have insurance rights arising out of or in connection with Opioid-Related Activities, including, but not limited to (i) all Purdue Insurance Policies listed in Exhibit A to the *Complaint for Declaratory Relief*, Adv. Pro. No. 21-07005 (RDD) [D.I. 1], (ii) all D&O Insurance Policies and

(iii) any additional Purdue Insurance Policies agreed by the Debtors and the Governmental Consent Parties, which shall be identified in the MDT Agreement, but excluding in each case the Excluded Insurance Policies.

"***MDT Insurance Proceeds***" means the Cash proceeds obtained through the pursuit of the MDT Insurance Rights, including but not limited to the Cash proceeds in respect of any MDT Insurance Settlement, whether received before, on or after the Effective Date.

"***MDT Insurance Rights***" means the Purdue Insurance Rights in respect of the MDT Insurance Policies and the MDT Insurance Collateral, which Purdue Insurance Rights shall be transferred by the Debtors to the Master Disbursement Trust on the Effective Date. Notwithstanding anything to the contrary herein, (i) the MDT Insurance Rights with respect to the MDT Insurance Collateral for Isosceles Insurance Ltd. policy number PPLP-01/2019 shall be limited to the right to receive any such MDT Insurance Collateral remaining after the expiration of the policy period and any extension of coverage under such policy, (ii) the MDT Insurance Rights shall not include any right to interfere in any manner with the rights of the insureds under Isosceles Insurance Ltd. policy number PPLP-01/2019 prior to the expiration of the policy period and any extension of coverage under such policy and the resolution of all claims asserted thereunder and (iii) any persons who have unresolved claims under the Isosceles Insurance Ltd. policy number PPLP-01/2019 at the expiration of the policy period, including any extension, shall cooperate with and provide consent to the Master Disbursement Trust to resolve those claims in connection with the MDT Insurance Collateral after the expiration of the policy period, including any extension.

"***MDT Insurance Settlement***" means each settlement agreement concerning the MDT Insurance Rights that (i) the Debtors and an MDT Insurer have entered into pursuant to the Purdue Insurance Stipulation on or before the Effective Date or (ii) the Master Disbursement Trust and an MDT Insurer have entered into after the Effective Date; *provided* that, in the case of both clauses (i) and (ii), the settlement agreement is approved by the Bankruptcy Court.

"***MDT Insurer***" means an Insurance Company that has issued, is responsible for, or has liability to pay under any MDT Insurance Policy or MDT Insurance Collateral, and each of its affiliates, predecessors in interest, and agents, solely in its capacity as such and solely with respect to such MDT Insurance Policy or MDT Insurance Collateral.

"***MDT Insurer Injunction***" means the injunction issued pursuant to Section 10.10 of the Plan.

"***MDT Interests***" means, collectively, the MDT Governmental Remediation Trust Interest and the MDT Tribe Interest.

"***MDT Operating Expenses***" means any and all costs, expenses, fees, taxes, disbursements, debts or obligations incurred from the operation and administration of the Master Disbursement Trust, including in connection with the prosecution or settlement of MDT Causes of Action, working capital, all compensation, costs and fees of the MDT Trustees and the MDT Advisory Council Representatives and any professionals retained by the Master Disbursement Trust, but excluding any amounts to be paid in respect of the MDT Claims or the MDT Interests.

"***MDT Operating Reserve***" means a reserve to be established to pay any and all MDT Operating Expenses. The MDT Operating Reserve shall be (i) funded on the Effective Date with Effective Date Cash in an amount determined by the Debtors and the Governmental Consent Parties with the consent (not to be unreasonably withheld, delayed or conditioned) of the Creditors' Committee, and thereafter with Cash held or received by the Master Disbursement Trust in accordance with the MDT Agreement as determined by the MDT Trustees; *provided*, *however*, that payments received by the Master Disbursement

Trust on account of the Governmental Entity Shareholder Direct Settlement shall be immediately transferred to the Governmental Remediation Trust and shall not be used to fund a Replenishment Transfer or the MDT Operating Reserve, and shall not be used to pay the MDT Claims, and (ii) held by the Master Disbursement Trust in a segregated account and administered by the MDT Trustees on and after the Effective Date.

"***MDT PI Claim***" means the beneficial interest in the Master Disbursement Trust granted to the PI Trust pursuant to the Private Entity Settlements, which interest shall entitle the PI Trust to (i) the payments of the amounts set forth in Section 5.2(e)(ii) of the Plan which, for the avoidance of doubt, shall be allocated only to the Non-NAS PI Portion, and (ii) the reversion rights from the Special Operating Reserve as set forth in the Plan and the Master Shareholder Settlement Agreement.

"***MDT Priority Waterfall***" means the priority waterfall applicable to the Master Disbursement Trust set forth in Section 5.2(g) of the Plan.

"***MDT Private Claims***" means, collectively, the MDT Hospital Claim, the MDT ERP Claim, the MDT TPP Claim and the MDT PI Claim.

"***MDT Public School Districts Claim***" means the beneficial interest in the Master Disbursement Trust granted to the Public School Trust pursuant to the Private Entity Settlements, which interest shall entitle the Public School Trust to the payments of the amounts set forth in Section 5.2(f)(ii).

"***MDT Shareholder Insurance Rights***" means any and all rights, titles, privileges, interests, claims, demands or entitlements of the Shareholder Released Parties to any proceeds, payments, benefits, Causes of Action, choses in action, defense or indemnity arising under, or attributable to, any and all MDT Insurance Policies and MDT Insurance Collateral, now existing or hereafter arising, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, disputed or undisputed, fixed or contingent. For the avoidance of doubt and without in any way limiting the foregoing, "MDT Shareholder Insurance Rights" include (i) any rights of the Shareholder Released Parties to proceeds of MDT Insurance Policies, and MDT Insurance Collateral and (ii) the right to enforce any Insurance Company's obligation to the Shareholder Released Parties under any MDT Insurance Policies and MDT Insurance Collateral. Solely in connection with the term MDT Shareholder Insurance Rights, the MDT Insurance Collateral excludes the Purdue Insurance Collateral in respect of the Isosceles Insurance Ltd. policy number PPLP-01/2019 (for all other purposes the MDT Insurance Collateral includes such Purdue Insurance Collateral).

"***MDT Shareholder Rights***" means, subject in all respects to the Shareholder Settlements (including the Shareholder Releases and the Channeling Injunction) (i) any and all rights, titles, privileges, interests, claims, demands and entitlements of the Debtors arising under, or attributable to, any Causes of Action or choses in action against, or proceeds, payments, benefits or indemnities from, Shareholder Release Snapback Parties, including without limitation to the extent arising under, or attributable to, the Master Shareholder Settlement Agreement and any related security agreements, documents, agreements or instruments, in each case whether now existing or hereafter arising, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, disputed or undisputed, fixed or contingent and (ii) the MDT Shareholder Insurance Rights.

"***MDT TPP Claim***" means the beneficial interest in the Master Disbursement Trust granted to the TPP Trust pursuant to the Private Entity Settlements, which interest shall entitle the TPP Trust to the reversion rights from the Special Operating Reserve as set forth in the Plan and the Master Shareholder Settlement Agreement.

"***MDT Transferred Assets***" means all right, title and interest of the Debtors (or, solely with respect to the MDT Shareholder Insurance Rights, of the Shareholder Released Parties) arising under, or

attributable to, (i) the MDT Operating Reserve, (ii) the MDT Causes of Action, (iii) the MDT Insurance Rights, (iv) the MDT Shareholder Rights, (v) any other Excluded Assets identified in the MDT Agreement and (vi) any Surplus Reserve Cash to be distributed to the Master Disbursement Trust, upon the identification thereof by the Plan Administration Trustee or the dissolution of the Plan Administration Trust, in accordance with Section 5.14(c) of the Plan. For the avoidance of doubt, "MDT Transferred Assets" shall not include any Causes of Action against any Released Party.

"***MDT Tribe Interest***" means the beneficial interest in the Master Disbursement Trust granted to the Tribe Trust under the Plan pursuant to the Public Entity Settlements, which interest shall entitle the Tribe Trust to its share of distributions of MDT Distributable Value in accordance with Section 5.2(f)(i)(A) of the Plan and the MDT Priority Waterfall and the reversion rights from the Special Operating Reserve as set forth in the Plan, the Master Shareholder Settlement Agreement, and the Tribal Shareholder Direct Settlement Agreement, as applicable.

"***MDT Trustees***" means the trustees of the Master Disbursement Trust appointed in accordance with Section 5.6(d) of the Plan.

"***Mediation***" means the mediation authorized by the Bankruptcy Court and described in the Mediation Orders.

"***Mediation Orders***" means the following orders of the Bankruptcy Court: *Order Appointing Mediators* [D.I. 895]; *Order Expanding Scope of Mediation* [D.I. 1756]; *Order Establishing the Terms and Conditions of Mediation Before the Honorable Shelley C. Chapman* [D.I. 2879]; *Order Establishing the Terms and Conditions of Mediation Before the Honorable Shelley C. Chapman* [D.I. 4261]*; Order Extending Termination Date Under the Terms and Conditions of Mediation Before the Honorable Shelley C. Chapman* [D.I. 4286]; *Order Further Extending Termination Date Under the Terms and Conditions of Mediation Before the Honorable Shelley C. Chapman* [D.I. 4319]; *Third Order Extending Termination Date Under the Terms and Conditions of Mediation Before the Honorable Shelley C. Chapman* [D.I. 4339]; *Third [SIC] Order Extending Termination Date Under the Terms and Conditions of Mediation Before the Honorable Shelley C. Chapman* [D.I. 4370]; *Order Expanding the Scope of Mediation Before the Honorable Shelley C. Chapman* [D.I. 4609]; *Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 6537]; *Amended Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 6682]; *Second Amended Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 6749]; *Third Amended Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 6906]; *Fourth Amended Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 6980]; *and Fifth Amended Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 7058].

"***Medicaid Program***" has the meaning set forth in Section 10.20(d) of the Plan.

"***Minimum Required Settlement Payment***" means, with respect to an SSA Payment Date, the minimum amount payable by the Shareholder Payment Parties under the [Shareholder Settlement Agreements] on such SSA Payment Date.

"***MSGE Fee Allocation Agreement***" means the agreement entered into on October 9, 2020, by and between the MSGE Group and the MDL Plaintiffs' Executive Committee, which is attached hereto as Exhibit A.

"***MSGE Group***" means the Multi-State Governmental Entities Group identified in the *Second Amended Verified Statement of the Multi-State Governmental Entities Group Pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure* [D.I. 1794], as amended from time to time; *provided*, *however*, that, notwithstanding anything herein to the contrary, the MSGE Group shall be a "Governmental Consent Party" and shall have the same consent rights, appointment or selection rights, and any other rights or obligations afforded to the Ad Hoc Committee, such rights not to be reduced or modified without the written consent of the MSGE Group. The foregoing shall not give the MSGE Group any independent or individual rights to make any unilateral decisions, including to appoint or select any trustees, managers, directors, or officers under the Plan. Notwithstanding anything herein to the contrary, the sole remedy of the MSGE Group in respect of its rights hereunder shall be the termination of the Term Sheet (as defined in the MSGE Group Reimbursement Motion) by written notice and withdrawal of the MSGE Group's support of the Plan.

"***MSGE Group Reimbursement Motion***" means the *Debtors' Motion to Enter into Term Sheet with and Pay Certain Fees and Expenses of the Multi-State Governmental Entities Group* [D.I. 2580].

"***MSGE Group Reimbursement Order***" means the *Order Authorizing the Debtors to Enter into Term Sheet with and Pay Certain Fees and Expenses of the Multi-State Governmental Entities Group* [D.I. 2695].

"***NAS Child***" means a natural person who has been diagnosed by a licensed medical provider with a medical, physical, cognitive or emotional condition resulting from such natural person's intrauterine exposure to opioids or opioid replacement or treatment medication, including but not limited to the condition known as neonatal abstinence syndrome.

"***NAS Committee***" means the Ad Hoc Committee of NAS Children identified in the *First Amended Verified Statement of the Ad Hoc Committee of NAS Children Pursuant to Bankruptcy Rule 2019* [D.I. 1582].

"***NAS PI Channeled Claim***" means (i) any NAS PI Claim or (ii) any Released Claim or Shareholder Released Claim that is held by a Holder of an NAS PI Claim for alleged opioid-related personal injury to an NAS Child or that is a similar opioid-related Cause of Action asserted by or on behalf of an NAS Child, in each case, that arose prior to the Petition Date (in the case of Shareholder Released Direct Claims, solely to the extent that such Holder of an NAS PI Claim is a Settling Creditor), that is not a Third-Party Payor Channeled Claim or a Hospital Channeled Claim, or held by a Domestic Governmental Entity. NAS PI Channeled Claims shall be channeled to the PI Trust in accordance with the Plan and Master TDP.

"***NAS PI Claim***" means any Claim against any Debtor that is for alleged opioid-related personal injury to an NAS Child or similar opioid-related Cause of Action against any Debtor asserted by or on behalf of an NAS Child, including, for the avoidance of doubt, Claims held on account of an NAS Child and that relate to medical monitoring support, educational support, vocational support, familial support or similar related relief, in each case, that arose prior to the Petition Date, and that is not a Third-Party Payor Claim or a Hospital Claim, or held by a Domestic Governmental Entity.

"***NAS PI Portion***"means (a) 6.43% (up to an aggregate amount equal to $[48,215,000]) of amounts distributed to the PI Trust from (i) the Initial PI Trust Distribution excluding the NAS PI Trust Distribution amount and (ii) on account of the MDT PI Claim other than the PI Trust Obligation, which amount is gross of applicable PI Trust Deductions and Holdbacks, *plus* (b) the NAS PI Trust Distribution.

"***NAS PI Trust Distribution***" means $[65,851,710] from amounts distributed to the PI Trust from the Initial PI Trust Distribution less any amounts advanced to the NAS Monitoring Trust (as defined in the Creditor Trust Establishment Order) pursuant to the Creditor Trust Establishment Order.

"***NAS PI TDP***" means the trust distribution procedures to be implemented by the PI Trust with respect to NAS PI Channeled Claims, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the NAS Committee and reasonably acceptable to the Ad Hoc Group of Individual Victims, the Creditors' Committee, the Governmental Consent Parties [and the Sackler Parties' Representative], and which shall be filed by the Debtors with the Plan Supplement.

"***Native American Tribe Group***" means the group consisting of the Muscogee (Creek) Nation, a member of the Ad Hoc Committee, the Cheyenne & Arapaho Tribes, an ex officio member of the Creditors' Committee, and other Tribes represented by various counsel from the Tribal Leadership Committee and the MDL Plaintiffs' Executive Committee.

"***NewCo***" means a newly formed Delaware limited liability company to be created in accordance with Section 5.4 of the Plan to directly or indirectly receive the NewCo Transferred Assets and operate such NewCo Transferred Assets in accordance with the NewCo Operating Agreement, the NewCo Governance Covenants and the NewCo Operating Injunction, in each case consistent with the NewCo Governance Term Sheet.

"***NewCo Distributable Cash***" means, as of the end of any calendar year, all unrestricted Cash and cash equivalents held by NewCo and NewCo's Subsidiaries (as reflected, or as would be reflected on a consolidated balance sheet of NewCo and NewCo's Subsidiaries as of such date in accordance with GAAP) in excess of the amount determined by the NewCo Managers in their discretion to be appropriate to reserve to pay NewCo's incurred and forecasted costs, expenses, fees, taxes, disbursements, debts or obligations, including without limitation operating expenses, research and development expenses, and Public Health Initiative expenditures.

"***NewCo Governance Covenants***" means the provisions contained in the Confirmation Order that will bind NewCo, and any successor owner of NewCo's opioid business, to covenants to ensure that NewCo (i) provides all of its products, including all opioid products, in a safe manner that limits the risk of diversion, (ii) complies with its obligations under the Public Entity Settlements and the Private Entity Settlements, (iii) pursues and implements Public Health Initiatives, and (iv) otherwise operates in accordance with NewCo's purpose and takes into account long-term public health interests relating to the opioid crisis and responsible and transparent practices in management of a pharmaceutical business, which covenants shall be acceptable to the DOJ and the Governmental Consent Parties and reasonably acceptable to the Debtors; *provided* that the covenants in respect of the foregoing clause (ii) shall be acceptable to the DOJ and reasonably acceptable to the Debtors, the Creditors' Committee and the Governmental Consent Parties.

"***NewCo Governance Term Sheet***" means the governance term sheet for NewCo attached as Appendix [●] to the Disclosure Statement.

"***NewCo Interest***" means the sole limited liability company interest in NewCo, which shall be held by the Foundation as of the Effective Date pursuant to the Public Entity Settlements, representing 100% of the economic and voting Interests in NewCo.

"***NewCo Managers***" means the members of the board of managers of NewCo appointed in accordance with Section 5.4(d) of the Plan.

"***NewCo Monitor***" means the monitor appointed in accordance with Section 5.4(h) of the Plan to review NewCo's compliance with the NewCo Operating Injunction.

"***NewCo Operating Agreement***" means the limited liability company agreement of NewCo, the terms of which shall be consistent with Articles I through XII of the Plan and the NewCo

Governance Term Sheet and otherwise acceptable to the DOJ and the Governmental Consent Parties and reasonably acceptable to the Debtors, and which shall be filed by the Debtors with the Plan Supplement.

"***NewCo Operating Injunction***" means a voluntary injunction to be contained in the Confirmation Order that will bind NewCo, and any successor owner of NewCo's opioid business, to injunctive relief substantially similar to the voluntary injunction set forth in Appendix I to the Preliminary Injunction, with any such changes to such voluntary injunction as may be agreed by the Debtors and the Governmental Consent Parties based upon good-faith discussions and in furtherance of NewCo's purpose as set forth in Section 5.4(b) of the Plan.

"***NewCo Transfer Agreement***" means one or more agreements transferring the NewCo Transferred Assets, and all documents and information of the Debtors related thereto, from the Debtors to NewCo or one of its Subsidiaries (or the transfer of the Transferred Debtors to NewCo or one of its Subsidiaries and the re-vesting of the NewCo Transferred Assets held by such Transferred Debtors in such Transferred Debtors), the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors, the DOJ and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***NewCo Transferred Assets***" means (i) the Initial NewCo Cash and (ii) all non-Cash Assets of the Debtors on the Effective Date (prior to giving effect to the Restructuring Transactions) other than the Excluded Assets. For the avoidance of doubt, all Retained Causes of Action against Co-Defendants and ongoing commercial counterparties of NewCo and any Estate Surviving Pre-Effective Date Claims shall be NewCo Transferred Assets.

"***Non-Federal Acute Care Hospital***" means and includes (i) all non-federal acute care hospitals as defined by the Centers for Medicare & Medicaid Services, and (ii) all non-federal hospitals and hospital districts that are required by law to provide inpatient acute care and/or fund the provision of inpatient acute care.

"***Non-Federal Domestic Governmental Channeled Claim***" means (i) any Non-Federal Domestic Governmental Claim or (ii) any Released Claim or Shareholder Released Claim that is held by a Domestic Governmental Entity (in the case of Shareholder Released Direct Claims, solely to the extent that such Domestic Governmental Entity is a Settling Creditor) other than the United States, a Tribe or a Public School District. Non-Federal Domestic Governmental Channeled Claims shall be channeled to the Governmental Remediation Trust in accordance with the Plan and Governmental Remediation Trust Documents.

"***Non-Federal Domestic Governmental Claim***" means any Claim against any Debtor that is held by a Domestic Governmental Entity other than the United States or a Tribe (including any Claim based on the subrogation rights of the Holder thereof that is not an Other Subordinated Claim), and that is not a Priority Tax Claim.

"***Non-NAS PI Channeled Claim***" means (i) any Non-NAS PI Claim or (ii) any Released Claim or Shareholder Released Claim that is held by a Holder of a Non-NAS PI Claim that is for alleged opioid-related personal injury or that is a similar opioid-related Cause of Action, in each case, that arose prior to the Petition Date (in the case of Shareholder Released Direct Claims, solely to the extent that such Holder of a Non-NAS PI Claim is a Settling Creditor), that is not an NAS PI Channeled Claim, a Third-Party Payor Channeled Claim, or a Hospital Channeled Claim, or held by a Domestic Governmental Entity. Non-NAS PI Channeled Claims shall be channeled to the PI Trust in accordance with the Plan and Master TDP.

"***Non-NAS PI Claim***" means any Claim against any Debtor that is for alleged opioid-related personal injury or other similar opioid-related Cause of Action against any Debtor, in each case, that arose prior to the Petition Date, and that is not an NAS PI Claim, a Third-Party Payor Claim, or a Hospital Claim, or held by a Domestic Governmental Entity.

"***Non-NAS PI Portion***" means (i) all amounts distributed to the PI Trust from the Initial PI Trust Distribution and on account of the MDT PI Claim *less* (ii) the NAS PI Portion, which amount is gross of applicable PI Trust Deductions and Holdbacks.

"***Non-NAS PI TDP***" means the trust distribution procedures to be implemented by the PI Trust with respect to Non-NAS PI Channeled Claims, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Ad Hoc Group of Individual Victims and reasonably acceptable to the Creditors' Committee, the Governmental Consent Parties [and the Sackler Parties' Representative], and which shall be filed by the Debtors with the Plan Supplement.

"***Non-Opioid Excluded Claim***" means a Cause of Action by a Person that is not a Debtor, an Estate, the Master Disbursement Trust, a Creditor Trust, the Plan Administration Trust or any successor of any of the foregoing against a Shareholder Released Party to the extent such Cause of Action (i) does not arise from or relate to Opioid-Related Activities, Pending Opioid Actions or opioid use or misuse or the consequences thereof; (ii) is not based upon and does not arise from the same allegations, facts or evidence as any Pending Opioid Action; (iii) does not allege (expressly or impliedly) any liability of such Shareholder Released Party that is derivative of any liability of any Debtor or any of their Estates, including, but not limited to, by making allegations (expressly or impliedly) that such Shareholder Released Party is directly or indirectly liable for the conduct of or a Cause of Action against a Debtor by reason of such Shareholder Released Party's (A) direct or indirect ownership of an Interest in a Debtor, a past or present affiliate of a Debtor, or a predecessor in interest of a Debtor; (B) involvement in the management of a Debtor or a predecessor in interest of a Debtor, or service as an officer, director or employee of a Debtor or a related party; or (C) involvement in a transaction changing the corporate structure, or in a loan or other financial transaction affecting the financial condition, of the Debtor or a related party, including but not limited to involvement in providing financing (debt or equity), or advice to an entity involved in such a transaction, or acquiring or selling a financial interest in an entity as part of such a transaction; and (iv) has been authorized to proceed by the Bankruptcy Court in accordance with Section 11.1(g) of the Plan. As used in this definition of Non-Opioid Excluded Claim, the term "related party" has the same meaning as in 11 U.S.C. § 524(g)(4)(A)(iii).

"***Non-Participating***" with respect to Channeled Claim(s) means any Channeled Claim(s) held by a Non-Settling Creditor.

"***Non-Participating Channeled Claims***" means any Channeled Claim held by a Non-Settling Creditor as of the Effective Date, in each case, until such Channeled Claim is either: (i) Allowed in accordance with Sections 7.6 or 7.9 of the Plan, or (ii) Disallowed by Final Order.

*"**Non-Settling Creditor***" means any Holder of a Claim (other than any Holder of a Claim in Classes 11(a), 11(b) and 11(c) that is not an Other GUC Litigation Claim) that is (i) evidenced by a Proof of Claim timely filed by the applicable Bar Date, or (ii) not required to be evidenced by a filed Proof of Claim under the Plan, the Bankruptcy Code or a Final Order, in each case, that does not consent to the Shareholder Direct Claims Releases pursuant to the Shareholder Release Consent Mechanism applicable to the applicable Class of such Claims. For avoidance of doubt, and notwithstanding the foregoing, Non-Settling Creditors will include (i) Non-Settling States, (ii) Non-Settling Subdivisions, and (iii) Subdivisions that are not Participating Subdivisions.

"***Non-Settling States***" means States that are Non-Settling Creditors.

"***Non-Settling States Holdback Distributions***" means the Distributions that would have otherwise been distributed to any Non-Settling States as Estate Distributions had they been Settling States, [in accordance with the Governmental Remediation Trust Agreement].

"***Non-Settling Subdivisions***" means Subdivisions that have timely filed a Proof of Claim against the Debtors and that are not Participating Subdivisions.

"***Non-Settling Subdivisions Holdback Distributions***" means any Distributions that would have been distributed to such Non-Settling Subdivisions as Estate Distributions had they been Participating Subdivisions.

"***Notice of Shareholder Release Snapback***" means a notice filed with the Bankruptcy Court by the Master Disbursement Trust pursuant to the Master Shareholder Settlement Agreements providing notice that a Shareholder Family Group is in Specified Breach (as defined in the Shareholder Settlement Agreements) and the Master Disbursement Trust has elected to enforce the Shareholder Release Remedy and identifying the Breaching Shareholder Family Group and the Designated Shareholder Released Parties subject to such Shareholder Release Remedy.

"***Oklahoma Litigating Political Subdivisions***" means subdivisions located in Oklahoma that are listed in Exhibit [●] attached to the Plan.

"***Omnibus Claims Objection Order***" has the meaning set forth in Section 7.3(f) of the Plan.

"***Opioid-Related Activities***" means the development, production, manufacture, licensing, labeling, marketing, advertising, promotion, distribution or sale of opioid Products or the use or receipt of any proceeds therefrom, or the use or misuse of opioids, including opioids that are not Products, or any act or failure to act in connection with laws or regulations related to any opioid.

"***Opt-In Settling Creditor***" means any Holder of Claims that consents to the Third-Party Releases through electing to opt-in to the Third-Party Releases on its applicable ballot.

"***Opt-Out Class Action Settlements***" means the (i) Public School District Shareholder Direct Settlement, (ii) Hospital Shareholder Direct Settlement, (iii) ER Physician Shareholder Direct Settlement[, and (iv) any other similar opt-out class action settlements that may be entered into with Holders of Claims.]

"***Other Federal Agency Claim***" means any Claim filed by the United States Department of Health and Human Services, the United States Department of Veterans Affairs, the Indian Health Service and the Centers for Medicare & Medicaid Services, set forth in Proof of Claim Nos. 138509, 137406, 137782 and 138522, respectively.

"***Other General Unsecured Claim***" means any Claim against any Debtor that is not an Administrative Claim, a Priority Claim, a Secured Claim, a Federal Government Unsecured Claim, a Channeled Claim, a Co-Defendant Claim, an Other Subordinated Claim, an Avrio General Unsecured Claim, an Adlon General Unsecured Claim, an Intercompany Claim or a Shareholder Claim.

"***Other General Unsecured Claim Cash***" means $15 million of Effective Date Cash to be used to make Distributions to Holders of Allowed Other General Unsecured Claims.

"***Other GUC Litigation Claims***" means Disputed Other General Unsecured Claims arising from or related to Covered Conduct.

"***Other Priority Claim***" means any Claim against any Debtor that is entitled to priority of payment as specified in section 507(a) of the Bankruptcy Code and is not an Administrative Claim or a Priority Tax Claim.

"***Other Subordinated Claim***" means any Claim against any Debtor that is subject to subordination under section 509(c) or 510 of the Bankruptcy Code or other applicable law, and that is not a Co-Defendant Claim or a Shareholder Claim. Notwithstanding anything to the contrary outside of this definition in the Plan, any Claim that satisfies the definition of an Other Subordinated Claim shall be an Other Subordinated Claim notwithstanding that such Claim would otherwise satisfy the definition of another type of Claim.

"***Participating Subdivision***" means any Subdivision located in a Settling State, in Oklahoma, or any Subdivision located in a Non-Settling State that subsequently becomes a Settling State, in each case where the Subdivision has executed a joinder to the Governmental Entity Shareholder Direct Settlement and thereby provided the Shareholder Direct Claims Releases.

"***PAT Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the Plan Administration Trust, as it may be amended from time to time, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Governmental Consent Parties, reasonably acceptable to the Creditors' Committee, and solely with respect to such terms that implicate the treatment of Other GUC Litigation Claims, reasonably acceptable to the Sackler Parties' Representative, and which shall be filed by the Debtors with the Plan Supplement.

"***PAT Assets***" means (i) the PAT Reserves, (ii) the PAT Distribution Accounts, (iii) the Retained Causes of Action relating solely to, and only to the extent necessary for, the administration of Claims against the Debtors (other than Channeled Claims), the enforcement of the Plan Administration Trust's rights and the other responsibilities of the Plan Administration Trust, *provided* that no Retained Causes of Action against Excluded Parties shall constitute PAT Assets, except as necessary to object to and resolve any Disputed Claims held by an Excluded Party, (iv) the Excluded Privileged Materials and (v) any other Excluded Assets that are not MDT Transferred Assets.

"***PAT Disputed Claims Reserves***" means the reserves to be established on account of Disputed Avrio General Unsecured Claims, Disputed Adlon General Unsecured Claims and Disputed Other General Unsecured Claims (which may be a single or collective reserve for one or more Classes of Claims). The PAT Disputed Claims Reserves shall be (i) funded on the Effective Date with Effective Date Cash in an amount determined by the Debtors and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties and, solely with respect to amounts funded on account of Disputed Other GUC Litigation Claims, the Sackler Parties' Representative; and (ii) held by the Plan Administration Trust and administered by the Plan Administration Trustee on and after the Effective Date.

"***PAT Distribution Account***" means one or more accounts to be established to make Distributions in respect of Allowed Avrio General Unsecured Claims, Allowed Adlon General Unsecured Claims and Allowed Other General Unsecured Claims (which may be a single or collective account for one or more Classes of Claims). The PAT Distribution Account shall be (i) funded on the Effective Date in accordance with Section 5.14(a) of the Plan in an amount necessary to make Distributions in respect of such Claims to the extent Allowed as of the Effective Date and periodically funded thereafter in accordance with Section 7.7 of the Plan and (ii) held by the Plan Administration Trust and administered by the Plan Administration Trustee.

"***PAT Distribution Date***" means any date upon which a Distribution is made by the Plan Administration Trustee.

"***PAT Released Claims Reserve***" means the Released Claims Reserve established in respect of Other GUC Litigation Claims.

"***PAT Reserves***" means, collectively, the Wind-Up Reserve, the PAT Disputed Claims Reserves, the Disputed Cure Claims Reserve and the Priority Claims Reserve.

"***Patient Settlement Payment***" has the meaning set forth in Section 4.10(d) of the Plan.

"***Payment Remedy***" has the meaning set forth in Section 5.6(f)(i) of the Plan.

"***PBGC***" means the Pension Benefit Guaranty Corporation, a wholly owned United States government corporation, and an agency of the United States created by ERISA.

"***Pending Opioid Actions***" means the judicial, administrative or other actions or proceedings or Causes of Actions that were or could have been commenced before the commencement of the Chapter 11 Cases and that are identified in the charts annexed as Appendix II and Appendix III to the Preliminary Injunction, as well as any other pending actions against any of the Debtors, Released Parties or Shareholder Released Parties alleging substantially similar facts or Causes of Action as those alleged in the actions identified in those appendices.

"***Person***" means an individual (including, without limitation, in his or her capacity as a trustee, protector or executor), corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust or trustee, protector, executor, estate, unincorporated organization, Governmental Unit, Tribe or other Entity.

"***Petition Date***" means September 15, 2019.

"***Petitioner***" has the meaning set forth in Section 5.13(s)(vi) of the Plan.

"***Physician***" means a physician or physician practice group, which shall include, without limitation, ER Physicians

"***PI Channeled Claim***" means any NAS PI Channeled Claim or Non-NAS PI Channeled Claim.

"***PI Claim***" means any NAS PI Claim or Non-NAS PI Claim.

"***PI Shareholder Direct Settlements***" means the agreements by the Holders of PI Claims to provide, pursuant to the applicable Shareholder Release Consent Mechanism, the Third-Party Releases and be subject to the injunctions set forth in Sections 10.6(b) and 10.7(b) of the Plan in exchange for the consideration contemplated in the Plan and the Master Shareholder Settlement Agreement.

"***PI TDP***" means, collectively or as applicable, (i) with respect to NAS PI Channeled Claims, the NAS PI TDP and (ii) with respect to Non-NAS PI Channeled Claims, the Non-NAS PI TDP.

"***PI Trust***" means the trust to be established in accordance with Section 5.8 of the Plan to (i) assume all liability for the PI Channeled Claims, (ii) hold the MDT PI Claim, collect the Initial PI Trust Distribution and any payments due under the MDT PI Claim in accordance with the Plan, the Private Entity Settlements and the PI Trust Documents, (iii) administer PI Channeled Claims, (iv) make Distributions on account of Allowed PI Channeled Claims in accordance with the PI Trust Documents, (v) hold and administer the Class 10(a) Non-Participating Claims Reserve and the Class 10(b) Non-Participating Claims Reserve on and after the Effective Date, (vi) fund the TPP LRP Escrow Account and make payments

therefrom to LRP Participating TPPs, in each case, in accordance with and subject to the terms of the LRP Agreement and (vii) carry out such other matters as are set forth in the PI Trust Documents.

"***PI Trust Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the PI Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Ad Hoc Group of Individual Victims and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***PI Trust Deductions and Holdbacks***" means, collectively or as applicable, the following deductions and holdbacks from Distributions from the PI Trust pursuant to the PI Trust Documents: (i) the deduction of Creditor Trust Operating Expenses of the PI Trust, as required under and subject to the terms of the PI TDP and the PI Trust Agreement, (ii) the holdback of amounts in the TPP LRP Escrow Account and payments therefrom to LRP Participating TPPs, in each case, as required under and subject to the terms of the LRP Agreement, [(iii) the deduction of amounts prepaid to the United States under the United States-PI Claimant Medical Expense Claim Settlement,] (iv) the deduction of amounts on account of compensation, costs and fees of professionals that represented or advised (a) the Ad Hoc Group of Individual Victims in the event a Final Order is not entered granting a request for the allowance of reasonable and documented fees and expenses incurred by the Ad Hoc Group of Individual Victims under section 503(b) of the Bankruptcy Code; *provided* that, if a Final Order is entered granting such request in an amount less than the amount requested, then the deduction of the difference between the amount approved by such Final Order and the amount requested and (b) the NAS Committee in connection with the Chapter 11 Cases, in each case as and to the extent provided in the PI Trust Agreement and subject to Section 5.9(g) of the Plan, and (v) the common benefit assessment required under Section 5.9(c) of the Plan and, where applicable, the fees and costs of a Holder's individual attorney(s), which deduction shall be made by such attorney(s) and reduced by the common benefit assessment in accordance with Section 5.9(c).

"***PI Trust Documents***"means the PI Trust Agreement, the PI TDP and the LRP Agreement, including all exhibits thereto."***PI Trust NAS Fund***" means a fund established by the PI Trust to make Distributions on account of Allowed NAS PI Channeled Claims and funded with the NAS PI Portion.

"***PI Trust Non-NAS Fund***" means a fund established by the PI Trust to make Distributions on account of Allowed Non-NAS PI Channeled Claims and funded with the Non-NAS PI Portion.

"***PI Trust Obligation***" means the payment obligations in Section 5.2(e)(ii) of the Plan.

"***PI Trustee***" means the Creditor Trustee of the PI Trust.

"***Plan***" means this joint chapter 11 plan of reorganization for the Debtors, including all appendices, exhibits, schedules and supplements hereto (including the Plan Supplement), as it may be altered, amended or modified from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules and the terms hereof.

"***Plan Administration Trust***" means the trust to be created in accordance with Section 5.3 of the Plan to administer and make Distributions in respect of Claims against the Debtors (other than Channeled Claims and Federal Government Unsecured Claims) and administer the Plan.

"***Plan Administration Trustee***" means the trustee of the Plan Administration Trust appointed in accordance with Section 5.3(c) of the Plan.

"***Plan Documents***" means, collectively, the Plan and all documents to be executed, delivered, assumed or performed in connection with the Restructuring Transaction and the occurrence of the Effective Date, including the documents to be included in the Plan Supplement.

"***Plan Injunction***" means the injunctions issued pursuant to Section 10.5 of the Plan.

"***Plan Settlement***" means the settlement of certain Claims and controversies described in Section 5.2 of the Plan, and as further described and explained in the Disclosure Statement.

"***Plan Supplement***" means the supplement or supplements to the Plan containing certain documents relevant to the implementation of the Plan, which shall include the MDT Documents, the NewCo Transfer Agreement, the NewCo Operating Agreement, the Foundation Bylaws, the Governmental Remediation Trust Documents, the PAT Agreement, the PI Trust Documents (including the LRP Agreement), the Hospital Trust Documents, the ERP Trust Documents, the TPP Trust Documents, Public School Trust Documents, the Tribe Trust Documents, the identity of the MDT Trustees, the identity of the MDT Advisory Council Representatives, the identity of the NewCo Managers, the identity of the Foundation Trustees, the identity of the Plan Administration Trustee and PPLP Liquidator, the identity of the Creditor Trustees, identity of the Governmental Remediation Trust Trustees, the Schedule of Rejected Contracts, the Schedule of Retained Causes of Action, the Schedule of Excluded Parties, each Shareholder Settlement Agreement [(and any amendments or modifications thereto)], and the Restructuring Steps Memorandum.

"***Plea Agreement***" means that certain proposed plea agreement attached as Exhibit B to the DOJ 9019 Motion, as approved by the DOJ 9019 Order, by and among (i) Purdue Pharma L.P. and (ii) the United States, acting through the United States Attorney's Office for the District of New Jersey, the United States Attorney's Office for the District of Vermont, and the United States Department of Justice, Civil Division, Consumer Protection Branch.

"***PPI Interest***" means any Interest in Purdue Pharma Inc., whether held directly or indirectly, that existed immediately before the Effective Date.

"***PPLP***" means Purdue Pharma L.P.

"***PPLP Dissolution Date***" means the date on which the PPLP Liquidator dissolves PPLP in accordance with Section 5.15(d) of the Plan.

"***PPLP Interest***" means any Interest in PPLP, whether held directly or indirectly, that existed immediately before the Effective Date.

"***PPLP Liquidator***" means the person appointed in accordance with Section 5.15(c) of the Plan, who will be the same individual appointed as the Plan Administration Trustee.

"***Preliminary Injunction***" means the *Seventeenth Amended Order Pursuant to 11 U.S.C. § 105(a) Granting Motion for a Preliminary Injunction*, Adv. Pro. No. 19-08289 (RDD) [D.I. 254], as amended from time to time.

"***Prepayment Date***" shall have the meaning ascribed to such term in the Master Shareholder Settlement Agreement.

"***Prepetition Oklahoma Settlement***" has the meaning set forth in Section 5.2(f)(i)(D) of the Plan.

"***Priority Claim***" means any Priority Tax Claim or Other Priority Claim.

"***Priority Claims Reserve***" means a reserve to be established to pay Allowed Administrative Claims (other than Professional Fee Claims, which shall be paid from the Professional Fee Escrow Account in accordance with Section 2.1(b) of the Plan, and the DOJ Forfeiture Judgment Claim, which shall be paid in accordance with Section 2.3 of the Plan), Allowed Secured Claims and Allowed Priority Claims. The Priority Claims Reserve shall be (i) funded on the Effective Date with Cash and cash equivalents of the Debtors in an amount determined by the Debtors and reasonably acceptable to the Governmental Consent Parties, in consultation with the Creditors' Committee, and (ii) held by the Plan Administration Trust in a segregated account and administered by the Plan Administration Trustee on and after the Effective Date.

"***Priority Tax Claim***" means any Claim against any Debtor that is held by a Governmental Unit and of the kind entitled to priority in payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code.

"***Private Claimants' Priority Reversion***" has the meaning set forth in Section 5.7(c)(i) of the Plan.

"***Private Creditor Trusts***" means the Hospital Trust, the ERP Trust, the TPP Trust, and the PI Trust.

"***Private Entity Settlements***" means the settlement of Hospital Channeled Claims, Third-Party Payor Channeled Claims, the ER Physician Channeled Claims and PI Channeled Claims provided for under the Plan, as set forth in Section 5.2(e) of the Plan.

"***Privilege***" means any attorney-client privilege, work-product protection, joint defense or common interest privilege or other privilege or protection of immunity (i) held by any or all of the Debtors or their Estates, (ii) held by the board of directors (or similar body) or any special committee of the board of directors (or similar body) of any of the Debtors or (iii) attaching to any documents, communications, or thing (whether written or oral), including, but not limited to, electronic information relating to any Purdue Insurance Rights or Estate Causes of Action. Correlative terms such as "Privileged" have correlative meanings. [Documents or information that are or have been subject to a clawback request by Debtors in the Purdue Legal Matters are Privileged.][8]

"***Pro Rata Share***" means, with respect to an Allowed Other General Unsecured Claim, the proportion that such Allowed Claim bears to the aggregate amount of Allowed Other General Unsecured Claims and Disputed Other General Unsecured Claims.

"***Products***" means any and all products developed, designed, manufactured, marketed or sold, in research or development, or supported by, the Debtors, whether work in progress or in final form, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such product, including, but not limited to (a) any such products that are: (i) an opioid or opiate, as well as any product containing any such substance; or (ii) benzodiazepine, carisoprodol, or gabapentin; or (iii) a combination or "cocktail" of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates and (b) any such product consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, oxycodone, oxymorphone, tapentadol, tramadol, opium, heroin,

[8] [**NTD**: Subject to ongoing review]

carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triozolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. [Notwithstanding the foregoing, nothing in the Plan prohibits a Releasing Party from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triozolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Effective Date.]

"***Professional Fee Claim***" means a Claim for services or costs incurred in connection with such services, on or after the Petition Date and on or prior to the Effective Date, in each case by Professional Persons that remains unpaid as of the Effective Date, less any existing amounts held as a fee advance, retainer, or as security by a Professional Person that such Professional Person is authorized to use to satisfy Allowed Professional Fee Claims pursuant to the Interim Compensation Order or an order of the Bankruptcy Court authorizing the retention of such Professional Person (other than a reasonable retainer to cover post-Effective Date work); *provided* that, notwithstanding the foregoing, (i) the Professional Fee Claims of the Professional Persons retained by the Ad Hoc Committee shall be subject to the terms of the AHC Reimbursement Agreement Assumption Order and shall also include fees and expenses incurred prior to the Petition Date as and to the extent set forth in the AHC Reimbursement Agreement Assumption Order, and (ii) the Professional Fees Claims of the Professional Persons retained by the MSGE Group shall be subject to the terms of the MSGE Group Reimbursement Order.

"***Professional Fee Escrow Account***" means an account funded by the Debtors in Cash on or before the Effective Date to satisfy Allowed Professional Fee Claims in accordance with Section 2.1(b) of the Plan.

"***Professional Person***" means (i) any Person retained by order of the Bankruptcy Court in connection with these Chapter 11 Cases pursuant to section 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code, excluding any ordinary course professional retained pursuant to an order of the Bankruptcy Court, (ii) each of the professionals for the Ad Hoc Committee, as and to the extent authorized by the AHC Reimbursement Agreement Assumption Order, and (iii) each of the professionals for the MSGE Group, as and to the extent authorized by the MSGE Group Reimbursement Order.

"***Proof of Claim***" means a proof of Claim against any of the Debtors filed in the Chapter 11 Cases in accordance with section 501 of the Bankruptcy Code.

"***Protected Information***" has the meaning set forth in Section 5.13(o)(i) of the Plan.

"***Protected Parties***" means, collectively, (i) the Debtors, (ii) each of the Debtors' Related Parties, (iii) NewCo, (iv) the Foundation, (v) the Plan Administration Trust, (vi) the Master Disbursement Trust, except, solely to the extent provided in the Master TDP and the Governmental Remediation Trust Documents, with respect to the Channeled Claims channeled to the Master Disbursement Trust, (vii) each Creditor Trust, except, solely to the extent provided in the applicable Creditor Trust TDP, with respect to the Channeled Claims channeled to such Creditor Trust and (viii) the Shareholder Released Parties, subject to Section 10.8(c) of the Plan with respect to the Shareholder Release Snapback Parties.

"***Protective Order***" means the *Third Amended Protective Order*, 19-23649 (RDD) [D.I. 1935], as amended.

"***Public Creditor Trust Distributions***" means any and all payments, transfers and distributions from or on behalf of the Debtors or the Master Disbursement Trust to either of the Public

Creditor Trusts, including without limitation the Initial Public Creditor Trust Distributions and all distributions of MDT Distributable Value received by a Public Creditor Trust.

"***Public Creditor Trusts***" means Governmental Remediation Trust and the Tribe Trust.

"***Public Document Repository***" means the public document repository to be established as set forth in Section 5.13 of the Plan.

"***Public Entity Allocation***" means the allocations of Public Creditor Trust Distributions between Governmental Remediation Trust and the Tribe Trust as set forth in Section 5.2(f)(i)(B) of the Plan.

"***Public Entity Settlements***" means the settlement of Non-Federal Domestic Governmental Channeled Claims, Tribe Channeled Claims and Public School Channeled Claims provided for under the Plan, as set forth in Section 5.2(e)(iii)(A) of the Plan.

"***Public Health Initiatives***" means the development and distribution of medicines to treat opioid addiction and reverse opioid overdoses.

"***Public School Channeled Claim***" means (i) any Public School Claim or (ii) any Released Claim or Shareholder Released Claim that is held by a Public School District (in the case of Shareholder Released Direct Claims, solely to the extent that such Public School District is a Settling Creditor). Public School Channeled Claims shall be channeled to the Public School Trust in accordance with the Plan and Master TDP.

"***Public School Claims***" means any Claim against any Debtor that is held by a Public School District, in its capacity as such.

["***Public School District***" means an elementary, middle, or secondary public school district in the United States, in its capacity as such, that (i) have filed Proofs of Claim; (ii) have a student population greater than 5,000 students; or (iii) have filed cases against the opioid industry in MDL 2804 McKinsey or other courts.][9]

"***Public School District Claimants***" means the public school districts identified in the (i) *Verified Statement of Binder & Schwartz LLP Under Federal Rule of Bankruptcy Procedure 2019* [D.I. 2707] and (ii) *Verified Statement of Hughes Socol Piers Resnick & Dym, Ltd. and Cocounsel under Federal Rule of Bankruptcy Procedure 2019* [D.I. 2304], each as may be amended from time to time.

"***Public School District Shareholder Direct Settlement***" means the settlement set forth in the Public School District Shareholder Direct Settlement Agreement.

"***Public School District Shareholder Direct Settlement Agreement***" means the settlement agreement which shall be filed by the Debtors with the Plan Supplement.

"***Public School TDP***" means the trust distribution procedures to be implemented by the Public School Trust setting forth the procedures for distributions [on the terms described in the *Notice of Filing of Special Education Initiative Term Sheet* [D.I. 3120].]

[9] [**NTD**: Subject to ongoing discussion]

"***Public School Trust***" means a trust to be called the Public Schools' Special Education Initiative Trust and to be established on the terms described in the *Notice of Filing of Special Education Initiative Term Sheet* [D.I. 3120] and in accordance with Section 5.7 of the Plan to (i) assume all liability for the Public School Channeled Claims, (ii) hold the MDT Public School District Claim and collect the Initial Public Schools' Special Education Initiative Contribution and additional payments due under the MDT Public School District Claim in accordance with the Public Entity Settlements and the Public School Trust Documents, (iii) administer Public School Channeled Claims, (iv) hold and administer the Class 6 Non-Participating Claims Reserve on and after the Effective Date, (v) hold the Class 6 Released Claims Reserve on and after the Effective Date and (vi) make Distributions in accordance with the Public School TDP.

"***Public School Trust Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the Public School Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Public School District Claimants and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***Public School Trust Documents***" means the Public School Trust Agreement and the Public School TDP.

"***Purdue***" has the meaning set forth in the introductory paragraph of this Plan.

"***Purdue Insurance Collateral***" means any collateral the Debtors have provided or set aside to secure obligations under any Purdue Insurance Policy.

"***Purdue Insurance Policies***" means any primary, umbrella, excess, fronting or other insurance policy, whether known or unknown, issued to or that provides or may provide coverage or benefits at any time to any of the Debtors or under which any of the Debtors have sought or may seek coverage or benefits, including, without limitation, any such policy for directors' and officers' liability, general liability, product liability, property, workers' compensation or fiduciary liability, or any other coverage, and all agreements, documents or instruments relating thereto including, without limitation, any agreement with a third-party administrator for claims handling, risk control or related services, that (i) were issued prior to the Effective Date and (ii) cover periods that are, in whole or in part, prior to the Effective Date. For the avoidance of doubt, Purdue Insurance Policies shall not include any insurance policy that was issued exclusively to and that exclusively benefits and exclusively provides coverage to Persons who are neither Debtors nor predecessors of a Debtor nor current or former officers, directors or shareholders of any of the Debtors.

"***Purdue Insurance Rights***" means any and all rights, titles, privileges, interests, claims, demands or entitlements of the Debtors to any proceeds, payments, benefits, Causes of Action, choses in action, defense or indemnity arising under, or attributable to, any and all Purdue Insurance Policies or Purdue Insurance Collateral, now existing or hereafter arising, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, disputed or undisputed, fixed or contingent. For the avoidance of doubt, "Purdue Insurance Rights" include any rights of the Debtors to proceeds of Purdue Insurance Policies and Purdue Insurance Collateral.

"***Purdue Insurance Stipulation***" means the *Stipulation and Agreed Order Granting Joint Standing to Prosecute Claims and Causes of Action Related to the Debtors' Insurance Coverage to (1) the Official Committee of Unsecured Creditors and (2) the Ad Hoc Committee of Government and Other Contingent Litigation Claimants* [D.I. 2305].

"***Purdue Legal Matter***" means (i) these Chapter 11 Cases, the Plan or the Restructuring Transactions, (ii) the Pending Opioid Actions, (iii) any other ongoing or completed action or proceeding, whether commenced by a Governmental Unit or any other Person, or government investigation, in each case, relating generally to the same or similar subject matter of the actions and proceedings subject to the Preliminary Injunction, (iv) any ongoing or completed action or investigation by the DOJ, including any cooperation obligation arising out of any such action or investigation or (v) any mediation or settlement related to the same or similar subject matter of any of the foregoing.

"***Purdue Monitor***" means the monitor retained pursuant to the voluntary injunction set forth in Appendix I to the Preliminary Injunction.

"***Purdue Oklahoma Subdivision Fund***" means the fund designated for the Oklahoma subdivisions in the State of Oklahoma's pre-petition settlement with the Debtors and certain of the Sackler Parties and/or their Related Parties.

"***Purdue Pension Plan***" means the Purdue Pharma L.P. Pension Plan, a single-employer defined benefit pension plan covered by Title IV of ERISA.

"***Ratepayer Mediation Participants***" means the proposed representatives of classes of privately insured parties who are plaintiffs and proposed class representatives identified in the Amended Verified Statement of Stevens & Lee, P.C. Pursuant to Bankruptcy Rule 2019 [D.I. 333].

"***Ratepayer Mediation Participants Stipulation***" means a stipulation to be entered into among the Debtors, the Ratepayer Mediation Participants and the Sackler Parties pursuant to which (i) the Ratepayer Mediation Participants will agree to (a) withdraw all proofs of claim filed by the Ratepayer Mediation Participants and (b) not to prosecute further litigation on grounds similar to those represented by such proofs of claim against the Shareholder Released Parties; (ii) the Ratepayer Mediation Participants agree to support this Plan; and (iii) the Ratepayer Mediation Participants will receive $1.4 million in professional fees for services rendered in connection with the Chapter 11 Cases.

"***Reciprocal Releasee***" means each of the following: (i) the Debtors and their Estates; (ii) the Supporting Claimants (but as to Supporting Claimants that are Holders of Channeled Claims, only those that are Settling Creditors), solely in their respective capacities as such; (iii) all Holders of Claims against or Interests in the Debtors that are Settling Creditors, solely in their respective capacities as such; (iv) each Person that has a Cause of Action against a Shareholder Released Party relating to or arising out of the Opioid-Related Activities of the Debtors and that is a Settling Creditor, solely in its capacity as a litigant in connection with such Cause of Action; (v) each Settling Co-Defendant; and (vi) with respect to each of the Persons in the foregoing clauses (i) through (v), each of their Related Parties, solely in their respective capacities as such; *provided* that no Shareholder Released Party shall be a Reciprocal Releasee.

"***Reinstated***" means, with respect to any Claim against or Interest in a Debtor, that such Claim or Interest shall be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code.

"***Related Parties***" means, with respect to a Person, (i) such Person's predecessors, successors, assigns, Subsidiaries, affiliates, managed accounts or funds, past, present and future officers, board members, directors, principals, agents, servants, independent contractors, co-promoters, third-party sales representatives, medical liaisons, members, partners (general or limited), managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys and legal representatives, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals and advisors, trusts (including trusts established for the benefit of such Person), trustees, protectors, beneficiaries, direct or indirect owners and/or equityholders, parents, transferees, heirs, executors, estates, nominees, administrators, and legatees, in each case in their respective capacities as such;

(ii) the Related Parties of each of the foregoing, in each case in their respective capacities as such; and (iii) solely with respect to the Settling Co-Defendants, any insurer of any Settling Co-Defendant solely in its capacity as such (and specifically excluding certain insurers of the Debtors that have issued, are responsible for, or have liability on account of insurance rights arising out of or in connection with Opioid-Related Activities, solely in such insurers capacities as such). For the avoidance of doubt, the citizens and residents of a State shall not be deemed to be Related Parties of such State solely as a result of being citizens or residents of such State; provided, however, that notwithstanding the foregoing, in no event shall an Excluded Party be a Related Party.

"***Relativity Database***" has the meaning set forth in Section 5.13(g) of the Plan.

"***Released Claims***" means any Causes of Action released pursuant to Section 10.6(a) and (b) of the Plan.

*"**Released Claims Reserves***" means separate interest-bearing escrow accounts established on the Effective Date by each Creditor Trust and the PAT, with the Master Disbursement Trust serving as [administrative agent] in relation thereto, to hold amounts released from the Creditor Trust Non-Participating Claims Reserves and the Disputed Other General Unsecured Claims Reserve pursuant to Section 7.8 of this Plan upon the disallowance of Non-Participating Channeled Claims and Disputed Other GUC Litigation Claims.

"***Released Parties***" means, collectively, (i) the Debtors, (ii) each of the Debtors' Related Parties, solely in their respective capacities as such, and (iii) solely for purposes of the releases by the Debtors in Section 10.6(a) of the Plan, (A) the Supporting Claimants, the Creditors' Committee and the Creditors' Committee's members and each of their respective professionals, in each case solely in their respective capacities as such and (B) the Settling Co-Defendants and each of their Related Parties, in each case solely in their respective capacities as such; *provided*, *however*, that, notwithstanding the foregoing or anything herein to the contrary, no Excluded Party or Shareholder Released Party shall be a Released Party in any capacity or respect. For purposes of this definition of "Released Parties," the phrase "solely in their respective capacities as such" means, with respect to a Person, solely to the extent a claim against such Person (x) arises from such Person's conduct or actions taken in such capacity, or from such Person's identified capacity in relation to another specified Released Party and not, in either case, from such Person's conduct or actions independent of such capacity, and (y) to the extent such Person's liability depends on or derives from the liability of such other Released Party, such claim would be released if asserted against such other Released Party.

"***Releases***" means the releases provided for in Sections 10.6 and 10.7 of the Plan.

"***Releasing Parties***" means, collectively, (i) the Supporting Claimants, solely in their respective capacities as such, (ii) the Opt-In Settling Creditors, (iii) the Settling Co-Defendants, (iv) with respect to each of the Persons in the foregoing clauses (i) through (iii), each of their Related Parties and (v) each of the Debtors' Related Parties, in each case, other than any Shareholder Released Party.

"***Replenishment Transfer***" means a transfer by the Master Disbursement Trust to the Special Operating Reserve pursuant to the terms of the Master Shareholder Settlement Agreement.

"***Reserved MDT Insurance Policies***" means (i) policy number B0509FINMR 1600558 and policy number B0509FINMR 1600559 and (ii) any MDT Insurance Policy that is not listed by policy number in Schedule 2 to the MDT Agreement.

"***Restructuring Steps Memorandum***" means the summary of transaction steps to complete the Restructuring Transactions, which shall be consistent with Articles I through XII of the Plan and

otherwise acceptable to the Debtors and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be included in the Plan Supplement.

"***Restructuring Transactions***" means one or more transactions to occur on or before the Effective Date or as soon as reasonably practicable thereafter, that may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate this Plan, including (i) the creation of NewCo and the direct or indirect transfer thereto and vesting therein (or in a Subsidiary of NewCo) of the NewCo Transferred Assets free and clear of Claims, Interests and liabilities in accordance with the NewCo Transfer Agreement, (ii) the creation of the Foundation and the issuance of the NewCo Interest to the Foundation, (iii) the creation of the Master Disbursement Trust and the transfer thereto and vesting therein of the MDT Transferred Assets, (iv) the creation of the Plan Administration Trust and the vesting therein of the PAT Assets, (v) the creation of Governmental Remediation Trust and the Tribe Trust and the consummation of the Public Entity Settlements, consisting of the payment of the Initial Public Creditor Trust Distributions and the issuance of the MDT Interests, (vi) the creation of the Public School Trust and the consummation of the Public School District Shareholder Direct Settlement, consisting of the payment of the Initial Public Schools' Special Education Initiative Contribution and the issuance of the MDT Public School District Claims, (vii) the creation of the Private Creditor Trusts and the consummation of the Private Entity Settlements, consisting of the payment of the Initial Private Creditor Trust Distributions and the issuance of the MDT Private Claims, (viii) the creation and funding of the Priority Claims Reserve and the PAT Distribution Account to make Distributions in respect of Allowed Claims (other than Channeled Claims), (ix) entry into the Shareholder Settlements in exchange for, among other things, the contribution of funds to the Master Disbursement Trust and/or the Governmental Remediation Trust, as applicable, pursuant to the Shareholder Settlement Agreement, (x) the Releases, injunctions and exculpations set forth herein and in the Confirmation Order and (xi) the transactions set forth in the Restructuring Steps Memorandum.

"***Retained Causes of Action***" means all Estate Causes of Action that are not expressly settled or released under the Plan on or prior to the Effective Date, and which shall include all Causes of Action against Excluded Parties and the Causes of Action set forth on the Schedule of Retained Causes of Action. Any and all Estate Causes of Action against any Settling Co-Defendant (other than any Estate Causes of Action against any Settling Co-Defendant expressly preserved against such Settling Co-Defendants in Section 10.6 of the Plan) are not Retained Causes of Action and are released under the Plan.

"***Retained Shareholder Insurance Claim***" has the meaning set forth in Section 5.6(j) of the Plan.

"***Sackler Family Members***" means (i) Raymond R. Sackler and Mortimer D. Sackler, (ii) all Persons who are descendants of either Raymond R. Sackler or Mortimer D. Sackler, (iii) all current and former spouses of any individual identified in the foregoing clause (i) or (ii), and (iv) the estate of any individual identified in the foregoing clause (i), (ii) or (iii).

"***Sackler Parties' Representative***" has the meaning set forth in the Master Shareholder Settlement Agreement.

"***Sackler Party***" has the meaning set forth in the Master Shareholder Settlement Agreement.

"***Schedule of Excluded Parties***" means the schedule of Excluded Parties filed by the Debtors with the Plan Supplement, which shall include only Persons agreed to by the Debtors and the Governmental Consent Parties, in consultation with the Creditors' Committee.

"***Schedule of Rejected Contracts***" means the schedule of all executory contracts and unexpired leases to be rejected by the Debtors, if any, filed by the Debtors with the Plan Supplement, which shall be in form and substance acceptable to the Debtors and reasonably acceptable to the Governmental Consent Parties, in consultation with the Creditors' Committee.

"***Schedule of Retained Causes of Action***" means the schedule of Retained Causes of Action filed by the Debtors with the Plan Supplement, which shall be in form and substance acceptable to the Debtors and the Governmental Consent Parties and reasonably acceptable to the Creditors' Committee.

"***Scheduled***" means, with respect to any Claim against the Debtors, the status, priority, and amount, if any, of such Claim as set forth in the Schedules.

"***Scheduled MDT Distribution Date***" means (i) the date that is [the Effective Date] and [(ii) ten (10) Business Days after each anniversary of the Effective Date thereafter.]

"***Schedules***" means the schedules of assets and liabilities, statements of financial affairs, lists of Holders of Claims and Interests and all amendments or supplements thereto filed by the Debtors with the Bankruptcy Court to the extent such filing is not waived pursuant to an order of the Bankruptcy Court.

"***Second Public Schools' Special Education Initiative Contribution***" has the meaning set forth in Section 5.2(f)(ii) of the Plan.

"***Secured Claim***" means any Claim against any Debtor to the extent such Claim is (i) secured by a valid, perfected and non-avoidable Lien on property of a Debtor's Estate, the amount of which is equal to or less than the value of such property (A) as set forth in this Plan, (B) as agreed to by the Holder of such Claim and the Debtors, or (C) as determined by a Final Order in accordance with section 506(a) of the Bankruptcy Code or (ii) subject to any setoff right of the Holder of such Claim under section 553 of the Bankruptcy Code. "Secured Claim" does not include any Claim that meets the definition of "Priority Tax Claim."

"***Securities Act***" means the Securities Act of 1933, as amended.

"***Separation Agreement***" means the agreements entered into in accordance with the Master Shareholder Settlement Agreement to govern continuing business relationships and claims among the Debtors, NewCo and any entities owned directly or indirectly by the Shareholder Payment Parties, Sackler Family Members or trusts established by or for the benefit of the Sackler Family Members, which shall be on terms reasonably acceptable to the Governmental Consent Parties and the Creditors' Committee.

"***Sequestered Materials***" has the meaning set forth in Section 5.13(i) of the Plan.

"***Sequestration Date***" has the meaning set forth in Section 5.13(k) of the Plan.

"***Settled Canadian Patient Claims***" means the "Settled Patient Claims" as defined in the Canadian Patient Claim Settlement Stipulation.

"***Settling Co-Defendant***" means (i) any Person that is a signatory to the *Joint Objection of Certain Distributors, Manufacturers, and Pharmacies to the Sixth Amended Joint Chapter 11 Plan of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 3306] and/or (ii) any Co-Defendant that objected, formally or informally, or reserved rights with respect to the assumption and assignment of any contract pursuant to the Plan.

"***Settling Creditor***" means any Holder of a Channeled Claim that consents to the Third-Party Releases pursuant to its applicable Shareholder Release Consent Mechanism.

"***Settling MDT Insurer***" means an Insurance Company that has entered into an MDT Insurance Settlement, solely in its capacity as such and solely with respect to any MDT Insurance Policy released in such MDT Insurance Settlement.

"***Settling MDT Insurer Injunction***" means the injunction issued pursuant to Section 10.11 of the Plan.

"***Settling States***" means States that are Settling Creditors.

"***Settling States MDT Trustees***" has the meaning set forth in Section 5.6(d) of the Plan.

"***Shareholder Claim***" means any Claim against any Debtor or that seeks to recover from any property of any Debtor or its Estate, including from any MDT Insurance Policy, in each case, that is held by a Shareholder Released Party (other than any current or former director, officer or employee of the Debtors that is not a Sackler Family Member). Notwithstanding anything to the contrary outside of this definition in the Plan, any Claim that satisfies the definition of a Shareholder Claim shall be a Shareholder Claim notwithstanding that such Claim would otherwise satisfy the definition of another type of Claim.

"***Shareholder Direct Claims Releases***" means (i) the releases provided for in Section 10.7(b) of the Plan, or (ii) any and all releases, waivers, or disclaimers of liability, standstill agreements, or other similar terms contained in the applicable Direct Claims Shareholder Settlement Agreement.

"***Shareholder Direct Settlement Portion***" means the portion of the aggregate Distribution to each Class of Channeled Claim funded with amounts received from the Shareholder Payment Parties on account of the Direct Claims Shareholder Settlements, which, subject to any Retained Payment Amounts:

(a) with respect to Non-Federal Domestic Governmental Channeled Claims, shall be an aggregate amount of $[3,252,676,836], consisting of $[●] of the Initial Governmental Remediation Trust Distribution, and the following amounts received by the Governmental Remediation Trust on each of the following Scheduled MDT Distribution Dates from amounts paid by the Shareholder Payment Parties to the Master Disbursement Trust on the SSA Payment Date corresponding to such Scheduled MDT Distribution Date: (i) $[●] on the second Scheduled MDT Distribution Date, (ii) $[●] on the third Scheduled MDT Distribution Date, (iii) $[●] on the fourth Scheduled MDT Distribution Date, (iv) $[●] on the fifth Scheduled MDT Distribution Date, (v) $[●] on the sixth Scheduled MDT Distribution Date, (vi) $[●] on the seventh Scheduled MDT Distribution Date, (vii) $[●] on the eighth Scheduled MDT Distribution Date, (viii) $[●] on the ninth Scheduled MDT Distribution Date, (ix) $[●] on the tenth Scheduled MDT Distribution Date, (x) $[●] on the eleventh Scheduled MDT Distribution Date, (xi) $[●] on the twelfth Scheduled MDT Distribution Date, (xii) $[●] on the thirteenth Scheduled MDT Distribution Date, (xiii) $[●] on the fourteenth Scheduled MDT Distribution Date, (xiv) $[●] on the fifteenth Scheduled MDT Distribution Date, and (xv) $[●] on the sixteenth Scheduled MDT Distribution Date;

(b) with respect to Tribe Channeled Claims, shall be an aggregate amount of $[129,893,796], consisting of $[●] of the Initial Tribe Trust Distribution, and the following amounts received by the Tribe Trust on each of the following Scheduled MDT Distribution Dates from amounts paid by the Shareholder Payment Parties to the Master Disbursement Trust on the Settlement Payment Date corresponding to such Scheduled MDT Distribution Date: (i) $[●] on the second Scheduled MDT Distribution Date, (ii) $[●] on the third Scheduled MDT Distribution Date, (iii) $[●] on the fourth Scheduled MDT Distribution Date, (iv) $[●] on the fifth Scheduled MDT Distribution Date, (v) $[●] on the sixth

Scheduled MDT Distribution Date, (vi) $[●] on the seventh Scheduled MDT Distribution Date, (vii) $[●] on the eighth Scheduled MDT Distribution Date, (viii) $[●] on the ninth Scheduled MDT Distribution Date, (ix) $[●] on the tenth Scheduled MDT Distribution Date, (x) $[●] on the eleventh Scheduled MDT Distribution Date, (xi) $[●] on the twelfth Scheduled MDT Distribution Date, (xii) $[●] on the thirteenth Scheduled MDT Distribution Date, (xiii) $[●] on the fourteenth Scheduled MDT Distribution Date, (xiv) $[●] on the fifteenth Scheduled MDT Distribution Date, and (xv) $[●] on the sixteenth Scheduled MDT Distribution Date;

(c) with respect to Hospital Channeled Claims, shall be $[174,215,321];

(d) with respect to Public School Channeled Claims, shall be an aggregate amount of $[26,776,217], consisting of (i) $[●] of the First Public Schools Special Education Initiative Contribution, (ii) $[●] of the Second Public Schools Special Education Initiative Contribution, and (iii) the Third Public Schools Special Education Initiative Contribution;

(e) with respect to Third-Party Payor Channeled Claims, shall be $[87,034,792];

(f) with respect to ER Physician Channeled Claims, shall be $[3,842,182]; and

(g) with respect to PI Channeled Claims, shall be $[178,316,731].

In the event of any Shareholder Prepayment, the Shareholder Direct Settlement Portion otherwise applicable to Distributions to the Governmental Remediation Trust and Tribe Trust on the Scheduled MDT Distribution Date corresponding to the Target Payment Date of such prepayment shall be applied to Distributions made to the Governmental Remediation Trust and Tribe Trust on the MDT Distribution Date corresponding to such Prepayment Date with amounts received from the Shareholder Payment Parties on account of such prepayment, and such Shareholder Direct Settlement Portion shall be reduced using the discount rate calculation applicable to such Shareholder Prepayment pursuant to the terms of the Master Shareholder Settlement Agreement. In the event of any that any Shareholder Payment Group fails to pay when due any portion of the Payment Date Obligation owed by such Shareholder Payment Group pursuant to the terms of the Master Shareholder Settlement Agreement, the Shareholder Direct Settlement Portion for the Scheduled MDT Distribution Date corresponding to such Payment Date Obligations shall be reduced pro rata based on the amount of such non-payment.

"***Shareholder Estate Claim Releases***" means releases provided for in Section 10.7(a) of the Plan.

"***Shareholder Estate Settlement Distribution***" means Estate Distributions to Holders of Channeled Claims solely on account of funds provided by the Sackler Parties on account of the Sackler Parties' settlement with the Estates as set forth in the Master Shareholder Settlement Agreement.

"***Shareholder Family Group***" has the meaning ascribed to the term "Family Group" in the Master Shareholder Settlement Agreement.

"***Shareholder Payment Group***" has the meaning ascribed to the term "Payment Group" in the Master Shareholder Settlement Agreement.

"***Shareholder Payment Party***" means, as applicable, the Shareholder Released Parties that are parties to the Master Shareholder Settlement Agreement or the applicable Direct Claims Shareholder Settlement Agreement.

"***Shareholder Prepayment***" means any payment of all or any portion of a Minimum Required Settlement Payment to the Master Disbursement Trust prior to the scheduled SSA Payment Date for such Minimum Required Settlement Payment as set forth in the [Master Shareholder Settlement Agreement].

"***Shareholder Release Consent Mechanism***" means the applicable mechanism for each Holder of a Claim to consent to the Third-Party Releases (or their equivalents pursuant to the applicable Shareholder Settlement Agreement), which are exclusively: (i) with respect to Holders of Non-Federal Domestic Governmental Claims, executing a joinder to the Governmental Entity Shareholder Direct Settlement Agreement or otherwise participating in the Governmental Entity Shareholder Direct Settlement Agreement in accordance with the terms thereof, (ii) with respect to Holders of Public School Claims, participating in the Public School District Shareholder Direct Settlement, (iii) with respect to Holders of Tribe Claims, executing a joinder to the Tribal Shareholder Direct Settlement Agreement, (iv) with respect to Holders of Hospital Claims, participating in the Hospital Shareholder Direct Settlement, (v) with respect to Holders of Third-Party Payor Claims, through electing to opt-in to the Third-Party Releases on its applicable ballot, (vi) with respect to Holders of ER Physician Claims, participating in the ER Physician Shareholder Direct Settlement; and (vii) with respect to Holders of PI Claims, through electing to opt-in to the Third-Party Releases on its applicable ballot.

["***Shareholder Release Remedy***" has the meaning ascribed to the term "Release Remedy" in the Shareholder Settlement Agreements.]

"***Shareholder Release Snapback Parties***" means, collectively, the Designated Shareholder Released Parties and all members of any Shareholder Family Group.

"***Shareholder Released Claims***" means any Causes of Action released pursuant to Section 10.7(a) and (b) of the Plan, as applicable.

"***Shareholder Released Direct Claims***" means any Causes of Action released pursuant to Section 10.7(b) of the Plan.

"***Shareholder Released Estate Claims***" means any Causes of Action released pursuant to Section 10.7(a) of the Plan.

"***Shareholder Released Parties***" means, collectively, (i) the Shareholder Payment Parties; (ii) the Designated Shareholder Released Parties and the Persons identified on Exhibit [X] to the Master Shareholder Settlement Agreement; (iii) all Persons directly or indirectly owning an equity interest in any Debtor on the date on which such Debtor commenced its Chapter 11 Case; (iv) Sackler Family Members; (v) all trusts for the benefit of any of the Persons identified in the foregoing clause (iv) and the past, present and future trustees (including, without limitation, officers, directors and employees of any such trustees that are corporate or limited liability company trustees and members and managers of trustees that are limited liability company trustees), protectors and beneficiaries thereof, solely in their respective capacities as such; (vi) all Persons (other than the Debtors) to which property or funds of the Persons identified in any of the foregoing clauses (i) through (v) have been or are directly or indirectly transferred (including for charitable or philanthropic purposes), solely in such Persons' capacities as transferees and solely to the extent of any property or funds transferred to them; and (vii) with respect to each Person in the foregoing clauses (i) through (v), such Person's (A) predecessors, successors, permitted assigns, subsidiaries (other than the Debtors), controlled affiliates, spouses, heirs, executors, estates and nominees, in each case solely in their respective capacities as such, (B) current and former officers and directors, principals, members and employees, in each case, solely in their respective capacities as such, (C) financial advisors, attorneys (including, without limitation, attorneys retained by any director, in his or her capacity as such), accountants, investment bankers (including, without limitation, investment bankers retained by any

director, in his or her capacity as such), consultants, experts and other professionals, in each case, solely in their respective capacities as such, and (D) property possessed or owned at any time or the proceeds therefrom; *provided* that notwithstanding anything to the contrary herein, the Debtors and the Excluded Parties identified on the Schedule of Excluded Parties shall not be Shareholder Released Parties. For purposes of this definition of "Shareholder Released Parties," the phrase "solely in their respective capacities as such" means, with respect to a Person, solely to the extent a claim against such Person (x) arises from such Person's conduct or actions taken in such capacity, or from such Person's identified capacity in relation to another specified Shareholder Released Party and not, in either case, from such Person's conduct or actions independent of such capacity, and (y) to the extent such Person's liability depends on or derives from the liability of such other Shareholder Released Party, such claim would be released if asserted against such other Shareholder Released Party. For the avoidance of doubt, any Person that fits within multiple categories above shall be a Shareholder Released Party in all such categories and failure to include any Person that fits within any category above on Exhibit [X] to the Master Shareholder Settlement Agreement shall not mean that such Person is not a Shareholder Released Party.

"***Shareholder Releases***" means the releases provided for in Section 10.7 of the Plan.

"***Shareholder Settlement Agreements***" means, collectively, the Master Shareholder Settlement Agreement and all Direct Claims Shareholder Settlement Agreements.

"***Shareholder Settlement Amount***" means the aggregate amount of up to $[7] billion provided for in settlement of all Shareholder Released Claims in the Shareholder Settlement Agreements, collectively, which shall be paid by the Shareholder Payment Parties on the dates and pursuant to the terms set forth in the Shareholder Settlement Agreements.

"***Shareholder Settlements***" means the settlements reflected in the Plan, the Plan Supplement, the Confirmation Order, the Master Shareholder Settlement Agreement, and the Direct Claims Shareholder Settlement Agreements providing for, among other things, the Shareholder Estate Claim Releases, the Third-Party Releases and the Channeling Injunction in exchange for, among other things, the payments to be made by the Shareholder Payment Parties to the Master Disbursement Trust for the benefit of the Debtors, their Estates, and the Settling Creditors.

"***Solicitation Procedures Order***" means the order entered by the Bankruptcy Court approving (i) the adequacy of information in the Disclosure Statement, (ii) solicitation and voting procedures, (iii) forms of ballots, notices and notice procedures in connection therewith and (iv) certain dates with respect thereto [D.I. 2988].

"***SOR Holdback***" has the meaning set forth in Section 5.7(a)(i) of the Plan.

"***Special Master***" means the Disclosure Oversight Special Master appointed in accordance with Section 5.13(s) of the Plan.

"***Special Operating Reserve***" means a separate interest-bearing escrow account established by the Master Disbursement Trust on or before the Effective Date, subject to the terms set forth in the Master Shareholder Settlement Agreement.

["***SSA Payment Date***" means each "Settlement Payment Date" as defined in, and as subject to adjustment pursuant to the terms of, the Master Shareholder Settlement Agreement.]

"***State***" means except for Oklahoma, all 50 states of the United States of America and the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and U.S. Virgin Islands.

"***State Expenses Fund***" means the fund to be established as set forth in Section 5.9(b) of the Plan.

"***States AG Negotiating Group***" means the negotiating committee of State Attorneys General formed pursuant to the *Amended Order Appointing the Honorable Shelley C. Chapman (Ret.) and Eric D. Green as Co-Mediators and Establishing Terms and Conditions Of Mediation* [D.I. 6682].

"***Subdivision***" has the meaning set forth in the Master Shareholder Settlement Agreement.

"***Subdivision Allocation***" means, with respect to a Subdivision, the allocation applicable to such Subdivision as calculated based on the Subdivision Allocation Percentage.

"***Subdivision Allocation Percentage***" shall have the meaning ascribed to such term in the Governmental Entity Shareholder Direct Settlement.

"***Subdivisions in Non-Settling States***" has the meaning set forth in Section 5.2(f)(i)(C) of the Plan.

"***Subsidiary***" has the meaning set forth in Section 10.9(a) of the Plan.

"***Subsidiaries***" means, with respect to a Person, all direct and indirect subsidiaries of such Person.

"***Supporting Claimants***" means (i) the Ad Hoc Committee, (ii) the MSGE Group, (iii) the Native American Tribes Group, (iv) the Ad Hoc Group of Individual Victims, (v) the Ad Hoc Group of Hospitals, (vi) the Third-Party Payor Group, (vii) the NAS Committee, (viii) the Public School District Claimants, and (ix) with respect to each of the foregoing clauses (i) through (viii), the respective members thereof, solely in their respective capacities as such.

"***Surplus Reserve Cash***" means any surplus Cash or cash equivalents in any of the PAT Reserves in excess of what is estimated to be necessary to satisfy the obligations for which such amounts were reserved, in each case, as determined by the Plan Administration Trustee in accordance with Section 5.14(c) of the Plan.

"***Suspension Event***" has the meaning set forth in Section 5.7(b)(ii) of the Plan.

"***Target Payment Date***" shall have the meaning ascribed to such term in the Master Shareholder Settlement Agreement.

["***Third-Party Payor***" means a health insurer, an employer-sponsored health plan, a union health and welfare fund or any other provider of healthcare benefits, including any third-party administrator or agent on behalf thereof, in each case in its capacity as such, that is not a Domestic Governmental Entity. For the avoidance of doubt, health districts that have filed Proofs of Claim as third-party payors shall be included in this definition of "Third-Party Payor."]

"***Third-Party Payor Channeled Claim"*** means any (i) Third-Party Payor Claim or (ii) Released Claim or Shareholder Released Claim that is held by a Third-Party Payor (in the case of Shareholder Released Direct Claims, solely to the extent that such Third-Party Payor is a Settling Creditor) that is not a Domestic Governmental Entity. Third-Party Payor Channeled Claims shall be channeled to the TPP Trust in accordance with the Plan and the Master TDP.

"***Third-Party Payor Claim***" means any Claim against any Debtor that is held by a Third-Party Payor (including any Claim based on the subrogation rights of the Holder thereof that is not an Other

Subordinated Claim) that is not a Domestic Governmental Entity; *provided* that Claims in respect of self-funded government plans that were and are asserted through private Third-Party Payors shall be included in this definition of "Third-Party Payor Claims." For the avoidance of doubt, (i) Federal Government Unsecured Claims are not Third-Party Payor Claims, and (ii) claims of Third-Party Payors against Holders of PI Claims or Distributions payable to Holders of PI Claims are not claims against any Debtor and therefore are not included in this definition of "Third-Party Payor Claims."

"***Third-Party Payor Group***" means the group of certain Holders of Third-Party Payor Claims consisting of (i) the Holders of Third-Party Payor Claims represented by the Third-Party Payer participants in the Mediation listed in Exhibit A of the *Mediators' Report* [D.I. 1716] and (ii) one representative from United Healthcare and one representative from the Ad Hoc Group of Self-Funded Plans identified in the *Verified Statement of the Ad Hoc Group of Self-Funded Health Plans Pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure* [D.I. 1243].

"***Third-Party Payor Shareholder Direct Settlement***" means the settlement among the [Shareholder Payment Parties] and Holders of Third-Party Payor Claims that agree to provide the Third-Party Releases and be subject to the injunctions set forth in Sections 10.6(b) and 10.7(b) of the Plan in exchange for the consideration contemplated in the Master Shareholder Settlement Agreement.

"***Third-Party Releases***" means the releases provided for in Sections 10.6(b) and 10.7(b) of the Plan.

"***Third Public Schools' Special Education Initiative Contribution***" has the meaning set forth in Section 5.2(f)(ii) of the Plan.

"***TPP LRP Escrow Account***" means an escrow account to be established, maintained and administered by the Creditor Trustee for the PI Trust and into which the Creditor Trustee for the PI Trust shall deposit a portion of the funds received by the PI Trust pursuant to the Plan, in accordance with and subject to the terms of the LRP Agreement."***TPP TDP***" means the trust distribution procedures to be implemented by the TPP Trust setting forth the procedures for Distributions from the TPP Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Third-Party Payor Group and reasonably acceptable to the Creditors' Committee, the Governmental Consent Parties [and the Sackler Parties' Representative], and which shall be filed by the Debtors with the Plan Supplement.

"***TPP Trust***" means a trust to be established in accordance with Section 5.8 of the Plan to (i) assume all liability for the Third-Party Payor Channeled Claims, (ii) hold the MDT TPP Claim and collect the Initial TPP Trust Distribution and additional payments due under the MDT TPP Claim in accordance with the Private Entity Settlements and the TPP Trust Documents, (iii) administer Third-Party Payor Channeled Claims, (iv) hold and administer the Class 8 Non-Participating Claims Reserve on and after the Effective Date, (v) hold the Class 8 Released Claims Reserve on and after the Effective Date, (vi) make Distributions in accordance with the TPP Trust Documents, and (vii) carry out such other matters as are set forth in the TPP TDP.

"***TPP Trust Agreement***" means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the TPP Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Third-Party Payor Group and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***TPP Trust Documents***" means the TPP Trust Agreement and the TPP TDP.

"***Transferred Debtor***" means a Debtor that is acquired directly or indirectly by NewCo pursuant to the NewCo Transfer Agreement. For the avoidance of doubt, PPLP shall not be a Transferred Debtor.

"***Treasury Regulations***" means the regulations promulgated from time to time under the IRC.

"***Tribal Shareholder Direct Settlement***" means the settlement set forth in the Tribal Shareholder Direct Settlement Agreement.

"***Tribal Shareholder Direct Settlement Agreement***" means the settlement agreement which shall be filed by the Debtors with the Plan Supplement.

"***Tribe***" means any American Indian or Alaska Native Tribe, band, nation, pueblo, village or community, that the U.S. Secretary of the Interior acknowledges as an Indian Tribe, as provided in the Federally Recognized Tribe List Act of 1994, 25 U.S.C. § 5130, and as periodically listed by the U.S. Secretary of the Interior in the Federal Register pursuant to 25 U.S.C. § 5131; and any "Tribal Organization" as provided in the Indian Self-Determination and Education Assistance Act of 1975, as amended, 25 U.S.C. § 5304(l).

"***Tribe Channeled Claim***" means (i) any Tribe Claim or (ii) any Released Claim or Shareholder Released Claim that is held by a Tribe (in the case of Shareholder Released Direct Claims, solely to the extent that such Tribe is a Settling Creditor). Tribe Channeled Claims shall be channeled to the Tribe Trust in accordance with the Plan and Master TDP.

"***Tribe Claim***" means any Claim against any Debtor that is held by a Tribe (including any Claim based on the subrogation rights of a Tribe that is not an Other Subordinated Claim), in its capacity as such. For the avoidance of doubt, claims of Tribes against Holders of PI Claims or Distributions payable to Holders of PI Claims, to the extent such claims exist, are not claims against any Debtor and therefore are not included in this definition of "Tribe Claims."

"***Tribe TDP***" means the trust distribution procedures to be implemented by the Tribe Trust setting forth the procedures for Distributions from the Tribe Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Native American Tribe Group and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement [(it being understood and agreed that the form of Tribe TDP filed on July 14, 2021 is acceptable to such parties)].

"***Tribe Trust***" means one or more trusts, limited liability companies or other Persons to be established in accordance with Section 5.8 of the Plan to (i) assume all liability for the Tribe Channeled Claims, (ii) hold the MDT Tribe Interest and collect the Initial Tribe Trust Distribution and the other Public Creditor Trust Distributions received in accordance with the Public Entity Settlements, (iii) administer Tribe Channeled Claims, (iv) hold and administer the Class 5 Non-Participating Claims Reserve on and after the Effective Date, (v) hold the Class 5 Released Claims Reserve on and after the Effective Date and (vi) make Distributions in accordance with the Tribe TDP.

"***Tribe Trust Agreement***" means the trust agreement and any limited liability company agreement or similar governing document establishing and delineating the terms and conditions for the creation and operation of the Tribe Trust, the terms of which shall be consistent with Articles I through XII of the Plan and otherwise acceptable to the Debtors and the Native American Tribe Group and reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties, and which shall be filed by the Debtors with the Plan Supplement.

"***Tribe Trust Documents***" means the Tribe Trust Agreement and the Tribe TDP.

"***Twelfth Amended Plan***" means the *Twelfth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 3726].

"***U.S. Trustee***" means the United States Trustee for Region 2.

"***Unimpaired***" means, with respect to any Claim, Interest, or Class of Claims or Interests, not "impaired" within the meaning of such term in section 1124 of the Bankruptcy Code.

"***United States***" means the United States of America, its agencies, departments or agents.

"***United States-PI Claimant Medical Expense Claim***" means any healthcare-related claim, Cause of Action or Lien (including a subrogation claim or reimbursement claim), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, choate or inchoate, (i) against a Holder of a PI Claim or the recoveries of a Holder of a PI Claim pursuant to the PI TDP or under the Plan, (ii) held by any of the following federal governmental agencies or federal health insurance programs: the United States Department of Health and Human Services, on its own behalf and on behalf of its component agencies, which are the Centers for Medicare & Medicaid Services and the Indian Health Service on behalf of its federally-operated programs; the TRICARE Program; and the United States Department of Veterans Affairs, and (iii) on account of opioid injury-related conditional payments made by such programs or agencies to, on behalf of, or in respect of, such Holders of PI Claims. [The United States-PI Claimant Medical Expense Claim Settlement does not apply to any claims brought by programs operated by tribes or tribal organizations under the Indian Self-Determination and Education Assistance Act, 25 U.S.C. §§ 5301–5423, or programs operated by urban Indian organizations that have a grant or contract with the Indian Health Service under the Indian Health Care Improvement Act, 25 U.S.C. §§ 1601–1685.]

["***United States-PI Claimant Medical Expense Claim Releases***" means the releases provided for in Section 5.2(i)(ii) of the Plan.]

["***United States-PI Claimant Medical Expense Claim Settlement***" means the settlement provided for in Section 5.2(i) of the Plan.]

"***Voting Deadline***" means the last day for Holders of Claims and Interests entitled to vote on the Plan to cast their votes to accept or reject the Plan as may be set by the Bankruptcy Court.

"***Voting Representative***" means a Firm representing Holders of Claims in any of the Master Ballot Classes who has returned a properly completed Solicitation Directive (as such terms are defined in the Solicitation Procedures Order).

"***Wind-Up Reserve***" means a reserve to be established to pay any and all costs, expenses, fees, taxes, debts, or obligations incurred from the operation and administration of the Debtors' Estates after the Effective Date (including professional fees and expenses). The Wind-Up Reserve shall be (i) funded with Effective Date Cash in an amount determined by the Debtors but not to exceed $10 million, or such greater amount subject to the consent (not to be unreasonably withheld) of the NewCo Managers and the MDT Trustees; *provided* further that if the NewCo Managers or the MDT Trustees withhold such consent, the Plan Administration Trustee shall have the right to seek relief from the Bankruptcy Court, which shall be granted upon the Bankruptcy Court's determination that such budgeted expenditures are appropriate and otherwise within the scope for which the Wind-Up Reserve was established pursuant to the Plan; and (ii) held by the Plan Administration Trust in a segregated account and administered by the Plan Administration Trustee on and after the Effective Date.

1.2 ***Interpretation; Application of Definitions; Rules of Construction***.

Unless otherwise specified, all section or exhibit references in the Plan are to the respective section in, or exhibit to, this Plan, as the same may be amended, waived, or modified from time to time in accordance with the terms hereof. The words "herein," "hereof," or "hereunder," and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained therein and have the same meaning as "in the Plan," "of the Plan," and "under the Plan," respectively. The words "includes" and "including" are not limiting. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. For purposes herein: (a) in the appropriate context, each term, whether stated in the singular or plural, shall include both the singular and plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (b) any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the reference document shall be substantially in that form or substantially on those terms and conditions; (c) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (d) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

1.3 ***Reference to Monetary Figures.***

All references in this Plan to monetary figures shall refer to the legal tender of the United States of America unless otherwise expressly provided.

1.4 ***Controlling Document.***

In the event of an inconsistency between Articles I through XII of the Plan and the Plan Supplement, the terms of Articles I through XII of the Plan shall control[, except that in the event of an inconsistency between Articles I through XII of the Plan and the [Shareholder Settlement Agreements] (or any agreements ancillary to the [Shareholder Settlement Agreements]), the [Shareholder Settlement Agreements] (or such ancillary agreement) shall control; *provided*, that the Plan shall control over any Direct Claims Shareholder Settlement Agreement (and any agreement ancillary to such Direct Claims Shareholder Settlement Agreement) in a dispute involving a party that is neither (i) subject to such Direct Claims Shareholder Settlement Agreement nor (ii) the Holder of a Claim in the Class that is the subject of such Direct Claims Shareholder Settlement Agreement.] In the event of an inconsistency between this Plan and any other instrument or document created or executed pursuant to this Plan, or between this Plan and the Disclosure Statement, this Plan shall control. The provisions of this Plan and of the Confirmation Order shall be construed in a manner consistent with each other so as to effectuate the purposes of each; *provided*, *however*, that, if there is determined to be any inconsistency between any provision of this Plan and any provision of the Confirmation Order that cannot be reconciled, then, the provisions of the Confirmation Order shall govern, and any such provisions of the Confirmation Order shall be deemed a modification of this Plan solely to the extent of such inconsistency.

ARTICLE II ADMINISTRATIVE CLAIMS, PROFESSIONAL FEE CLAIMS, PRIORITY TAX CLAIMS AND DOJ FORFEITURE JUDGMENT CLAIM.

2.1 ***Administrative Claims.***

(a) **Generally**. Except as provided for herein or in any order of the Bankruptcy Court, and subject to section 503(b)(1)(D) of the Bankruptcy Code, Holders of Administrative Claims (other than Professional Fee Claims and the DOJ Forfeiture Judgment Claim) must file and serve on the Debtors requests for the payment of such Administrative Claims not already Allowed by a Final Order.

Any Holder of an Administrative Claim that is required to, but does not, file and serve a request for payment of such Administrative Claim pursuant to the procedures specified in the Confirmation Order shall be forever barred, estopped and enjoined from asserting such Claims against the Debtors, the Liquidating Debtors, the Transferred Debtors, the Plan Administration Trust or their respective Assets or properties, and such Claims shall be deemed discharged as of the Effective Date. An Administrative Claim, with respect to which a request for payment has been properly and timely filed pursuant to this Section 2.1(a), shall become an Allowed Administrative Claim if no objection to such request is filed by the Debtors or the Plan Administration Trustee with the Bankruptcy Court on or before the date that is one hundred twenty (120) days after the Effective Date, or such later date as may be fixed by the Bankruptcy Court. If an objection is timely filed, such Administrative Claim shall become an Allowed Administrative Claim only to the extent Allowed by Final Order or such Claim is settled, compromised or otherwise resolved pursuant to Section 7.6 of the Plan. Except to the extent a Holder of an Allowed Administrative Claim and the Debtor against which such Claim is asserted agree to different treatment, each Holder of an Allowed Administrative Claim (other than a Professional Fee Claim or the DOJ Forfeiture Judgment Claim) shall receive, on account of such Allowed Claim, Cash in an amount equal to the Allowed amount of such Claim from the Priority Claims Reserve within thirty (30) days following the later to occur of (i) the Effective Date and (ii) the date on which such Administrative Claim shall become an Allowed Claim; *provided* that any Administrative Claim that is an Assumed Liability shall be paid by NewCo in the ordinary course of business.

(b) **Professional Fee Claims**. All Professional Persons seeking awards by the Bankruptcy Court for compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under (x) section 327, 328, 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5) or 1103 of the Bankruptcy Code, (y) with respect to the Ad Hoc Committee, the AHC Reimbursement Agreement Assumption Order, or (z) with respect to the MSGE Group, the MSGE Group Reimbursement Order, shall (i) file, on or before the date that is forty-five (45) days after the Effective Date, or as soon as reasonably practicable thereafter, their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred and (ii) be paid in full in Cash, (A) *first*, from any existing amounts held by a Professional Person as a fee advance, retainer, or security that such Professional Person is authorized to use to satisfy Allowed Professional Fee Claims pursuant to the Interim Compensation Order or the order of the Bankruptcy Court authorizing the retention of such Professional Person (other than a reasonable retainer to cover post-Effective Date work), and (B) *second*, from the Professional Fee Escrow Account, in such aggregate amounts as are Allowed by the Bankruptcy Court or authorized to be paid in accordance with the order(s) relating to or allowing any such Professional Fee Claim. On or prior to the Effective Date, the Debtors shall establish the Professional Fee Escrow Account and, on the Effective Date, fund the Professional Fee Escrow Account with Cash such that the total amount held in the Professional Fee Escrow Account is equal to the sum of each Professional Person's good-faith estimates of its Professional Fee Claims. The procedures for filing objections to Professional Persons' applications for final allowance of compensation for services rendered and expenses incurred shall be set forth in the Confirmation Order.

2.2 *Priority Tax Claims.*

Except to the extent a Holder of an Allowed Priority Tax Claim and the Debtor against which such Claim is asserted agree to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each Holder of an Allowed Priority Tax Claim shall receive, on account of such Allowed Priority Tax Claim, either Cash in an amount equal to the Allowed amount of such Claim from the Priority Claims Reserve or such other treatment as may satisfy section 1129(a)(9) of the Bankruptcy Code.

2.3 ***DOJ Forfeiture Judgment Claim.***

(a) Allowance: Pursuant to the Plea Agreement and the DOJ 9019 Order, the DOJ Forfeiture Judgment Claim shall be Allowed in the amount of $2.0 billion on the later of (i) the DOJ Conviction Judgment Date and (ii) the entry by the Bankruptcy Court of the Confirmation Order.

(b) Treatment: In full and final satisfaction, settlement, release and discharge of the DOJ Forfeiture Judgment Claim, the Debtors shall make the DOJ Forfeiture Payment within three (3) Business Days following the DOJ Conviction Judgment Date, which DOJ Forfeiture Payment, in combination with the DOJ Forfeiture Judgment Credit, shall satisfy and discharge the DOJ Forfeiture Judgment Claim in full.

ARTICLE III CLASSIFICATION OF CLAIMS AND INTERESTS.

3.1 ***Classification in General.***

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation and Distributions under this Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class for the purpose of receiving Distributions pursuant to this Plan only to the extent such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent any portion of the Claim or Interest qualifies within the description of such other Classes; *provided* that, to the extent any Claim satisfies the definition of a Shareholder Claim, a Co-Defendant Claim or an Other Subordinated Claim, such Claim shall be classified as such, notwithstanding that such Claim may satisfy the definition of another type of Claim. A Claim or Interest is also classified in a particular Class for the purpose of receiving Distributions hereunder only to the extent such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been satisfied, released or otherwise settled prior to the Effective Date. In no event shall any Holder of an Allowed Claim be entitled to receive payments under this Plan that, in the aggregate, exceed the Allowed amount of such Holder's Claim.

3.2 ***Summary of Classification of Claims and Interests.***

The following table designates the Classes of Claims against and Interests in the Debtors and specifies which Classes are (a) Impaired or Unimpaired under this Plan, (b) entitled to vote to accept or reject this Plan in accordance with section 1126 of the Bankruptcy Code or presumed to accept or deemed to reject this Plan:

Class	Type of Claim or Interest	Impairment	Entitled to Vote
Class 1	Secured Claims	Unimpaired	No (Presumed to Accept)
Class 2	Other Priority Claims	Unimpaired	No (Presumed to Accept)
Class 3	Federal Government Unsecured Claims	Impaired	Yes
Class 4	Non-Federal Domestic Governmental Claims	Impaired	Yes
Class 5	Tribe Claims	Impaired	Yes
Class 6	Public School Claims	Impaired	Yes
Class 7	Hospital Claims	Impaired	Yes

Class 8	Third-Party Payor Claims	Impaired	Yes
Class 9	ER Physician Claims	Impaired	Yes
Class 10(a)	NAS PI Claims	Impaired	Yes
Class 10(b)	Non-NAS PI Claims	Impaired	Yes
Class 11(a)	Avrio General Unsecured Claims	Unimpaired	No (Presumed to Accept)
Class 11(b)	Adlon General Unsecured Claims	Unimpaired	No (Presumed to Accept)
Class 11(c)	Other General Unsecured Claims	Impaired	Yes
Class 12	Intercompany Claims	Unimpaired or Impaired	No (Presumed to Accept or Deemed to Reject)
Class 13	Shareholder Claims	Impaired	No (Deemed to Reject)
Class 14	Co-Defendant Claims	Impaired	No (Deemed to Reject)
Class 15	Other Subordinated Claims	Impaired	No (Deemed to Reject)
Class 16	PPLP Interests	Impaired	No (Deemed to Reject)
Class 17	PPI Interests	Impaired	No (Deemed to Reject)
Class 18	Intercompany Interests	Unimpaired or Impaired	No (Presumed to Accept or Deemed to Reject)

3.3 ***Voting Classes; Presumed Acceptance by Non-Voting Classes.***

With respect to each Debtor, if a Class contains Claims eligible to vote and no Holder of Claims eligible to vote in such Class votes to accept or reject this Plan by the Voting Deadline, this Plan shall be presumed accepted by the Holders of Claims in such Class.

3.4 ***Voting; Presumptions; Solicitation.***

(a) **Acceptance by Certain Impaired Classes**. Only Holders of Claims in Classes 3, 4, 5, 6, 7, 8, 9, 10(a), 10(b) and 11(c) are entitled to vote to accept or reject this Plan. An Impaired Class of Claims shall have accepted this Plan if (i) the Holders, including Holders acting through a Voting Representative, of at least two-thirds (2/3) in amount of Claims actually voting in such Class have voted to accept this Plan and (ii) the Holders, including Holders acting through a Voting Representative, of more than one-half (1/2) in number of Claims actually voting in such Class have voted to accept this Plan. Holders of Claims in Classes 3, 4, 5, 6, 7, 8, 9, 10(a), 10(b) and 11(c) (or, if applicable, the Voting Representatives of such Holders) shall receive ballots containing detailed voting instructions. For the avoidance of doubt, pursuant to and except as otherwise provided in the Solicitation Procedures Order, each Claim in Classes 4, 5, 6, 7, 8, 9, 10(a) and 10(b) shall be accorded one (1) vote and valued at one dollar ($1.00) for voting purposes only, and not for purposes of Allowance or distribution, such that each of Classes 4, 5, 6, 7, 8, 9, 10(a) and 10(b) shall be deemed to have accepted this Plan if the Holders, including Holders acting through a Voting Representative, of at least two-third (2/3) in number of Claims actually voting in such Class have voted to accept the Plan.

(b) **Deemed Acceptance by Unimpaired Classes**. Holders of Claims in Classes 1, 2, 11(a) and 11(b) are conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Accordingly, such Holders are not entitled to vote to accept or reject this Plan.

(c) **Deemed Rejection by Certain Impaired Classes**. Holders of Claims and Interests in Classes 13, 14, 15, 16, and 17 are deemed to have rejected this Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, such Holders are not entitled to vote to accept or reject this Plan.

(d) **Deemed Acceptance or Rejection by Certain Classes**. Holders of Interests in Classes 12 and 18 are either conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code or are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, such Holders are not entitled to vote to accept or reject the Plan.

(e) **Individual Creditor Voting Rights**. Notwithstanding anything to the contrary in this Plan, the voting rights of Holders of Claims in any Class shall be governed in all respects by the Solicitation Procedures Order, including without limitation with respect to the amount of such Claims for voting purposes.

3.5 *Cramdown.*

If any Class of Claims is deemed to reject this Plan or is entitled to vote on this Plan and does not vote to accept this Plan, the Debtors may (a) seek confirmation of this Plan under section 1129(b) of the Bankruptcy Code and/or (b) amend or modify this Plan in accordance with the terms hereof and the Bankruptcy Code. If a controversy arises as to whether any Claim or Interest, or any Class of Claims or Interests, is Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

3.6 *No Waiver.*

Nothing contained in this Plan shall be construed to waive a Debtor's or other Person's right to object on any basis to any Claim.

ARTICLE IV TREATMENT OF CLAIMS AND INTERESTS.

4.1 *Secured Claims (Class 1).*

(a) Treatment: Except to the extent a Holder of an Allowed Secured Claim and the Debtor against which such Claim is asserted agree to different treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Secured Claim shall receive, on account of such Allowed Claim, (i) payment in full in Cash from the Priority Claims Reserve in accordance with section 506(a) of the Bankruptcy Code, (ii) Reinstatement of such Allowed Claim pursuant to section 1124 of the Bankruptcy Code or (iii) such other treatment as may be necessary to render such Claim Unimpaired.

(b) Impairment and Voting: Secured Claims are Unimpaired. Holders of Secured Claims are conclusively presumed to accept this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Secured Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Secured Claims.

4.2 ***Other Priority Claims (Class 2).***

(a) Treatment: Except to the extent a Holder of an Allowed Other Priority Claim and the Debtor against which such Claim is asserted agree to different treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Other Priority Claim shall receive, on account of such Allowed Claim, (i) payment in full in Cash from the Priority Claims Reserve or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.

(b) Impairment and Voting: Other Priority Claims are Unimpaired. Holders of Other Priority Claims are conclusively presumed to accept this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Other Priority Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Other Priority Claims.

4.3 ***Federal Government Unsecured Claims (Class 3).***

(a) Allowance of the DOJ Civil Claim and DOJ Criminal Fine Claim: Pursuant to the DOJ 9019 Order, the DOJ Civil Claim is Allowed in the amount of $2.8 billion. The DOJ Criminal Fine Claim shall be Allowed in the amount of $3.544 billion on the later of (i) the DOJ Conviction Judgment Date and (ii) the entry by the Bankruptcy Court of the Confirmation Order.

(b) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Allowed Federal Government Unsecured Claims, the United States shall receive (i) the Initial Federal Government Distribution and (ii) the MDT Federal Government Claim. The MDT Federal Government Claim shall be payable by the Master Disbursement Trust in the following installments: (x) $10 million on the second Scheduled MDT Distribution Date, (y) $10 million on the third Scheduled MDT Distribution Date and (z) $5 million on the fourth Scheduled MDT Distribution Date. The Initial Federal Government Distribution and the amounts paid to the United States on account of the MDT Federal Government Claim shall be deemed applied 60% to the DOJ Unsecured Claims and 40% to the Other Federal Agency Claims.

(c) Impairment and Voting: The Federal Government Unsecured Claims are Impaired. Holders of Federal Government Unsecured Claims are entitled to vote to accept or reject the Plan.

4.4 ***Non-Federal Domestic Governmental Claims (Class 4).***

(a) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Non-Federal Domestic Governmental Claims, the Governmental Remediation Trust shall receive (i) the Initial Governmental Remediation Trust Distribution, (ii) the MDT Governmental Remediation Trust Interest and (iii) the right to receive [●]% of the Governmental Remediation Trust and Tribe Trust NewCo Distributable Cash pursuant to Section 5.4(e) of the Plan.

(b) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Non-Federal Domestic Governmental Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the Governmental Remediation Trust and shall be exclusively satisfied by payments from the Governmental Remediation Trust. Each Non-Federal Domestic Governmental Channeled Claim shall be asserted exclusively against the Governmental Remediation Trust and resolved solely in accordance with the terms, provisions and procedures of the Governmental Remediation Trust Agreement. The sole recourse of any Person on account of any Non-Federal Domestic Governmental Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the Governmental

Remediation Trust as and to the extent provided in the Governmental Remediation Trust Agreement. Subject to Section 10.8(c), Holders of Non-Federal Domestic Governmental Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Non-Federal Domestic Governmental Channeled Claims exclusively against the Governmental Remediation Trust.

(c) Impairment and Voting: Non-Federal Domestic Governmental Claims are Impaired. Holders of Non-Federal Domestic Governmental Claims are entitled to vote to accept or reject the Plan.

4.5 ***Tribe Claims (Class 5).***

(a) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Tribe Claims, the Tribe Trust shall receive (i) the Initial Tribe Trust Distribution, (ii) the MDT Tribe Interest and (iii) the right to receive [●]% of the Governmental Remediation Trust and Tribe Trust NewCo Distributable Cash pursuant to Section 5.4(e) of the Plan.

(b) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Tribe Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the Tribe Trust and shall be exclusively satisfied by payments from the Tribe Trust. Each Tribe Channeled Claim shall be asserted exclusively against the Tribe Trust and resolved solely in accordance with the terms, provisions and procedures of the Tribe TDP. The sole recourse of any Person on account of any Tribe Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the Tribe Trust as and to the extent provided in the Tribe TDP. Subject to Section 10.8(c), Holders of Tribe Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Tribe Channeled Claims exclusively against the Tribe Trust, solely as and to the extent provided in the Tribe TDP.

(c) Impairment and Voting: Tribe Claims are Impaired. Holders of Tribe Claims are entitled to vote to accept or reject the Plan.

4.6 ***Public School Claims (Class 6).***

(a) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Public School Claims, the Public School Trust shall receive (i) the Initial Public Schools' Special Education Initiative Contribution and (ii) the MDT Public School Districts Claim.[10]

(b) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Public School Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the Public School Trust and shall be exclusively satisfied by payments from

[10] [**NTD**: Timing of payment subject to ongoing discussion]

the Public School Trust. Each Public School Channeled Claim shall be asserted exclusively against the Public School Trust and resolved solely in accordance with the terms, provisions and procedures of the Public School TDP. The sole recourse of any Person on account of any Public School Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the Public School Trust as and to the extent provided in the Public School TDP. Subject to Section 10.8(c), Holders of Public School Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Public School Channeled Claims exclusively against the Public School Trust, solely as and to the extent provided in the Public School TDP.

(c) Impairment and Voting: Public School Claims are Impaired. Holders of Public School Claims are entitled to vote to accept or reject the Plan.

4.7 ***Hospital Claims (Class 7).***

(a) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Hospital Claims, the Hospital Trust shall receive (i) the Initial Hospital Trust Distribution and (ii) the MDT Hospital Claim.[11]

(b) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Hospital Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the Hospital Trust and shall be exclusively satisfied by payments from the Hospital Trust. Each Hospital Channeled Claim shall be asserted exclusively against the Hospital Trust and resolved solely in accordance with the terms, provisions and procedures of the Hospital TDP. The sole recourse of any Person on account of any Hospital Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the Hospital Trust as and to the extent provided in the Hospital TDP. Subject to Section 10.8(c), Holders of Hospital Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Hospital Channeled Claims exclusively against the Hospital Trust, solely as and to the extent provided in the Hospital TDP.

(c) Impairment and Voting: Hospital Claims are Impaired. Holders of Hospital Claims are entitled to vote to accept or reject the Plan.

4.8 ***Third-Party Payor Claims (Class 8).***

(a) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of Third-Party Payor Claims, the TPP Trust shall receive (i) the Initial TPP Trust Distribution and (ii) the MDT TPP Claim. For the avoidance of doubt, any payments from the TPP LRP Escrow Account to which LRP Participating TPPs may be entitled under the LRP Agreement shall not be subject to this Section 4.8.

[11] [**NTD**: Timing of payment subject to ongoing discussion]

(b) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Third-Party Payor Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the TPP Trust and shall be exclusively satisfied by payments from the TPP Trust. Each Third-Party Payor Channeled Claim shall be asserted exclusively against the TPP Trust and resolved solely in accordance with the terms, provisions and procedures of the TPP TDP. The sole recourse of any Person on account of any Third-Party Payor Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the TPP Trust as and to the extent provided in the TPP TDP. Subject to Section 10.8(c), Holders of Third-Party Payor Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Third-Party Payor Channeled Claims exclusively against the TPP Trust, solely as and to the extent provided in the TPP TDP.

(c) Impairment and Voting: Third-Party Payor Claims are Impaired. Holders of Third-Party Payor Claims are entitled to vote to accept or reject the Plan.

4.9 ***ER Physician Claims (Class 9).***

(a) Treatment: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of ER Physician Claims, the ERP Trust shall receive (i) the Initial ERP Trust Distribution and (ii) the MDT ERP Claim.[12]

(b) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all ER Physician Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the ERP Trust and shall be exclusively satisfied by payments from the ERP Trust. Each ER Physician Channeled Claim shall be asserted exclusively against the ERP Trust and resolved solely in accordance with the terms, provisions and procedures of the ERP TDP. The sole recourse of any Person on account of any ER Physician Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the ERP Trust as and to the extent provided in the ERP TDP. Subject to Section 10.8(c), Holders of ER Physician Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any ER Physician Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any ER Physician Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue ER Physician Channeled Claims exclusively against the ERP Trust, solely as and to the extent provided in the ERP TDP.

(c) Impairment and Voting: ER Physician Claims are Impaired. Holders of ER Physician Claims are entitled to vote to accept or reject the Plan.

4.10 ***PI Claims (Classes 10(a) and 10(b)).***

(a) PI Trust: On the Effective Date, in full and final satisfaction, settlement and release of the Debtors' obligations in respect of PI Claims, the PI Trust shall receive, subject to Section 5.2(i) of the Plan, (i) the Initial PI Trust Distribution and (ii) the MDT PI Claim.

[12] [**NTD**: Timing of payment subject to ongoing discussion]

(b) NAS PI Claims (Class 10(a)):

(i) Treatment: The PI Trust shall deposit the NAS PI Portion into the PI Trust NAS Fund in periodic installments as funds are received by the PI Trust. Distributions in respect of NAS PI Channeled Claims shall be exclusively in the form of Distributions from the PI Trust NAS Fund to Holders of Allowed NAS PI Channeled Claims, in accordance with the NAS PI TDP, and shall be subject to the PI Trust Deductions and Holdbacks.

(ii) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all NAS PI Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the PI Trust and shall be exclusively satisfied by payments from the PI Trust. Each NAS PI Channeled Claim shall be asserted exclusively against the PI Trust and resolved solely in accordance with the terms, provisions and procedures of the NAS PI TDP. The sole recourse of any Person on account of any NAS PI Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the PI Trust NAS Fund as and to the extent provided in the NAS PI TDP. Subject to Section 10.8(c), Holders of NAS PI Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue NAS PI Channeled Claims exclusively against the PI Trust, solely as and to the extent provided in the NAS PI TDP.

(iii) Impairment and Voting: NAS PI Claims are Impaired. Holders of NAS PI Claims are entitled to vote to accept or reject the Plan.

(c) Non-NAS PI Claims (Class 10(b)).Treatment: The PI Trust shall deposit the Non-NAS PI Portion into the PI Trust Non-NAS Fund in periodic installments as funds are received by the PI Trust. Distributions in respect of Non-NAS PI Channeled Claims shall be exclusively in the form of Distributions from the PI Trust Non-NAS Fund to Holders of Allowed Non-NAS PI Channeled Claims, in accordance with the Non-NAS PI TDP, and shall be subject to the PI Trust Deductions and Holdbacks.

(ii) Channeling: As of the Effective Date, in accordance with the Plan and the Master TDP, any and all liability of the Debtors and the other Protected Parties for any and all Non-NAS PI Channeled Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the PI Trust and shall be exclusively satisfied by payments from the PI Trust. Each Non-NAS PI Channeled Claim shall be asserted exclusively against the PI Trust and resolved solely in accordance with the terms, provisions and procedures of the Non-NAS PI TDP. The

sole recourse of any Person on account of any Non-NAS PI Channeled Claim, whether or not the Holder thereof participated in the Chapter 11 Cases and whether or not such Holder filed a Proof of Claim in the Chapter 11 Cases, shall be to the PI Trust Non-NAS Fund as and to the extent provided in the Non-NAS PI TDP. Subject to Section 10.8(c) of the Plan, Holders of Non-NAS PI Channeled Claims are enjoined from asserting against any Debtor or other Protected Party any Channeled Claim, and may not proceed in any manner against any Debtor or other Protected Party on account of any Channeled Claim in any forum whatsoever, including any state, federal or non-U.S. court or administrative or arbitral forum, and are required to pursue Non-NAS PI Channeled Claims exclusively against the PI Trust, solely as and to the extent provided in the Non-NAS PI TDP.

(iii) Impairment and Voting: Non-NAS PI Claims are Impaired. Holders of Non-NAS PI Claims are entitled to vote to accept or reject the Plan.

(d) Canadian Patient Settlement. Pursuant to the Canadian Patient Claim Settlement Stipulation, (i) no Holder of a Settled Canadian Patient Claim that filed a Proof of Claim shall receive a recovery in respect of such Settled Canadian Patient Claim from any source other than the Patient Settlement Payment (as defined in the Canadian Patient Claim Settlement Stipulation) made from the Canadian Patient Settlement Trust and (ii) in order to receive a recovery in respect of any other Claim for which a Proof of Claim was filed by a Holder of a Settled Canadian Patient Claim, such Holder shall have the burden of proving that such Proof of Claim is not in respect of a Settled Canadian Patient Claim that was released and discharged pursuant to the Canadian Patient Claim Settlement Stipulation and such Holder has not received any recovery from the Canadian Patient Settlement Trust on account of such Claim. No Distributions shall be made on account of any Claims that may constitute Settled Canadian Patient Claims unless and until (x) the Saskatchewan Court of Queen's Bench approves the Canadian Patient Settlement Agreement and all funds in the Canadian Patient Settlement Trust have been distributed to Holders of Settled Canadian Patient Claims in accordance with the Canadian Patient Settlement Agreement or (y) the Saskatchewan Court of Queen's Bench denies the Canadian Patient Settlement Agreement. For the avoidance of doubt, nothing in Article X of the Plan shall affect the validity or enforceability of the Canadian Patient Settlement Agreement.

4.11 ***Avrio General Unsecured Claims (Class 11(a))***.

(a) Treatment: Except to the extent a Holder of an Allowed Avrio General Unsecured Claim and Avrio Health L.P. agree to different treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Avrio General Unsecured Claim shall receive, on account of such Allowed Claim, payment in full in Cash.

(b) Impairment and Voting: Avrio General Unsecured Claims are Unimpaired. Holders of Avrio General Unsecured Claims are conclusively presumed to accept this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Avrio General Unsecured Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited.

4.12 ***Adlon General Unsecured Claims (Class 11(b)).***

(a) Treatment: Except to the extent a Holder of an Allowed Adlon General Unsecured Claim and Adlon Therapeutics L.P. agree to different treatment, on the Effective Date, or as

soon as reasonably practicable thereafter, each Holder of an Allowed Adlon General Unsecured Claim shall receive, on account of such Allowed Claim, payment in full in Cash.

(b) Impairment and Voting: Adlon General Unsecured Claims are Unimpaired. Holders of Adlon General Unsecured Claims are conclusively presumed to accept this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Adlon General Unsecured Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited.

4.13 ***Other General Unsecured Claims (Class 11(c)).***

(a) Treatment: All Other General Unsecured Claims are Disputed. Except to the extent a Holder of an Allowed Other General Unsecured Claim and the Debtor against which such Claim is asserted agree to different treatment, after the Effective Date upon the Allowance of such Claim in accordance with Article VII of the Plan, each Holder of an Allowed Other General Unsecured Claim shall receive, on account of such Allowed Claim, such Holder's Pro Rata Share of the Other General Unsecured Claim Cash, up to payment in full of such Allowed Claim.

(b) Impairment and Voting: Other General Unsecured Claims are Impaired. Holders of Other General Unsecured Claims are entitled to vote to accept or reject the Plan.

4.14 ***Intercompany Claims (Class 12).***

(a) Treatment: Except as otherwise provided in the NewCo Transfer Agreement or the Restructuring Steps Memorandum, on or after the Effective Date, Intercompany Claims shall be (x) in the case of Intercompany Claims held by a Liquidating Debtor against another Liquidating Debtor, at the discretion of the Debtors (or the Plan Administration Trustee, as applicable), (y) in the case of Intercompany Claims held by a Transferred Debtor against another Transferred Debtor, at the discretion of NewCo and (z) otherwise, at the discretion of the Debtors (or the Plan Administration Trustee, as applicable) with the consent (not to be unreasonably withheld, conditioned or delayed) of the Governmental Consent Parties:

(i) Reinstated; or

(ii) Compromised and settled or canceled and extinguished with no distribution on account thereof.

(b) Impairment and Voting: Intercompany Claims are either Unimpaired or Impaired with no distribution on account thereof. Holders of Intercompany Claims are either conclusively presumed to accept this Plan pursuant to section 1126(f) of the Bankruptcy Code or deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Intercompany Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Intercompany Claims.

4.15 ***Shareholder Claims (Class 13).***

(a) Treatment: Holders of Shareholder Claims shall not receive or retain any property on account of such Claims. As of the Effective Date, in accordance with the terms of and except as otherwise expressly provided in the Shareholder Settlements, all Shareholder Claims shall automatically, and without further act, deed or court order, be deemed to have been released without any distribution on account thereof, and such Claims shall be of no further force or effect.

(b) Impairment and Voting: Shareholder Claims are Impaired. Holders of Shareholder Claims are deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Shareholder Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Shareholder Claims.[13]

4.16 ***Co-Defendant Claims (Class 14).***

(a) Treatment: In full and final satisfaction and release of each Co-Defendant Claim, the Holder thereof shall (i) not receive or retain any property on account of such Co-Defendant Claim and not have any recourse to any Debtor or any Assets of any Debtor, any Estate or any Assets of any Estate, or any other Protected Party or any Assets of any Protected Party and (ii) retain its Co-Defendant Defensive Rights, which may be exercised solely in accordance with Section 10.18. As of the Effective Date, Co-Defendant Claims shall be deemed expunged, released and extinguished without further action by or order of the Bankruptcy Court, and shall be of no further force or effect. Notwithstanding the release, satisfaction, expungement and extinguishment of Co-Defendant Claims, a Co-Defendant retains its Co-Defendant Defensive Rights, which includes the ability to recover from Persons that are not Protected Parties or from any insurance policies that are not Purdue Insurance Policies or other insurance policies of Protected Parties.

(b) Impairment and Voting: Co-Defendant Claims are Impaired. Holders of Co-Defendant Claims are deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Co-Defendant Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Co-Defendant Claims.

4.17 ***Other Subordinated Claims (Class 15).***

(a) Treatment: Other Subordinated Claims are subordinated pursuant to the Plan and section 509(c) and/or 510 of the Bankruptcy Code and/or other applicable law. Holders of Other Subordinated Claims shall not receive or retain any property under this Plan on account of such Claims. As of the Effective Date, Other Subordinated Claims shall be deemed expunged, released and extinguished without further action by or order of the Bankruptcy Court, and shall be of no further force or effect.

(b) Impairment and Voting: Other Subordinated Claims are Impaired. Holders of Other Subordinated Claims are deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Other Subordinated Claims are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Other Subordinated Claims.

4.18 ***PPLP Interests (Class 16).***

(a) Treatment: In accordance with the terms of the Shareholder Settlement Agreements, Holders of PPLP Interests shall relinquish such Interests and shall not receive or retain any property under the Plan on account of such Interests. As of the PPLP Dissolution Date, all PPLP Interests shall be deemed surrendered, canceled and/or redeemed without further action by or order of the Bankruptcy Court, and shall be of no further force or effect.

(b) Impairment and Voting: PPLP Interests are Impaired. Holders of PPLP Interests are deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore,

[13] Although Holders of Shareholder Claims are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code, the Shareholder Payment Parties, in all capacities (including as Holders of Claims), have agreed to support the Plan pursuant to the Master Shareholder Settlement Agreement.

Holders of PPLP Interests are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such PPLP Interests.

4.19 ***PPI Interests (Class 17).***

(a) Treatment: In accordance with the terms of the Shareholder Settlement Agreements, Holders of PPI Interests shall relinquish such Interests and shall not receive or retain any property under this Plan on account of such Interests. As of the Effective Date, PPI Interests shall be deemed surrendered, canceled and/or redeemed without further action by or order of the Bankruptcy Court, and shall be of no further force or effect.

(b) Impairment and Voting: PPI Interests are Impaired. Holders of PPI Interests are deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of PPI Interests are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such PPI Interests.

4.20 ***Intercompany Interests (Class 18).***

(a) Treatment: Except as otherwise provided in the NewCo Transfer Agreement or the Restructuring Steps Memorandum, on the Effective Date, Intercompany Interests shall be:

(i) with respect to Intercompany Interests in any Transferred Debtor held by PPLP, Reinstated and transferred to NewCo (or one of its Subsidiaries) in accordance with the NewCo Transfer Agreement;

(ii) with respect to Intercompany Interests in any Transferred Debtor held by another Transferred Debtor, Reinstated or otherwise treated in accordance with the NewCo Transfer Agreement; and

(iii) with respect to Intercompany Interests in any Debtor that is not a Transferred Debtor, Reinstated solely for administrative convenience until canceled when such Debtor is dissolved or merged out of existence by the Plan Administration Trustee.

(b) Impairment and Voting: Intercompany Interests are either Unimpaired or Impaired with no distribution on account thereof. Holders of Intercompany Interests are either conclusively presumed to accept this Plan pursuant to section 1126(f) of the Bankruptcy Code or deemed to reject this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Intercompany Interests are not entitled to vote to accept or reject the Plan, and the votes of such Holders will not be solicited with respect to such Intercompany Interests.

4.21 ***Debtors' Rights with Respect to Unimpaired Claims.***

Except as otherwise provided in this Plan, nothing under the Plan shall affect the rights of the Debtors with respect to an Unimpaired Claim, including all rights with respect to legal and equitable defenses to, or setoffs or recoupments against, any such Unimpaired Claims.

ARTICLE V MEANS FOR IMPLEMENTATION.

5.1 ***Restructuring Transactions***.

On or before the Effective Date or as soon as reasonably practicable thereafter, the Debtors may take all actions consistent with this Plan as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate the Restructuring Transactions under and in connection with this Plan, including (a) the execution and delivery of all appropriate agreements or other documents of merger, consolidation, sale, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the Plan; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any Asset, property, interest, right, liability, debt or obligation on terms consistent with the Plan; (c) the filing of appropriate certificates or articles of organization, limited partnership, incorporation, reincorporation, merger, consolidation, conversion or dissolution pursuant to applicable law; (d) the execution, delivery, filing, recordation and issuance of any other documents, instruments or agreements in connection with the Restructuring Transactions; and (e) any transactions described in the Restructuring Steps Memorandum.

5.2 ***Plan Settlements***.

(a) As further described in the Disclosure Statement, the provisions of this Plan (including the provisions contained in Section 5.9 of the Plan and the release and injunctive provisions contained in Article X of the Plan), the Shareholder Settlements and the other Plan Documents constitute a good faith compromise and settlement of Claims and controversies among the Debtors, the Supporting Claimants, the Settling Creditors, the Shareholder Payment Parties, certain other participants in the Mediation and other parties in interest reached in connection with the Mediation and otherwise, which such compromise and settlement is necessary and integral to the Plan and the Plan Documents and the success of these Chapter 11 Cases. The Debtors, the Supporting Claimants, the Settling Creditors and the Shareholder Payment Parties believe the treatment provided in respect of Claims against and Interests in the Debtors and the treatment of competing Classes of Claims is fair and appropriate only when combined with the distribution scheme, including without limitation all Distributions to be made under the Plan, and the release, injunction and all other provisions contained in the Plan, all of which are material aspects of the Plan and the terms of the Shareholder Settlements. More than 614,000 Proofs of Claim alleging liability arising out of or in connection with Opioid-Related Activities were filed against the Debtors by the General Bar Date. Approximately 10% of the submitted Proofs of Claim allege a specific amount of liability. The aggregate alleged liability associated with these Proofs of Claim is more than $40 trillion (exclusive of one personal injury claim that asserted $100 trillion in alleged liability). Approximately 90% of Claims alleging liability arising out of or in connection with Opioid-Related Activities do not allege a specific amount of liability. The Debtors believe that any reasonable estimate, projection or valuation of their total liability and obligation to pay for Claims asserted against them, if they had the ability to pay those Claims outside of these Chapter 11 Cases, exceeds by many multiples the total value of all assets of their Estates, including but not limited to contributions from third parties and the full face value of all of Purdue's insurance. The Debtors have structured the Plan on the basis of this understanding, and the Confirmation Order shall include a finding consistent with this understanding.

(b) The Plan, including the explanation set forth in the Disclosure Statement, and the Plan Documents shall be deemed a motion to approve the Plan Settlements, including the Shareholder Settlements, and the good faith full and final comprehensive compromise and settlement of all of the Claims, Interests and controversies described in the foregoing Section 5.2(a) pursuant to Bankruptcy Rule 9019, and entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Plan Settlements under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a

finding by the Bankruptcy Court that the Plan Settlements are fair, equitable, reasonable and in the best interests of the Debtors and their Estates.

(c) The Plan, the Plan Settlement, the Plan Documents (including the Creditor Trust Documents), the Shareholder Settlements and the Confirmation Order constitute a good faith full and final comprehensive compromise and settlement of all Claims, Interests and controversies described in the Plan based upon the unique circumstances of these Chapter 11 Cases (such as the total distributable value available, the unique facts and circumstances relating to these Debtors and the need for an accelerated resolution without additional avoidable litigation) such that (i) none of the foregoing documents (including the provisions contained in Section 5.9 of the Plan), nor any materials used in furtherance of Plan confirmation (including, but not limited to, the Disclosure Statement, and any notes related to, and drafts of, such documents and materials), may be offered into evidence, deemed an admission, used as precedent or used by any party or Person in any context whatsoever beyond the purposes of this Plan, in any other litigation or proceeding, except as necessary, and as admissible in such context, to enforce their terms and to evidence the terms of the Plan and the Plan Documents before the Bankruptcy Court or any other court of competent jurisdiction and (ii) any obligation by any party, in furtherance of such compromise and settlement, to not exercise rights that might be otherwise available to such party shall be understood to be an obligation solely in connection with this specific compromise and settlement and to be inapplicable in the absence of such compromise and settlement. The Plan, the Plan Settlement, the Plan Documents and the Confirmation Order will be binding as to the matters and issues described therein, but will not be binding with respect to similar matters or issues that might arise in any other litigation or proceeding in which none of the Debtors or any other Protected Party is a party; *provided* that such litigation or proceeding is not to enforce or evidence the terms of the Plan, the Plan Settlement, the Plan Documents, the Shareholder Settlements or the Confirmation Order. Any Person's support of, or position or action taken in connection with, this Plan, the Plan Settlement, the Plan Documents, the Shareholder Settlements and the Confirmation Order may differ from such Person's position or testimony in any other litigation or proceeding not in connection with these Chapter 11 Cases. Further, and, as all parties to the Mediation agreed, this Plan Settlement is not intended to serve as an example for, or represent the parties' respective positions or views concerning, any other chapter 11 cases relating to opioids, nor shall it be used as precedent by any Person or party in any other such chapter 11 cases or in any other proceeding, situation or litigation.

(d) The "allocation" of dollars between the Shareholder Direct Settlement Portion of any Distribution and the Estate Distributions is part of an overall compromise and settlement under Bankruptcy Rule 9019 between the Mediation Parties, including the Debtors, the Creditors' Committee, the Shareholder Payment Parties, and all creditors and creditor groups that are Mediation Parties, and upon confirmation of this Plan will be deemed to be a settlement between the Debtors, the Creditors' Committee, the Supporting Claimants and the Shareholder Payment Parties in which, among other things, the Shareholder Payment Parties are providing $6.5 billion in consideration over 15 years. The "allocation" is intended by the Shareholder Payment Parties and the other Mediation Parties to, among other things, facilitate the distribution of proceeds for opioid abatement, victim compensation, and other permitted uses under the Plan, and otherwise. All such parties, including but not limited to the Shareholder Payment Parties, Sackler Parties, the Debtors, the Ad Hoc Committee and the States AG Negotiating Group, including each member of such groups, has agreed that neither the settlement amount nor the "allocation" (including any allocation between the Shareholder Payment Party of payment responsibility) reflects any concession or agreement by any party as to the strength, validity, merits, collectability, amount, or otherwise of the Shareholder Released Estate Claims or of the Shareholder Released Direct Claims or any defenses to the Shareholder Released Estate Claims or the Shareholder Released Direct Claims, and if for whatever reason the agreement in principle is not consummated, neither the settlement amount nor the "allocation" shall be cited or used by the Debtors, the Creditors' Committee, the Supporting Claimants or the Shareholder Payment Parties (or the Released Parties) – or any party to the Shareholder Settlements or any other Mediation Party – for any purpose whatsoever in any pleading or proceeding wherever or

whenever. Further, no party to the compromise and settlement will be bound by this Plan or the agreement set forth in this provision (other than as set forth in this Section 5.2(d)) with regard to what it may state in a pleading, court hearing, proceeding, or otherwise about the strength, validity, merits, collectability, amount, or otherwise of the Shareholder Released Estate Claims or of the Shareholder Released Direct Claims, or any defenses thereto, including, without limitation, in any pleading filed in connection with the Shareholder Settlements and this Plan. This paragraph shall be binding forever upon all parties from the earlier of (i) the time that this agreement in principle is reached and (ii) the time that this Section 5.2(d) is made publicly available (on the Bankruptcy Court docket or otherwise), regardless of whether a settlement including that represented in the Plan is consummated, and shall be specifically enforceable by the Bankruptcy Court (with no cap on damages that may be awarded).[14] This Section 5.2(d) is non-severable from the overall compromise and settlement, and is an integral part of the Plan. [This Section 5.2(d) is specifically subject to Federal Rule of Evidence 408 and analogous state provisions barring the use of settlement offers and communications to prove the validity or amount of disputed claim.][15]

(e) **Private Entity Settlements**.

(i) On the Effective Date, the Private Creditor Trusts shall receive their respective Initial Private Creditor Trust Distributions and their respective MDT Private Claims.

(ii) The Master Disbursement Trust shall have a first priority obligation under this Plan to distribute to the PI Trust, on account of the MDT PI Claim, (A) the first $50 million of proceeds, payments, and benefits (including, but not limited to, the MDT Insurance Proceeds) of (I) any MDT Causes of Action (other than those Retained Causes of Action relating to or necessary to enforce the MDT Shareholder Rights) and (II) the MDT Insurance Rights (assets described in (I) and (II), collectively, the "**Subject MDT Assets**"), and (B) in the absence of payment in full of such amount prior to the second anniversary of the Effective Date from proceeds, payments, and benefits of the Subject MDT Assets, the remaining unpaid amount thereof (which may be the entire amount) in full in cash on such second anniversary of the Effective Date from MDT Transferred Assets or the proceeds thereof other than the Subject MDT Assets (the payment obligations described in clauses (A) and (B), the "**PI Trust Obligation**").

(iii) Until such time as the PI Trust Obligation has been satisfied in full in accordance with Section 5.2(e)(ii) of the Plan:

(A) the Master Disbursement Trust shall not (I) permit a Lien or other encumbrance to attach to the Subject MDT Assets or (II) incur any Claim (including any Channeled Claim) or otherwise grant any right of payment in respect of the

[14] This sentence shall not apply to the States.

[15] While all parties understand that the Plan is not enforceable until confirmation, all Mediation Parties have agreed to be bound by this provision immediately.

Subject MDT Assets, in each case, senior to the PI Trust Obligation;

(B) the Master Disbursement Trust shall afford the PI Trustee (or its designated representative) with periodic reporting as contemplated by Section 5.6(f)(v) of the Plan and subject to Section 5.6(f)(iv); and

(C) None of these protections shall be eliminated from the MDT Agreement without the consent of the PI Trustee.

(iv) The PI Trustee shall be entitled to seek enforcement of the PI Trust Obligation following non-payment on the second anniversary of the Effective Date by motion filed with the Bankruptcy Court. The movant(s) may seek legal and/or equitable remedies available under applicable law, including, but not limited to, specific performance, disgorgement, and/or damages on an expedited basis, as necessary.[16]

(f) **Non-Federal Public Entity Settlements**.

(i) On the Effective Date, the Governmental Remediation Trust and the Tribe Trust shall receive their respective Initial Public Creditor Trust Distributions, and the Governmental Remediation Trust and the Tribe Trust shall receive their respective MDT Interests. The MDT Interests shall entitle the Governmental Remediation Trust and the Tribe Trust to the payments from the Master Disbursement Trust and other benefits set forth below.

(A) Subject to Section 5.2(g), on each MDT Distribution Date, the Master Disbursement Trust shall make Public Creditor Trust Distributions from all MDT Distributable Value in accordance with Section 5.2(f)(i)(B) of the Plan.

(B) All Public Creditor Trust Distributions to the Governmental Remediation Trust and/or the Tribe Trust shall be allocated between the Governmental Remediation Trust and the Tribe Trust as follows, and specifically in the case of the Governmental Remediation Trust, as calculated before accounting for any amounts payable pursuant to Sections 5.9(a) and (b) of this Plan: (I) *first*, until the aggregate amount of Public Creditor Trust Distributions equals $50 million, 100% to the Tribe Trust; (II) *second*, until the aggregate cumulative amount of Public Creditor Trust Distributions equals $1 billion, 100% to the Governmental Remediation Trust; (III) *third*, until the aggregate cumulative amount of Public Creditor Trust Distributions equals $3 billion, 2.935% to the Tribe

[16] [**NTD**: Sections 5.2(e)(ii) – (iv) remains subject to ongoing negotiations].

Trust and 97.065% to the Governmental Remediation Trust; (IV) *fourth*, until the aggregate cumulative Public Creditor Trust Distributions equals $5 billion, 2.8125% to the Tribe Trust and 97.1875% to the Governmental Remediation Trust; and (V) *thereafter*, with respect to all additional Public Creditor Trust Distributions, 3% to the Tribe Trust and 97% to the Governmental Remediation Trust.

(C) All Public Creditor Trust Distributions to the Governmental Remediation Trust shall be further allocated between States and Subdivisions in accordance with the Governmental Remediation Trust Documents. The allocation of the applicable Shareholder Direct Settlement Portion to Subdivisions who become Initial Participating Subdivisions may be higher than Later Joining Subdivisions (each as defined in and as more fully described in the Governmental Entity Shareholder Direct Settlement Agreement). Subdivisions located in Oklahoma shall be entitled to participate in the Governmental Entity Shareholder Direct Settlement as though Oklahoma was a Settling State. Subdivisions in Non-Settling States and Subdivisions which previously litigated and resolved their claims against the Debtors and/or Shareholder Released Parties shall not be eligible to be Participating Subdivisions [unless and until, in the case of the Subdivisions located in Non-Settling States, a Subdivision's corresponding State becomes a Settling State]. For the avoidance of doubt, each Non-Settling Subdivision shall be entitled to receive Estate Distributions pursuant to Section 7.7 of the Plan upon Allowance of its Claim in accordance with Sections 7.6 or 7.9 of the Plan.

(D) [Oklahoma Litigating Political Subdivisions will receive Oklahoma's allocation, which allocation amount has already been reduced by $12.5 million that the State of Oklahoma set aside in accordance with the Oklahoma Political Subdivisions Opioid Abatement Grants Act (the "Act") for distribution to Oklahoma subdivisions pursuant to Oklahoma's settlement with the Shareholder Released Parties and the Debtors (the "**Prepetition Oklahoma Settlement**"). The Oklahoma subdivision allocation is set forth in Exhibit [●] and will be administered as agreed between the State of Oklahoma and the Oklahoma Litigating Political Subdivisions. Any release requirements contained in the Prepetition Oklahoma Settlement that are a condition for a Subdivision to participate in the Purdue Oklahoma Subdivision Fund shall be waived by the Debtors and Shareholder Payment Parties such that the Oklahoma

Litigating Political Subdivisions may participate in both the Purdue Oklahoma Subdivision Fund and receive distributions from the Governmental Remediation Trust. The Debtors and Shareholder Payment Parties also waive any requirement in the Prepetition Oklahoma Settlement that funds not distributed by the Purdue Oklahoma Subdivision Fund within a certain amount of time will revert to the Foundation or the National Center for Addiction Studies and Treatment established pursuant to the Prepetition Oklahoma Settlement, and acknowledge that the entire Purdue Oklahoma Subdivision Fund shall be distributed to Oklahoma subdivisions. Oklahoma's allocation shall be paid from the Governmental Remediation Trust to a settlement fund established for the benefit of the Oklahoma Litigating Political Subdivisions. Distributions from such settlement fund to the Oklahoma Litigating Political Subdivisions shall be made in accordance with the ratios set forth in Exhibit [●]. The Oklahoma Litigating Political Subdivisions shall either hire an administrator for the funds from the Remediation Trust Account or receive the funds directly from the Governmental Remediation Trust. The administrator may be reasonably compensated by the Governmental Remediation Trust to perform its administrative function, but not to exceed 5% of the money distributed to Oklahoma Litigating Political Subdivisions by the Governmental Remediation Trust.]

(ii) On the Effective Date, the Public School Trust shall receive the Initial Public Schools' Special Education Initiative Contribution and the MDT Public School Districts Claim. On account of the MDT Public School Districts Claim, the Master Disbursement Trust shall pay to the Public School Trust: (i) $[7.5] million on the first anniversary of the Effective Date (the "***Second Public Schools' Special Education Initiative Contribution***"), and (ii) $[7.5] million on the second anniversary of the Effective Date (the "***Third Public Schools' Special Education Initiative Contribution***").

(g) **MDT Priority Waterfall**. On each MDT Distribution Date, all Cash and cash equivalents of the Master Disbursement Trust shall be applied as follows: (i) *first*, to fund the PI Trust Obligation in accordance with Section 5.2(e)(ii) of the Plan; (ii) *second*, to fund any Replenishment Transfer solely to the extent such Cash and cash equivalents are Shareholder Estate Settlement Distributions; (iii) *third*, to fund the MDT Operating Reserve in an amount determined by the MDT Trustees; (iv) *fourth*, to the extent there are outstanding amounts then due on account of the MDT Claims, to pay the MDT Claims; and (v) *fifth*, as Public Creditor Trust Distributions in respect of the MDT Interests; *provided*, *however*, that payments received by the Master Disbursement Trust: (A) on account of the Governmental Entity Shareholder Direct Settlement shall be immediately transferred to the Governmental Remediation Trust and (B) on account of the Tribal Shareholder Direct Settlement Agreement shall be immediately transferred to the Tribe Trust, and the amounts in (A) and (B) shall not be used to fund a Replenishment Transfer or the MDT Operating Reserve, and shall also not be used to pay the MDT Claims.

(h) **Shareholder Settlements**. On or before the Effective Date, the Debtors, the Shareholder Payment Parties and the Settling Creditors shall enter into the Shareholder Settlement Agreements. Pursuant to the Public Entity Settlements, the Private Entity Settlements, the Shareholder Settlement Agreements and the Plan, in exchange for among other things, the Shareholder Estate Claim Releases, the Third-Party Releases and the Channeling Injunction, as set forth in Sections 10.6, 10.7 and 10.8 of the Plan, and the other agreements set forth in the Shareholder Settlement Agreements, (i) the Shareholder Payment Parties shall pay the applicable Shareholder Settlement Amount on the dates and pursuant to the terms set forth in the applicable Shareholder Settlement Agreements, (ii) the Shareholder Claims shall be deemed released on the Effective Date pursuant to Section 4.15 of the Plan, (iii) the MDT Shareholder Insurance Rights shall be transferred to the Master Disbursement Trust in accordance with Section 5.6(j) of the Plan, (iv) the Shareholder Payment Parties have agreed to support the Plan and (v) the Shareholder Payment Parties have provided the other agreements and consideration set forth in the applicable Shareholder Settlement Agreement, in each case, as more fully set forth in, and subject to the terms and conditions of, the Shareholder Settlement Agreement. The Master Disbursement Trust shall distribute all proceeds of the MDT Shareholder Rights, including each applicable Shareholder Settlement Amount, in accordance with the Plan, including Section 5.2(e)–(g) of the Plan.

(i) **[Potential United States-PI Claimant Medical Expense Claim Settlement**. The United States-PI Claimant Medical Expense Claim Settlement is as follows:

(i) On the Effective Date of the Plan, the PI Trust shall be deemed, without further action of the Bankruptcy Court or the PI Trust, to have irrevocably assigned to the United States the PI Trust's right to receive $26 million from the Master Disbursement Trust, which amount shall be paid by the Debtors or the Master Disbursement Trust, as applicable, to the United States in installments equal to 3.7143% of any amounts received and retained by the PI Trust under the Plan in the form of the Initial PI Trust Distribution and distributions made on account of the MDT PI Claim, and on the same distribution schedule as such distributions are received and retained by the PI Trust, until the United States has received payments aggregating to $26 million. For the avoidance of doubt, in no event shall (A) the stated amount of the Initial PI Trust Distribution or the stated amount of the MDT PI Claim be altered in a manner that would reduce the aggregate amount to be paid to the United States pursuant to this Section 5.2(i)(i) of the Plan, (B) the aggregate amount paid to the United States pursuant to this Section 5.2(i)(i) of the Plan exceed $26 million, or (C) the United States' claim against the Master Disbursement Trust arising from the assignment described in this Section 5.2(i)(i) of the Plan be released until the United States has received payments thereof aggregating to $26 million. Should the PI Trust obtain recoveries under the Plan from a source other than the Master Disbursement Trust as a result of litigation following and resulting from either a modification of the MDT Insurer Injunction pursuant to Section 10.10 of the Plan or election by the Master Disbursement Trust of a Shareholder Release Remedy, the PI Trust shall pay over 3.7143% of any such recoveries to the United States until the United States shall have received payments aggregating to $26 million pursuant to the United States-PI Claimant Medical Expense Claim Settlement. The United States shall have the right

to enforce the obligations set forth in this Section 5.2(i)(i) of the Plan notwithstanding the United States-PI Claimant Medical Expense Claim Releases.

(ii) Notwithstanding Section 10.19 of the Plan, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the PI Trust, each Holder of a PI Claim and, in respect of each of the PI Trust and each Holder of a PI Claim, its respective agents, representatives, heirs, successors and assigns, in their respective capacities as such, shall, without any further action by the Bankruptcy Court, be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by each Holder of a United States-PI Claimant Medical Expense Claim of all United States-PI Claimant Medical Expense Claims and all Causes of Action based on or relating to, or in any manner arising from, in whole or in part, the United States-PI Claimant Medical Expense Claim Settlement (other than a Cause of Action to enforce the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, the release set forth in Section 5.2(i)(iii) of the Plan) that each Holder of a United States-PI Claimant Medical Expense Claim has asserted or could assert on its own behalf or on behalf of another Person or party, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), against the PI Trust, a Holder of a PI Claim, Distributions to Holders of PI Claims pursuant to the PI TDP or under the Plan and, in respect of each of the PI Trust and each Holder of a PI Claim, its respective agents, representatives, heirs, successors and assigns, in their respective capacities as such; *provided*, *however*, that, if a Holder of a PI Claim commences a legal action against a Holder of a United States-PI Claimant Medical Expense Claim challenging all or any portion of the United States-PI Claimant Medical Expense Claim Settlement, then, from and after the commencement of such legal action, the United States-PI Claimant Medical Expense Claim Release shall be *void ab initio* solely with respect to such Holder of a PI Claim, and the heirs, successors and assigns of such Holder of a PI Claim, in their capacities as such, and not with respect to any other Person or party, including, but not limited to, the PI Trust, counsel to such Holder of a PI Claim and, in respect of each of the PI Trust and such counsel, its respective agents, representatives, heirs, successors and assigns, in their respective capacities as such; *provided further* that no such legal action against a Holder of a United States-PI Claimant Medical Expense Claim shall impair or reduce the amount that the United States shall receive pursuant to Section 5.2(i)(i). Nothing in this Section 5.2(i)(ii) creates any rights of a Holder of a PI Claim to sue the United States or any of its agencies, including a Holder of a United States-PI Claimant Medical Expense Claim, and the United States and its agencies reserve all rights and defenses in that regard; and nothing in this

paragraph is or shall be deemed a waiver of any applicable sovereign immunity with respect to any legal action against the United States or any of its agencies challenging all or any portion of the United States-PI Claimant Medical Expense Claim Settlement brought by a Holder of a PI Claim or the heirs, successors or assigns of such Holder of a PI Claim, in their capacities as such.

(iii) As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, each Holder of a United States-PI Claimant Medical Expense Claim shall, without any further action by the Bankruptcy Court, be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the PI Trust and its agents, representatives, successors and assigns, in their respective capacities as such, of all Causes of Action based on or relating to, or in any manner arising from, in whole or in part, the United States-PI Claimant Medical Expense Claim Settlement (other than a Cause of Action to enforce the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, any United States-PI Claimant Medical Expense Claim Release) that the PI Trust has asserted or could assert on its own behalf or on behalf of another Person or party, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), against a Holder of a United States-PI Claimant Medical Expense Claim and, in respect of each Holder of a United States-PI Claimant Medical Expense Claim, its respective agents, representatives, successors and assigns, in their respective capacities as such.

(iv) The payments made to the United States pursuant to Section 5.2(i)(i) of the Plan are a prepayment by the PI Trust of amounts that would otherwise be payable by certain Holders of PI Claims to Holders of United States-PI Claimant Medical Expense Claims upon receipt by such Holders of PI Claims of Distributions pursuant to the PI TDP and under the Plan. Such prepayment shall be borne equitably by such Holders of PI Claims in the form of a reduction in the Distributions otherwise payable to such Holders of PI Claims pursuant to the PI TDP.

(v) The United States Department of Defense, Defense Health Agency (in respect of the TRICARE Program) submits to the jurisdiction of the Bankruptcy Court for purposes of the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, the United States-PI Claimant Medical Expense Claim Releases.

(vi) The United States Department of Health and Human Services, on its own behalf and on behalf of its component agencies, which are the Centers for Medicare & Medicaid Services and the Indian

Health Service on behalf of its federally-operated programs; the United States Department of Defense, Defense Health Agency (in respect of the TRICARE Program); and the United States Department of Veterans Affairs submit to the exclusive jurisdiction of the Bankruptcy Court for purposes of any proceeding in respect of the interpretation or enforcement of the United States-PI Claimant Medical Expense Claim Settlement, including, but not limited to, the United States-PI Claimant Medical Expense Claim Releases.][17]

(j) **Individual Settlement Agreements**: Each of the Settling States, Participating Subdivisions, the Master Disbursement Trust, and the Debtors shall not enter into any side letter or separate agreement with any Sackler Family Member that grants more favorable terms or benefits, when taken as a whole, to such Sackler Family Member's Shareholder Family Group than those set forth in the Plan and the Shareholder Settlement Agreements.

5.3 ***The Plan Administration Trust***.

(a) **Establishment and Purpose of Plan Administration Trust**. On or before the Effective Date, the Debtors shall take all necessary steps to form the Plan Administration Trust in accordance with the Plan and the PAT Agreement. The Plan Administration Trust shall be established for the purposes described in this Plan and any others more fully described in the PAT Agreement, shall have no objective to continue or engage in the conduct of trade or business and shall be subject to the jurisdiction of the Bankruptcy Court. The Plan Administration Trust shall, in each case in accordance with the Plan and the PAT Agreement:

(i) hold, manage, sell and invest the PAT Assets for the benefit of Holders of Allowed Claims (other than Channeled Claims and Federal Government Unsecured Claims);

(ii) administer, process, resolve and liquidate Claims (other than Channeled Claims and Federal Government Unsecured Claims), including through the prosecution and resolution of objections to Disputed Avrio General Unsecured Claims, Disputed Adlon General Unsecured Claims or Disputed Other General Unsecured Claims;

(iii) hold and maintain the PAT Reserves and the PAT Distribution Account and maintain the Professional Fee Escrow Account and the account described in Section 5.3(e) of the Plan; and

(iv) make Distributions to Holders of Allowed Claims (other than Channeled Claims and Federal Government Unsecured Claims)

[17] **NTD**: Section 5.2(i) reflects terms that were agreed to in 2021 in connection with the 12th Amended Plan among PI claimants and the federal government. The parties do not currently have an agreement on any of these issues. If an agreement is reached, it will be reflected in subsequent versions of the Plan and Disclosure Statement. There can be no assurances that any such agreement will be reached. If no agreement is reached, the federal government reserves its rights to seek recoveries from appropriate parties (including PI claimants and/or their attorneys) under the Medicare Secondary Payer Act, 42 USC §§ 1395y(b), section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. 110-173), or the Federal Medical Care Recovery Act, 42 U.S.C. §§ 2651-2653; and other parties (including the PI claimants and their attorneys) reserve all rights and defenses to such claims and any attempts by the federal government to recover on such claims.

and other payments from the Plan Administration Trust, the Professional Fee Escrow Account and the account described in Section 5.3(e) of the Plan.

(b) **Vesting of the PAT Assets in the Plan Administration Trust**. The Plan Administration Trust shall consist of the PAT Assets. On the Effective Date, the PAT Assets shall vest in the Plan Administration Trust, free and clear of all Claims, Interests, Liens, other encumbrances and liabilities of any kind.

(c) **Appointment and Role of the Plan Administration Trustee**. The Plan Administration Trustee shall be an existing employee of the Debtors selected by the Debtors in their sole discretion or another individual selected by the Debtors with the consent of the Creditors' Committee and the Governmental Consent Parties (which consent shall not be unreasonably withheld, conditioned or delayed). The identity and compensation of the Plan Administration Trustee shall be disclosed in the Plan Supplement. The appointment of the Plan Administration Trustee shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date. In accordance with the PAT Agreement, the Plan Administration Trustee shall serve in such capacity through the earlier of (x) the date that the Plan Administration Trust is dissolved in accordance with the PAT Agreement and (y) the date the Plan Administration Trustee resigns, is terminated or is otherwise unable to serve for any reason. In furtherance of and consistent with the purpose of the Plan Administration Trust and the Plan, the Plan Administration Trustee shall:

(i) have the power and authority to perform all functions on behalf of the Plan Administration Trust;

(ii) undertake all administrative responsibilities as are provided in the Plan and the PAT Agreement, including filing the final monthly operating report (for the month in which the Effective Date occurs) and all subsequent quarterly operating reports and administering the closure of the Chapter 11 Cases, which reports shall be delivered to the Master Disbursement Trust;

(iii) be responsible for all decisions and duties with respect to the Plan Administration Trust and the PAT Assets; and

(iv) take such other actions as the Plan Administration Trust determines to be necessary or desirable to carry out the purposes of the Plan.

(d) **Funding of the Wind-Up Reserve; Costs and Expenses of the Plan Administration Trust**. On the Effective Date, the Debtors shall establish and fund the Wind-Up Reserve, which shall vest in the Plan Administration Trust and be held and maintained by the Plan Administration Trustee. In the event of any shortfall of funding in the Wind-Up Reserve, NewCo shall be obligated to satisfy any such deficiency, subject to the consent (not to be unreasonably withheld) of the NewCo Managers and the MDT Trustees (which obligation shall be assumed by NewCo and any successor to NewCo's business). The costs and expenses of the Plan Administration Trust, including the compensation, fees and expenses of the Plan Administration Trustee and its retained professionals, shall be paid out of the Wind-Up Reserve. The Plan Administration Trustee shall be entitled to reasonable compensation, in an amount to be determined by the Debtors, subject to the consent (not to be unreasonably withheld, conditioned or delayed) of the Creditors' Committee and the Governmental Consent Parties, and to retain and reasonably compensate counsel and other professionals, including any professional who represented parties in interest, including the Debtors, in the Chapter 11 Cases, to assist in its duties as Plan

Administration Trustee on such terms as the Plan Administration Trustee deems appropriate without Bankruptcy Court approval, subject to the provisions of the PAT Agreement.

(e) **[Attorneys' Fees and Expenses of Directors, Officers, Employees and Agents**. The Plan Administration Trust will promptly advance or reimburse as and when incurred the reasonable actual attorneys' fees and related expenses incurred by any current or former director, officer, employee or authorized agent of the Debtors (other than any Sackler Family Member) after the Effective Date and before the sixth (6th) anniversary of the Effective Date in connection with such individual's cooperation with, or in connection with the defense of such individual with respect to, any investigation, prosecution and/or litigation involving conduct relating to the Debtors or the Debtors' business or property or any defense of the Releases or the Channeling Injunction. On or before the Effective Date, the Debtors will establish and fund a segregated account in the amount of $[●] million, which shall be held and maintained by the Plan Administration Trustee to fund the foregoing advancement and reimbursement obligations. If, at any time, the balance in such segregated account is less than $[●] million, NewCo (or, at any time after a sale of all or substantially all Assets of or Interests in NewCo, the Master Disbursement Trust) shall replenish such account so that amounts in the account are not less than $[●] million, provided that (x) the aggregate amount deposited into the segregated account may not exceed $[●] million, and (y) on the sixth (6^{th}) anniversary of the Effective Date, any funds remaining in the segregated account will be released to the Master Disbursement Trust and NewCo's and the Master Disbursement Trust's funding obligations with respect to such account will cease. Notwithstanding the foregoing, the Plan Administration Trust will not advance or reimburse any such amounts incurred by any individual who (i) does not provide an appropriate undertaking consistent with the undertakings required for indemnification during the pendency of the Chapter 11 Cases, (ii) has at any time prior to the Effective Date refused or does at any time after the Effective Date refuse to testify based on a claim of privilege against self-incrimination in any proceeding relating to the Debtors or the Debtors' business or property, or (iii) is at any time indicted for a felony relating to the Debtors or the Debtors' business or property (*provided*, *however*, that if such individual is found to be not guilty of such felony, then expenses shall be promptly reimbursed).][18]

(f) **Institution and Maintenance of Legal and Other Proceedings**. As of the date upon which the Plan Administration Trust is established, the Plan Administration Trust shall be empowered to initiate, prosecute, defend and resolve all legal actions and other proceedings related to any Asset, liability or responsibility of the Plan Administration Trust. Such legal actions and other proceedings shall be limited solely to those required for the purposes of reconciling, administering and defending against Claims (other than Channeled Claims) and the other responsibilities of the Plan Administration Trust. The Plan Administration Trust shall be empowered to initiate, prosecute, defend and resolve all such actions in the name of the Debtors or their Estates, in each case if deemed necessary or appropriate by the Plan Administration Trustee. The Plan Administration Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees and other charges incurred subsequent to the date upon which the Plan Administration Trust is established arising from, or associated with, any legal action or other proceeding brought pursuant to the foregoing. For the avoidance of doubt, the Plan Administration Trust, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code and applicable state corporate law, is appointed as the successor-in-interest to, and representative of, the Debtors and their Estates for the retention, enforcement, settlement or adjustment of Claims against the Debtors (other than the Channeled Claims). For the further avoidance of doubt, neither the Plan Administration Trust nor the Plan Administration Trustee shall be vested with the rights to pursue any MDT Insurance Rights or MDT Insurance Collateral.

[18] [**NTD**: Subject to ongoing review]

(g) **U.S. Federal Income Tax Matters Relating to Plan Administration Trust**. The Plan Administration Trust is intended to be treated as a trust described in IRC sections 661 through 664 and the regulations promulgated thereunder (a "complex trust"). The Plan Administration Trustee shall file (or cause to be filed) such statements, returns, or disclosures relating to the Plan Administration Trust as are required by any Governmental Unit, including IRS Form 1041, IRS Form 1041-ES, and IRS Schedule K-1. The Plan Administration Trustee shall be responsible for payment, out of the PAT Assets, of any taxes imposed on the Plan Administration Trust or the PAT Assets, including, without limitation, estimated and annual U.S. federal income taxes. The Plan Administration Trustee may request an expedited determination of taxes of the Plan Administration Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Plan Administration Trust for all taxable periods through the dissolution of the Plan Administration Trust. Nothing in this Section 5.3(g) shall be deemed to determine, expand or contract the jurisdiction of the Bankruptcy Court under section 505 of the Bankruptcy Code.

(h) **Dissolution, Release of Reserves and Residual Value**. The Plan Administration Trust shall be dissolved and the Plan Administration Trustee shall be discharged from its duties with respect to the Plan Administration Trust upon completion of its duties as set forth in the Plan and satisfaction of the purposes of the Plan Administration Trust as set forth in the Plan and the PAT Agreement, which, for the avoidance of doubt, shall be no earlier than the later of (i) the PPLP Dissolution Date and (ii) the date on which (A) all Disputed Claims (other than Non-Participating Channeled Claims) have been resolved, (B) all PAT Assets have been liquidated and (C) all Distributions and other payments required to be made by the Plan Administration Trustee under the Plan and the PAT Agreement have been made, unless dissolution on an earlier date is authorized pursuant to a Final Order of the Bankruptcy Court. Any Cash or cash equivalents in the Plan Administration Trust remaining upon dissolution of the Plan Administration Trust, including any Surplus Reserve Cash remaining in the PAT Reserves, shall be distributed in accordance with Section 5.14(c) of the Plan.

(i) **Exculpation and Indemnification of the Plan Administration Trustee**. To the maximum extent permitted by applicable law, the Plan Administration Trustee shall not have or incur any liability for actions taken or omitted in its capacity as the Plan Administration Trustee, or on behalf of the Plan Administration Trust, except those acts found by Final Order to be arising out of its willful misconduct, bad faith, gross negligence or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of its actions or inactions in its capacity as the Plan Administration Trustee, or on behalf of the Plan Administration Trust, and for any other liabilities, losses, damages, claims, costs and expenses arising out of or due to the implementation or administration of the Plan or the PAT Agreement, in each case, except for any actions or inactions found by Final Order to be arising out of its willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of the Plan Administration Trustee shall be satisfied from the Wind-Up Reserve.

5.4 *NewCo*.

(a) **Establishment and Ownership of NewCo**. On or before the Effective Date, NewCo and any Subsidiaries of NewCo shall be formed in accordance with the Plan and the NewCo Operating Agreement. Upon completion of the Restructuring Transactions, the Foundation shall hold the NewCo Interest, representing 100% of the voting and economic Interests in NewCo.

(b) **Purpose of NewCo**. From and after the Effective Date, NewCo shall operate the NewCo Transferred Assets in accordance with the terms of the NewCo Operating Agreement, and subject to the NewCo Operating Injunction and the NewCo Governance Covenants set forth in the Confirmation Order. NewCo shall be operated in a responsible and sustainable manner, balancing (i) the

interests of its stakeholders to fund and provide abatement of the opioid crisis, (ii) effective deployment of its assets to address the opioid crisis and (iii) the interests of those materially affected by its conduct. In connection with any action of NewCo, all elements of NewCo's purpose as set forth in this Section 5.4(b) shall be taken into account, and NewCo shall not be required (and the NewCo Managers shall not be required to cause NewCo) to maximize NewCo's or NewCo's subsidiaries' sales or profits.

(c) **Vesting of the NewCo Transferred Assets in NewCo**. On or prior to the Effective Date, pursuant to the Plan and in accordance with the NewCo Transfer Agreement, the NewCo Transferred Assets, including the Initial NewCo Cash, shall be transferred to and vest in NewCo or one or more Subsidiaries of NewCo (other than any NewCo Transferred Assets held by a Transferred Debtor, which shall revest in such Transferred Debtor), in each case free and clear of all Claims, Interests, Liens, other encumbrances and liabilities of any kind; *provided* that NewCo shall comply with its obligations under the Plan, including NewCo's obligation to distribute directly to the Governmental Remediation Trust, the Tribe Trust and the Foundation the NewCo Distributable Cash in accordance with the Plan and to satisfy any deficiency of funding in the Wind-Up Reserve subject to the consent (not to be unreasonably withheld) of the NewCo Managers and the MDT Trustees (which obligation shall be assumed by NewCo and any successor to NewCo's business) and NewCo shall assume the Assumed Liabilities. Except as described in the foregoing sentence, NewCo shall have no liability for, and the NewCo Transferred Assets shall vest in NewCo free and clear of, any prepetition and postpetition Causes of Action of any kind, in each case that have been or could have been asserted against the Debtors, their Estates or their property (including, but not limited to, Claims based on successor liability) based on any acts or omissions prior to the Effective Date.

(d) **NewCo Managers**.

(i) Appointment. The board of managers of NewCo will consist of [5] NewCo Managers, each with experience in one or more of the following areas: pharmaceuticals, public policy (including public health policy), law enforcement, ethics and compliance, finance, audit, general business and/or corporate governance issues. The initial NewCo Managers shall be disinterested and independent, and shall be selected by the Settling States with the consent (not to be unreasonably withheld) of the Ad Hoc Committee and in consultation with the Debtors and the Creditors' Committee, and pursuant to a selection process that is reasonably acceptable to the Debtors; *provided* that the DOJ shall have the right, in its discretion, to observe such selection process. The identity of the initial NewCo Managers shall be included in the Plan Supplement. The appointment of the initial NewCo Managers shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date.

(ii) Responsibilities. The NewCo Managers shall, among other things, (A) determine appropriate expenditure levels for commercial operations and the Public Health Initiatives of NewCo, and (B) make all decisions with respect to NewCo operations (including, for the avoidance of doubt, to effectuate a Disposition Event (as defined in the NewCo Operating Agreement)), taking into account the public interest and NewCo's purpose; *provided*, in each of clauses (A) and (B) above, any such actions of the NewCo Managers shall be subject to oversight by the Foundation.

(e) **NewCo Distributable Cash**. On an annual basis following the Effective Date, NewCo shall distribute (i) [●]% of the Governmental Remediation Trust and Tribe Trust NewCo Distributable Cash directly to the Governmental Remediation Trust, (ii) [●]% of the Governmental Remediation Trust and Tribe Trust NewCo Distributable Cash directly to the Tribe Trust and (iii) the Foundation Distributable Cash directly to the Foundation.

(f) **NewCo Insurance**. On or prior to the Effective Date, the Debtors shall fund an upfront premium payment from Effective Date Cash to purchase insurance required and appropriate for the business needs of NewCo, including liability and other insurance for NewCo, including, without limitation, product liability insurance and directors' and officers' liability insurance for the NewCo Managers, officers and other authorized agents, in an amount and on terms acceptable to the Debtors and the Governmental Consent Parties.

(g) **NewCo Operating Injunction and NewCo Governance Covenants**. The Confirmation Order will provide for the issuance of the NewCo Operating Injunction and the NewCo Governance Covenants. Any purchaser of NewCo's opioid business shall remain subject to the NewCo Operating Injunction and the NewCo Governance Covenants.

(h) **NewCo Monitor**. The Confirmation Order will provide for the appointment of the NewCo Monitor. The initial NewCo Monitor shall be the Purdue Monitor in place as of the Effective Date or otherwise selected by the Governmental Consent Parties with the consent of the Debtors, and in consultation with the Creditors' Committee. The identity of the NewCo Monitor shall be disclosed in the Plan Supplement. The NewCo Monitor shall be responsible for reviewing NewCo's compliance with the NewCo Operating Injunction. NewCo and its professionals and representatives, including the NewCo Managers, shall cooperate and reasonably respond to requests by the NewCo Monitor in the performance of its responsibilities, including reasonable requests for access to relevant books and records of NewCo. In furtherance of the responsibilities of the NewCo Monitor, the NewCo Monitor shall be authorized to seek relief from the Bankruptcy Court to the extent necessary to carry out its obligations hereunder. The NewCo Monitor shall prepare and publish quarterly reports regarding the matters for which the NewCo Monitor is responsible, including NewCo's compliance with the NewCo Operating Injunction. All compensation, costs and fees of the NewCo Monitor and any professionals retained by the NewCo Monitor shall be paid by NewCo.

(i) **U.S. Federal Income Tax Matters Relating to NewCo**. The NewCo Managers shall cause NewCo to make a timely election to be treated as a corporation for U.S. federal income tax purposes effective as of the date immediately succeeding the Effective Date by the deadline for making such election. NewCo shall be responsible for filing all tax returns of NewCo and the payment, out of the Assets of NewCo, of any taxes due by or imposed on NewCo or NewCo Transferred Assets, including, without limitation, estimated and annual U.S. federal income taxes.

(j) **Exculpation and Indemnification of the NewCo Managers**. To the maximum extent permitted by applicable law, no NewCo Manager shall have or incur any liability for actions taken or omitted in his or her capacity as a NewCo Manager, or on behalf of NewCo, except those acts found by Final Order to be arising out of his or her willful misconduct, bad faith or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all actions or inactions in his or her capacity as a NewCo Manager, or on behalf of NewCo, except for any actions or inactions found by Final Order to be arising out of his or her willful misconduct, bad faith or fraud. Any valid indemnification claim of any NewCo Manager shall be satisfied by NewCo.

5.5 ***Foundation***.

(a) **Establishment and Ownership of the Foundation**. On or before the Effective Date, the Foundation shall be formed in accordance with the terms of the Plan and the Foundation Bylaws.

(b) **Appointment of the Foundation Trustees**. The board of trustees of the Foundation will consist of [3] Foundation Trustees, each of whom shall be disinterested and independent; *provided* that one (but no more than one) Creditor Trustee of the [Master Disbursement Trust] may serve as a Foundation Trustee; *provided further* that any action taken by such individual in his or her capacity as Foundation Trustee shall not be subject to the fiduciary duties of such individual in his or her capacity as a Creditor Trustee of the Master Disbursement Trust. The initial Foundation Trustees shall be selected by the Settling States with the consent (not to be unreasonably withheld) of the Ad Hoc Committee and in consultation with the Debtors and the Creditors' Committee, and pursuant to a selection process that is reasonably acceptable to the Debtors; *provided* that the DOJ shall have the right, in its discretion, to observe such selection process. The identity of the initial Foundation Trustees shall be included in the Plan Supplement. The appointment of the initial Foundation Trustees shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date.

(c) **Foundation D&O Insurance and Indemnification**. On or prior to the Effective Date, the Debtors shall fund an upfront premium payment from Effective Date Cash to purchase directors' and officers' liability insurance for the Foundation Trustees in an amount and on terms acceptable to the Debtors and the Governmental Consent Parties.

(d) **U.S. Federal Income Tax Matters Relating to the Foundation**. The Foundation Trustees shall cause the Foundation to (A) be formed as a non-stock corporation and (B) be organized as a corporation that is intended to be treated as an exempt organization for U.S. federal and applicable state and local income tax purposes. Neither the Foundation nor any Foundation Trustee shall make an election for the Foundation to be classified as other than a corporation pursuant to Treasury Regulations section 301.7701-3.

(e) **Exculpation and Indemnification of the Foundation Trustees**. To the maximum extent permitted by applicable law, no Foundation Trustee shall have or incur any liability for actions taken or omitted in his or her capacity as a Foundation Trustee, or on behalf of NewCo, except those acts found by Final Order to be arising out of his or her willful misconduct, bad faith or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all actions or inactions in his or her capacity as a Foundation Trustee, or on behalf of NewCo, except for any actions or inactions found by Final Order to be arising out of his or her willful misconduct, bad faith or fraud. Any valid indemnification claim of any Foundation Trustee shall be satisfied by the Foundation.

5.6 ***Master Disbursement Trust***.

(a) **Establishment and Purpose of the Master Disbursement Trust**. On or before the Effective Date, the Debtors shall take all necessary steps to establish the Master Disbursement Trust in accordance with the Plan and the MDT Agreement. The Master Disbursement Trust shall be established for the purposes described in this Plan and any other purposes more fully described in the MDT Agreement and shall be subject to the jurisdiction of the Bankruptcy Court. The Master Disbursement Trust shall, in each case in accordance with the Plan and the MDT Agreement:

(i) hold, manage, sell, invest and distribute the MDT Transferred Assets for the benefit of the MDT Beneficiaries in accordance

with the Private Entity Settlements and the Public Entity Settlements;

(ii) enforce, pursue, prosecute, compromise and/or settle the MDT Causes of Action, the MDT Insurance Rights and the MDT Shareholder Rights, including monitoring and enforcing the Shareholder Settlement Agreements;

(iii) make payments in satisfaction of the MDT Claims;

(iv) make Public Creditor Trust Distributions from MDT Distributable Value;

(v) administer the Special Operating Reserve; and

(vi) serve as [administrative agent] with respect to the Released Claims Reserves.

(b) **Vesting of the MDT Transferred Assets in the Master Disbursement Trust**. The corpus of the Master Disbursement Trust shall consist of the MDT Transferred Assets. On the Effective Date, pursuant to the Plan and in accordance with the MDT Agreement, the MDT Transferred Assets shall be irrevocably transferred to and vest in the Master Disbursement Trust free and clear of all Claims, Interests, Liens, other encumbrances and liabilities of any kind; *provided* that, to the extent certain Assets comprising the MDT Transferred Assets are not known or identified as of the Effective Date, such Assets shall automatically, and without further act or deed, be transferred to and vest in the Master Disbursement Trust upon the discovery or identification thereof, including, with respect to the Surplus Reserve Cash, in accordance with Section 5.14(c) of the Plan. The Master Disbursement Trust shall have no liability for any prepetition or postpetition Causes of Action of any kind, in each case that have been or could have been asserted against the Debtors, their Estates or their property (including, but not limited to, Claims based on successor liability) based on any acts or omissions prior to the Effective Date, except as expressly set forth in the Plan and the MDT Agreement; *provided* that the Master Disbursement Trust will assume the Channeled Claims solely for the purpose of effectuating the Master TDP in accordance with Section 5.6(g) of the Plan and issue the MDT Claims and MDT Interests in accordance with the Public Entity Settlements and the Private Entity Settlements. From and after the Effective Date, all proceeds of the MDT Transferred Assets, including, without limitation, amounts paid by Insurance Companies under the MDT Insurance Policies and amounts paid under the [Master Shareholder Settlement Agreement], shall be paid to the Master Disbursement Trust to be applied in accordance with the MDT Priority Waterfall and the MDT Agreement.

(c) **Funding of the Master Disbursement Trust**. The Master Disbursement Trust shall be funded with the proceeds of the MDT Transferred Assets.

(d) **Appointment and Role of the MDT Trustees**. The board of trustees of the Master Disbursement Trust will consist of [three (3)] MDT Trustees with relevant experience. The MDT Trustees shall be disinterested and independent. At least one (1) initial MDT Trustee shall be selected by the Settling States that have attorneys general from the Democratic Party, and at least one (1) initial MDT Trustee shall be selected by the Settling States that have attorneys general from the Republican Party, and such MDT Trustees shall select the third MDT Trustee (the "**Settling States MDT Trustees**"); *provided* that notwithstanding the above, in each case, each MDT Trustee shall be appointed with the consent of the Ad Hoc Committee in consultation with the MSGE Group and the Debtors, and the DOJ shall have the right, in its discretion, to observe such selection process. The identity of the initial MDT Trustees shall be disclosed in the Plan Supplement. The appointment of the initial MDT Trustees shall be approved in the

Confirmation Order, and such appointment shall be effective as of the Effective Date. Each Settling States MDT Trustee may be removed and replaced at any time by the unanimous vote of the MDT Advisory Council Representatives from the same political party as such Settling States that selected such Settling States MDT Trustee. In furtherance of and consistent with the purpose of the Master Disbursement Trust and the Plan, the MDT Trustees shall:

(i) have the power and authority to perform all functions on behalf of the Master Disbursement Trust;

(ii) have the power and authority to perform all functions necessary to operate the Master Disbursement Trust, including, but not limited to, hiring employees or financial, tax, legal, or other necessary professionals to achieve the Master Disbursement Trust's operations and purposes;

(iii) be responsible for all decisions and duties with respect to the Master Disbursement Trust and the MDT Transferred Assets; and

(iv) in all circumstances and at all times, act in a fiduciary capacity for the benefit and in the best interests of the MDT Beneficiaries, in furtherance of the purpose of the Master Disbursement Trust, and in accordance with the Plan, including Section 5.6(f) of the Plan, and the MDT Agreement.

(e) **Appointment and Role of the MDT Advisory Council**. There shall be an MDT Advisory Council established under the MDT Agreement that will consist of a total of [seven (7)] representatives (the "***MDT Advisory Council Representatives***," and each an "***MDT Advisory Council Representative***"), selected in the following manner: (i) two (2) representatives shall be selected by the representatives of Settling States that have a state attorney general from the Democratic Party; (ii) two (2) representatives shall be selected by the representatives of Settling States that have a state attorney general from the Republican Party, and (iii) these four (4) MDT Advisory Council Representatives shall select the fifth MDT Advisory Council Representative. In addition, one (1) MDT Advisory Council Representative shall be selected by the MDL Plaintiffs' Executive Committee and one (1) MDT Advisory Council Representative shall be selected by the MSGE Group. Notwithstanding anything in the foregoing to the contrary, in each case, [each MDT Advisory Council Representative shall be appointed with the consent of the Ad Hoc Committee]. The Master Disbursement Trust shall regularly report to the MDT Advisory Council with respect to the operations and activities of the Master Disbursement Trust and the handling of all payments and Distributions made from the Master Disbursement Trust to the extent set forth in the MDT Agreement.

(f) **Obligations of the MDT Trustees**. The MDT Trustees shall take into account the interests of, and owe fiduciary duties to, each of the MDT Beneficiaries in making all decisions on behalf of the Master Disbursement Trust. In furtherance thereof:

(i) in the event of a Specified Breach (as defined in the Master Shareholder Settlement Agreement), the MDT Trustees will take into account the remaining rights of the Holders of MDT Claims as well as the interests of the Holders of MDT Interests in formulating and exercising appropriate remedies as they relate to the Shareholder Payment Parties and the Shareholder Release Snapback Parties, but shall in all events, to the extent there are obligations remaining to the Private Creditor Trusts upon such

default, seek to utilize all other available sources of assets (including by first utilizing commercially reasonable efforts to pursue a Payment Remedy (as defined in the Master Shareholder Settlement Agreement) before electing to pursue a Shareholder Release Remedy) to pay all outstanding amounts owed to the Holders of MDT Claims then-due or to be paid in the future from amounts due from such Breaching Shareholder Family Group until such outstanding amounts have been paid in full;

(ii) the Master Disbursement Trust shall provide no less than ten (10) Business Days' advance written notice (unless urgent circumstances require less notice) to each MDT Beneficiary of any material action proposed to be taken in respect of the MDT Shareholder Rights, including any exercise of remedies under the Shareholder Settlement Agreements or the commencement or settlement of any litigation against any Shareholder Payment Party or Shareholder Release Snapback Party;

(iii) to the extent there are any disputes raised by any MDT Beneficiary regarding the operation of the Master Disbursement Trust or the actions of the MDT Trustees (including, without limitation, any action related to the MDT Shareholder Rights), (A) any MDT Beneficiary shall have the right to seek resolution by the Bankruptcy Court of such a dispute, including seeking to enjoin any disputed action by the Master Disbursement Trust, and all MDT Trustees and MDT Beneficiaries shall have the right to be heard with regard to any such dispute, including by filing objections, declarations, statements in support or other pleadings (including with supporting evidence) or providing witness testimony at any hearing and (B) the Bankruptcy Court shall have exclusive jurisdiction to hear and resolve any such disputes, and shall be authorized to order appropriate relief (subject to the provisions of this Section 5.6(f)) and make a determination in an expedited manner, and in all events, shall make such a decision within thirty (30) days from the request for relief;

(iv) upon the payment in full in Cash of any MDT Claim, the holder of such MDT Claim shall immediately cease to be an MDT Beneficiary for all purposes under the MDT Agreement, and the MDT Trustees shall have no further fiduciary duties to such holder, and such holder shall have no further rights to commence or participate in any action relating to the operations of the Master Disbursement Trust or the actions of the MDT Trustees;

(v) the Master Disbursement Trust shall (A) provide reasonable reporting to each of the other Creditor Trusts that hold MDT Claims regarding the MDT Trustees' activities at least every four (4) months (both cumulatively and in the period just ended), including with regard to the MDT Shareholder Rights (or any reporting received), any insurance proceedings, assets (including the value thereof), expenditures, distributions and forward-

looking projections (subject to appropriate limitations to be agreed by the Debtors, the Governmental Consent Parties and the Creditors' Committee), (B) make themselves reasonably available in addition to holding at least one (1) call every four (4) months for the other Creditor Trustees to answer questions of such other Creditor Trustees relating to the Master Disbursement Trust's activities, (C) provide each Private Creditor Trust with quarterly reporting regarding Litigation Costs (as defined in the Master Shareholder Settlement Agreement) and other items relating to litigation claims pertaining to such Private Creditor Trusts' applicable Creditor category as well as all other Creditor categories[, and (D) provide the PI Trust with the information, consultation rights and notice as required pursuant to Section 5.2(e) of the Plan].[19] Notwithstanding anything in the foregoing to the contrary, the Master Disbursement Trust shall not be required to provide any reporting to any Creditor Trust to which the Master Disbursement Trust's duties cease pursuant to Section 5.6(f)(iv).

(vi) the MDT Trustees shall be obligated to comply with the terms of the Plan, including this Section 5.6(f), and the MDT Agreement; and

(vii) in the event of any inconsistency between the terms of this Section 5.6(f) and any other provision of this Plan or the MDT Agreement, the terms of this Section 5.6(f) shall govern unless the MDT Trustees and the Creditor Trustees for each of the Creditor Trusts mutually agree.

(g) **Assumption of Channeled Claims and Master TDP**. As of the Effective Date, any and all liability of the Debtors and the other Protected Parties for any and all Channeled Claims shall automatically, and without further act, deed or court order, be channeled to and assumed by the Master Disbursement Trust solely for the purpose of effectuating the Master TDP, pursuant to which each Channeled Claim shall either be automatically channeled to and assumed exclusively by a Creditor Trust or otherwise Disallowed and released in full. All Channeled Claims channeled to a Creditor Trust in accordance with the Master TDP shall be administered and resolved solely pursuant to, and solely to the extent provided in, the applicable Creditor Trust TDP for such Creditor Trust. Distributions, in accordance with the applicable Creditor Trust TDP, from the Creditor Trust to which a Channeled Claim is channeled, in accordance with the Master TDP, shall be the sole source of recovery, if any, in respect of such Channeled Claim, and the Holder of such Channeled Claim shall have no other or further recourse to the Protected Parties, including the Master Disbursement Trust. All Channeled Claims that are Disallowed and released and not channeled to a Creditor Trust in accordance with the Master TDP shall have no recourse to any Protected Party, including the Master Disbursement Trust. For the avoidance of doubt, in no event shall any Channeled Claim have any recourse to the Assets of the Master Disbursement Trust. In furtherance of the foregoing, the Master Disbursement Trust, subject to and only to the extent provided in the MDT Documents, shall have all defenses, cross-claims, offsets and recoupments regarding the Channeled Claims that the Debtors, the Released Parties and the Shareholder Released Parties, as applicable, have, or would have had, under applicable law, but solely to the extent consistent with the MDT Documents and the Plan; *provided* that, subject to Section 10.8(c), no such Claims, defenses or rights may be asserted against any

[19] [**NTD**: Under discussion]

Protected Party; and *provided*, *further*, that all such defenses, cross-claims, offsets and recoupments regarding any Channeled Claim that is channeled to a Creditor Trust in accordance with the Master TDP shall be transferred to such Creditor Trust with such Channeled Claim, at which point, the Master Disbursement Trust shall no longer have such defenses, cross-claims, offsets and recoupments regarding such Channeled Claim. For the avoidance of doubt, nothing in this Section 5.6(g) shall limit or affect the transfer of the MDT Insurance Rights.

(h) **MDT Operating Expenses**. On the Effective Date, the Debtors shall establish and fund the MDT Operating Reserve, which shall vest in the Master Disbursement Trust in accordance with Section 5.6(b) of the Plan and be held and maintained by the MDT Trustees. Periodically, until the dissolution of the Master Disbursement Trust, the MDT Trustees will replenish the MDT Operating Reserve from Cash held or received by the Master Disbursement Trust to the extent deemed necessary by the MDT Trustees to satisfy and pay estimated future MDT Operating Expenses; *provided*, *however*, that payments received by the [Master Disbursement Trust] on account of the Governmental Entity Shareholder Direct Settlement shall be immediately transferred to the Governmental Remediation Trust and shall not be used to fund a Replenishment Transfer or the MDT Operating Reserve, and shall not be used to pay the MDT Claims. The MDT Trustees shall create and maintain an annual budget of MDT Operating Expenses, which shall be reviewed by the MDT Beneficiaries and reasonably acceptable to the MDT Beneficiaries. All MDT Operating Expenses shall be satisfied and paid from the MDT Operating Reserve. The MDT Trustees shall be entitled to reasonable compensation and to retain and reasonably compensate counsel and other professionals to assist in the duties of the Master Disbursement Trust on such terms as the MDT Trustees deem appropriate without Bankruptcy Court approval, subject to the provisions of the MDT Agreement. The initial compensation of the MDT Trustees shall be reasonably acceptable to the Debtors and the Governmental Consent Parties, and thereafter shall be subject to the annual budgets prepared by the MDT Trustees.

(i) **Transfer of the MDT Insurance Rights**. In furtherance of the transfer of the MDT Transferred Assets to the Master Disbursement Trust and in accordance with the MDT Agreement, on the Effective Date, the Debtors shall irrevocably transfer, grant and assign to the Master Disbursement Trust, and the Master Disbursement Trust shall receive and accept, any and all of the MDT Causes of Action and MDT Insurance Rights. To the extent any Insurance Company would be obligated in respect of any MDT Insurance Policy to pay any Channeled Claim on behalf of one or more of the Debtors, the Debtors shall transfer and assign to the Master Disbursement Trust the right to enforce such Insurance Company's obligation. The foregoing transfer shall be (i) free and clear of all encumbrances and Causes of Action of any nature whatsoever, (ii) made to the maximum extent possible under applicable law, (iii) absolute and without requirement of any further action by the Debtors, the Liquidating Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Bankruptcy Court or any other Person, and (iv) governed by, and construed in accordance with, the Bankruptcy Code and the other applicable laws governing the applicable MDT Insurance Policies. Notwithstanding the foregoing, the Master Disbursement Trust shall become and remain liable in full for and shall satisfy, to the extent required under applicable law, any prospective premiums, deductibles, self-insured retentions and any other amounts or obligations arising in any way out of the receipt of payment from an Insurance Company in respect of the MDT Insurance Rights; *provided* that, for the avoidance of doubt, the Master Disbursement Trust will not be required to pay premiums or any other amounts for Purdue Insurance Policies that are not MDT Insurance Policies. The transfer of the MDT Insurance Rights contemplated in this Section 5.6(i) is not an assignment of any insurance policy itself. The Confirmation Order shall contain findings reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties related to or necessary to preserve all MDT Insurance Rights.

(j) **Transfer of MDT Shareholder Insurance Rights**. On the Effective Date, in consideration of the Shareholder Releases, the Shareholder Released Parties shall irrevocably

transfer, grant, and assign to the Master Disbursement Trust, and the Master Disbursement Trust shall receive and accept, any and all MDT Shareholder Insurance Rights. Each Shareholder Released Party shall be deemed to have irrevocably transferred, granted, and assigned to the Master Disbursement Trust any and all MDT Shareholder Insurance Rights without further action and without further consideration to such Shareholder Released Party. Pursuant to the Plan, the foregoing transfer shall be (i) free and clear of all encumbrances and Causes of Action of any nature whatsoever, (ii) made to the maximum extent possible under applicable law, (iii) absolute and without requirement of any further action by the Shareholder Released Parties, the Debtors, the Liquidating Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Bankruptcy Court or any other Person, and (iv) governed by, and construed in accordance with, the Bankruptcy Code and the other applicable laws governing the MDT Shareholder Insurance Rights. The transfer of the MDT Shareholder Insurance Rights is not an assignment of any insurance policy itself. For the avoidance of doubt, the transfer of the MDT Shareholder Insurance Rights is in addition to the other obligations of the Shareholder Released Parties set forth herein. The Shareholder Released Parties will make best efforts to provide the Master Disbursement Trust access to information and copies of documents that are reasonably necessary to preserve, secure, or obtain the benefit of the MDT Shareholder Insurance Rights, and will comply in all respects with the Plan to preserve, secure, or obtain the benefit of the MDT Shareholder Insurance Rights, including but not limited to the obligations set forth in Section 8.8(b). The Confirmation Order shall contain findings reasonably acceptable to the Creditors' Committee and the Governmental Consent Parties related to or necessary to preserve all MDT Shareholder Insurance Rights. Notwithstanding the foregoing in this paragraph, to the extent that (y) a Shareholder Released Party has, prior to the Effective Date, provided notice of a Claim under a Reserved MDT Insurance Policy under which a Shareholder Released Party is covered and (z) such Claim is not one for which such Shareholder Released Party receives the benefit of the Shareholder Releases (a "***Retained Shareholder Insurance Claim***"), such Shareholder Released Party shall not be deemed to have irrevocably transferred, granted, and assigned to the Master Disbursement Trust the Retained Shareholder Insurance Claim, and such Shareholder Released Party shall be entitled to pursue any such Retained Shareholder Insurance Claim prior to and after the Effective Date; *provided* that, notwithstanding the foregoing, with respect to the Retained Shareholder Insurance Claims, each Shareholder Released Party, in consideration of the Shareholder Releases, (A) will confer and fully cooperate with the Master Disbursement Trust in connection with the settlement of all claims or rights under such MDT Insurance Policy, including the Retained Shareholder Insurance Claims, and including but not limited to as set forth in Section 8.8(b)(i) of the Plan, and (B) in the event the Master Disbursement Trust has obtained settlement terms that it deems acceptable in its sole discretion, and such settlement terms include a settlement of any Retained Shareholder Insurance Claim, each Shareholder Released Party with rights under such Retained Shareholder Insurance Claim shall be deemed to consent to the release of any claims or rights held by such Shareholder Released Party against and under such MDT Insurance Policy, with the same effect as if such Shareholder Released Party had executed such settlement agreement, and without further consideration to such Shareholder Released Party from the insurance settlement proceeds or otherwise in respect of such settlement. After the Effective Date, no Shareholder Released Party shall be entitled to submit a claim under any MDT Insurance Policy (with the exception of a current or former director, officer, manager, authorized agent or employee that is not a Sackler Family Member, but solely to the extent such individual has a right to submit a claim after the Effective Date pursuant to Section 8.8(b)(ii) of the Plan).

(k) **Shareholder Insurance Release**. On the Effective Date, in consideration of the Shareholder Releases, all Sackler Family Members shall irrevocably, fully and forever release and discharge any obligation to indemnify and/or to defend the Sackler Family Members under the Isosceles Insurance Ltd. policy number PPLP-01/2019 for any Claim or loss of any type or nature whatsoever, whether known or unknown. The Sackler Family Members hereby surrender all rights, interest in and Claim to any benefit under the Isosceles Insurance Ltd. policy number PPLP-01/2019, and acknowledge that (i) all rights, interest in and Claim to any benefit they may have under the Isosceles Insurance Ltd. policy number PPLP-01/2019 are fully terminated on the Effective Date; and (ii) after the Effective Date, the Sackler

Family Members will not receive and cannot claim any further benefits under the Isosceles Insurance Ltd. policy number PPLP-01/2019 for any time period and shall have no rights whatsoever under or relating to the Isosceles Insurance Ltd. policy number PPLP-01/2019.

(l) **Institution and Maintenance of Legal and Other Proceedings**. As of the date upon which the Master Disbursement Trust is established, the Master Disbursement Trust shall be empowered to initiate, prosecute, defend and resolve all legal actions and other proceedings related to any Asset, liability or responsibility of the Master Disbursement Trust, including in respect of the MDT Causes of Action, the MDT Insurance Rights and the MDT Shareholder Rights. Such legal actions and other proceedings shall be limited solely to those required for the purposes of satisfying the responsibilities of the Master Disbursement Trust, including in respect of the MDT Causes of Action, the MDT Insurance Rights and the MDT Shareholder Rights. The Master Disbursement Trust shall be empowered to initiate, prosecute, defend and resolve all such actions in the name of the Debtors or their Estates, in each case if deemed necessary or appropriate by the MDT Trustees. The Master Disbursement Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees and other charges incurred subsequent to the date upon which the Master Disbursement Trust is established arising from, or associated with, any legal action or other proceeding brought pursuant to the foregoing.

(m) **U.S. Federal Income Tax Matters Relating to the Master Disbursement Trust**. The Master Disbursement Trust is intended to be treated, and shall be reported, as a "qualified settlement fund," and the [settlement payments] made to the Master Disbursement Trust are intended to be treated as amounts transferred by, or on behalf of, a "transferor" to a "qualified settlement fund," within the meaning of Treasury Regulations sections 1.468B-1 and 1.468B-2 for U.S. federal income tax purposes and shall be treated consistently for state and local tax purposes, to the extent applicable. All parties (including, without limitation, the Shareholder Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) shall report consistently with the foregoing for all applicable tax reporting purposes. An MDT Trustee shall be the "administrator," within the meaning of Treasury Regulations section 1.468B-2(k)(3), of the Master Disbursement Trust. The administrator of the Master Disbursement Trust shall be responsible for filing all tax returns required to be filed by or on behalf of the Master Disbursement Trust and the payment, out of the Assets of the Master Disbursement Trust, of any taxes due by or imposed on the Master Disbursement Trust. The MDT Trustees may request an expedited determination under section 505(b) of the Bankruptcy Code for all tax returns filed by or on behalf of the Master Disbursement Trust for all taxable periods through the dissolution of the Master Disbursement Trust. Nothing in this Section 5.6(m) shall be deemed to determine, expand or contract the jurisdiction of the Bankruptcy Court under section 505 of the Bankruptcy Code.

(n) **Distributions from the Master Disbursement Trust Free and Clear**. All Distributions made by the Master Disbursement Trust to the MDT Beneficiaries shall be made on no less than ten (10) Business Days' notice to all MDT Beneficiaries, and thereafter shall become the property of such MDT Beneficiary, free and clear of all Claims, Liens or other recourse or encumbrances, and shall not be subject to attachment, disgorgement or recoupment by any Person. Such distributions to each Creditor Trust shall become the property of such Creditor Trust, and shall be used for the administration (including the payment of Creditor Trust Operating Expenses) of such Creditor Trust, to make Distributions on account of Channeled Claims channeled to such Creditor Trust in accordance with the applicable Creditor Trust TDP and for such other purposes as may be specifically set forth in the applicable Creditor Trust Documents; *provided* that such ten (10) Business Days' notice period shall not be required for the Initial Private Creditor Trust Distributions, Initial Public Creditor Trust Distributions or the Initial Public Schools' Special Education Initiative Contribution.

(o) **Dissolution, Release of Reserves and Residual Value**. The Master Disbursement Trust shall be dissolved and the MDT Trustees shall be discharged from their respective duties with respect to the Master Disbursement Trust upon completion of their duties as set forth in this Plan and the MDT Agreement, which, for the avoidance of doubt, shall be no earlier than the date on which (i) all Assets held by the Master Disbursement Trust, including the MDT Transferred Assets, have been liquidated and (ii) all payments and other distributions required to be made from the Master Disbursement Trust under the Plan and the MDT Agreement have been made, including payment in full in Cash of all MDT Claims, unless dissolution on an earlier date is authorized pursuant to a Final Order of the Bankruptcy Court. Upon dissolution of the Master Disbursement Trust, any Cash remaining in the MDT Operating Reserve or otherwise held by the Master Disbursement Trust shall be distributed in accordance with the MDT Priority Waterfall and the MDT Agreement; *provided* that, in the event the Master Disbursement Trust is dissolved prior to the payment in full in Cash of all MDT Claims, all outstanding amounts under such MDT Claims shall be deemed due and payable for purposes of the distribution of such remaining Cash pursuant to the MDT Priority Waterfall. Subject to the foregoing sentences, the Master Disbursement Trust shall be dissolved at such time as the MDT Trustees determine that the administration of any remaining assets of the Master Disbursement Trust is not likely to yield sufficient additional proceeds to justify further pursuit.

(p) **Exculpation and Indemnification of the MDT Trustee and the MDT Advisory Council Representatives**. To the maximum extent permitted by applicable law, each of the MDT Trustees and MDT Advisory Council Representatives shall not have or incur any liability for actions taken or omitted in his or her capacity as an MDT Trustee or MDT Advisory Council Representative, or on behalf of the Master Disbursement Trust, except those acts found by Final Order to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of his or her actions or inactions in his or her capacity as an MDT Trustee or MDT Advisory Council Representative, or on behalf of the Master Disbursement Trust, and for any other liabilities, losses, damages, claims, costs and expenses arising out of or due to the implementation or administration of the Plan or the MDT Agreement, in each case, except for any actions or inactions found by Final Order to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of the MDT Trustees or the MDT Advisory Council Representatives shall be satisfied from the MDT Operating Reserve.

5.7 ***Special Operating Reserve; Released Claims Reserves***. [20]

(a) **Establishment of Special Operating Reserve and Released Claims Reserves**.

(i) On or before the Effective Date, the Debtors shall establish the Special Operating Reserve which shall vest in the Master Disbursement Trust in accordance with Section 5.6(b) of the Plan and be held and maintained by the Master Disbursement Trust. The Special Operating Reserve shall be funded initially in the aggregate amount of $200 million by withholding, in each case from Shareholder Estate Settlement Distributions, (a) $20 million from the Initial Private Creditor Trust Distributions and (b) $180 million from the Initial Public Creditor Trust Distributions (the "***SOR Holdback***")[; *provided*, *however*, that neither the Initial Public Schools' Special Education Initiative Contribution, nor any

[20] [**NTD**: Placement of SOR/RCR provisions subject to ongoing discussions]

additional payments due under the MDT Public School District Claim, shall be subject to the SOR Holdback].

(ii) On the Effective Date, each Creditor Trust and the PAT shall establish the Released Claims Reserves and, once amounts are funded from the corresponding Non-Participating Claims Reserves in accordance with Section 7.8(b) or Section 7.8(c), be otherwise held and maintained by such Creditor Trust or the PAT, in each case, with the Master Disbursement Trust serving as [administrative agent] with respect thereto. [The Master Disbursement Trust, as [administrative agent], shall facilitate the releases from the Released Claims Reserves upon (a) a request by the Sackler Parties' Representative and (b) consent by the applicable Creditor Trustee or the PAT Trustee, as applicable, in each case, made in accordance with the Master Shareholder Settlement Agreement. Consent of both the Master Disbursement Trust and the applicable Creditor Trust or PAT, as applicable, shall be required for such a release.]

(b) **Reversion of Special Operating Reserve and Released Claims Reserves**.[21]

(i) On the First Reversion Date, subject to the terms of the Master Shareholder Settlement Agreement, (i) one third (1/3) of the balance of the Special Operating Reserve will be released to the Master Disbursement Trust and (i) one third (1/3) of the balance of each Released Claims Reserve will be released to the corresponding Creditor Trust and PAT, as applicable.

(A) Upon the first anniversary of the First Reversion Date, if no Material Litigation is or has been pending for the prior 30 days, (i) fifty percent (50%) of each of the remaining balance of the Special Operating Reserve will be released to the Master Disbursement Trust and (ii) fifty percent (50%) of each of the remaining balance of each Released Claims Reserve will be released to the corresponding Creditor Trust or PAT, as applicable;

(B) Upon the second anniversary of the First Reversion Date, if no Material Litigation is or has been pending for the prior 30 days, (i) fifty percent (50%) of each of the remaining balance of the Special Operating Reserve will be released to the Master Disbursement Trust and (ii) fifty percent (50%) of each of the remaining balance of each Released Claims Reserve will be released to the corresponding Creditor Trust or PAT, as applicable; and

[21] [**NTD:** To be updated, as applicable, based on ongoing SOR negotiations in connection with MSA].

(C) Thereafter, upon the date when no litigation is or has been pending for the prior 30 days, the remaining balance of (i) the Special Operating Reserve will be released to the Master Disbursement Trust and (ii) each Released Claims Reserve will be released to the corresponding Creditor Trust or the PAT, as applicable.

(ii) In the event that Material Litigation is commenced or continued against any Shareholder Released Party after the First Reversion Date (a "**Suspension Event**"), then the fund releases from the Special Operating Reserve and each Released Claims Reserve pursuant to Section 5.7(b)(i) shall cease. Following a Suspension Event, a new First Reversion Date shall only occur when no Material Litigation is or has been pending for 30 days and fund releases shall be made as set forth in Section 5.7(b)(i) subject to the terms of the Master Shareholder Settlement Agreement.

(iii) If any amounts remain in the Special Operating Reserve or any Released Claims Reserve on or after the twelfth (12th) SSA Payment Date, then:

(A) All remaining funds in each Released Claims Reserve will be released to the corresponding Creditor Trust no later than six (6) months after the first date that no Material Litigation against any of the Shareholder Released Parties with respect to Covered Conduct is pending.

(B) (I) All but $25 million of the remaining funds in the Special Operating Reserve will be released to the Master Disbursement Trust no later than six (6) months after the first date that no Material Litigation against any of the Shareholder Released Parties with respect to Covered Conduct is pending and (II) all remaining funds in the Special Operating Reserve will be released to the Master Disbursement Trust no later than six (6) months after the first date that no litigation against any of the Shareholder Released Parties with respect to Covered Conduct is pending.

(c) **Private Creditor Trusts Rights to SOR Reversion Funds**.

(i) All reversion funds received by the Master Disbursement Trust from the Special Operating Reserve pursuant to Section 5.7(b) of the Plan shall first be distributed to Private Creditor Trusts in proportion to their respective SOR Holdback until the Private Creditor Trusts have received a cumulative amount equal to $19.8 million, in each case, *less* the total Litigation Costs (as defined in the Master Shareholder Settlement Agreement) paid from the Special Operating Reserve for claims pursued by Non-Settling Creditors in their respective Class as of such date (the "Private Claimants' Priority Reversion"). If, by the ninth (9th) SSA Payment Date, the Master Disbursement Trust has not made

allocations to the Private Creditor Trusts in an amount equal to the Private Claimants' Priority Reversion, then the Special Operating Reserve shall release funds to the Master Disbursement Trust for distribution to the Private Creditor Trusts in an amount equal to the shortfall. Once the Private Creditor Trusts have received the Private Claimants' Priority Reversion, the Private Creditor Trusts will not receive any additional reversion funds from the Master Disbursement Trust from amounts received from the Special Operating Reserve except other than pursuant to Section 5.7(c)(ii) of the Plan.

(ii) Upon the final release from the Special Operating Reserve to the Master Disbursement Trust pursuant to Sections 5.7(b)(i)(C) or 5.7(b)(iii)(B), the Master Disbursement Trust shall distribute $200,000 to Private Creditor Trusts in proportion to their respective SOR Holdbacks.

5.8 ***Creditor Trusts***.

(a) **Establishment and Purpose of the Creditor Trusts**. The Confirmation Order shall endorse and direct the establishment of the Creditor Trusts on or prior to the Effective Date in accordance with the terms of the respective Creditor Trust Documents. The Creditor Trusts shall be independent from the Holders of Claims against the Debtors, and shall be subject to the exclusive jurisdiction of the Bankruptcy Court (other than as specifically set forth in the Creditor Trust Documents). The Creditor Trusts shall be established for the purposes described in this Plan and any other purposes more fully described in the Creditor Trust Documents. Each Creditor Trust shall, in each case, in accordance with the Plan, the Confirmation Order and the applicable Creditor Trust Documents:

(i) hold, manage and invest all funds and other Assets received by such Creditor Trust from the Debtors and the Master Disbursement Trust, as applicable (including, with respect to the Public Creditor Trusts, the MDT Interests), in each case, for the benefit of the beneficiaries of such Creditor Trust;

(ii) hold and maintain the Creditor Trust Operating Reserve of such Creditor Trust;

(iii) administer, process, resolve and liquidate Channeled Claims, including Non-Participating Channeled Claims, applicable to such Creditor Trust, in each case as provided in the applicable Creditor Trust Documents;

(iv) establish and administer the applicable Non-Participating Claims Reserve;

(v) establish and administer the applicable Released Claims Reserves; and

(vi) exercise consent rights over any proposed use of funds in the applicable Released Claims Reserve held in such Creditor Trust.

(b) **Role of the Creditor Trustees**. In furtherance of and consistent with the purposes of the Creditor Trusts and the Plan, the Creditor Trustees shall have the power and authority to perform all functions on behalf of the respective Creditor Trusts, subject to the Creditor Trust Documents for such Creditor Trusts. The Creditor Trustees shall undertake all administrative responsibilities as are provided in the Plan and the applicable Creditor Trust Documents. The Creditor Trustees shall be responsible for all decisions and duties with respect to the respective Creditor Trusts, subject to the Creditor Trust Documents for such Creditor Trusts. In all circumstances, each Creditor Trustee shall be independent and disinterested and, in its capacity as a Creditor Trustee, shall act in the best interests of the beneficiaries of such Creditor Trust, in furtherance of the purpose of such Creditor Trust and in accordance with this Plan and the applicable Creditor Trust Documents. In accordance with the Creditor Trust Documents, each Creditor Trustee shall serve in such capacity through the earlier of (x) the date that the applicable Creditor Trust is dissolved in accordance with the applicable Creditor Trust Documents and (y) the date such Creditor Trustee resigns, is terminated or is otherwise unable to serve for any reason.

(c) **Appointment of the Creditor Trustees and Creditor Trust Overseers**. In furtherance of and consistent with the purposes of the Creditor Trusts and the Plan, the Creditor Trust Documents for each of the Creditor Trusts shall provide for the appointment of the Creditor Trustees and, if applicable, Creditor Trust Overseers for each of the Creditor Trusts. The identity of the initial Creditor Trustees and the initial Creditor Trust Overseers shall be as disclosed in the Plan Supplement as of the date hereof, or shall otherwise be:

(i) with respect to the Governmental Remediation Trust, selected in accordance with the terms of the Governmental Remediation Trust Documents;

(ii) with respect to the Tribe Trust, selected by the Native American Tribe Group with the consent of the Debtors (which consent shall not be unreasonably withheld, delayed or denied); and

(iii) with respect to each of the following Private Creditor Trusts, selected as follows: (A) with respect to the TPP Trust, by the Third-Party Payor Group, (B) with respect to the Hospital Trust, by the Ad Hoc Group of Hospitals, (C) with respect to the ERP Trust, by the ERP Trustee (and, for the avoidance of doubt, the Creditor Trustee and/or Creditor Trust Overseer for the ERP Trust may be the ERP Trustee), (D) with respect to the Public School Trust, by the Public School District Claimants and (E) with respect to the PI Trust, by the Ad Hoc Group of Individual Victims.

(d) **PI Trust Distributions**. The PI Trust shall, in accordance with the Plan, the Confirmation Order and the PI Trust Documents, make Distributions on account of Allowed PI Channeled Claims to Holders of such Allowed PI Channeled Claims, subject to the PI Trust Deductions and Holdbacks. The PI Trust shall establish the PI Trust NAS Fund and the PI Trust Non-NAS Fund, and shall deposit (i) the NAS PI Portion into the PI Trust NAS Fund and (ii) the Non-NAS PI Portion into the PI Trust Non-NAS Fund, in each case, periodically as funds are received by the PI Trust. The PI Trust shall make Distributions on account of Allowed NAS PI Channeled Claims solely from the PI Trust NAS Fund in accordance with the NAS PI TDP, and shall make Distributions on account of Allowed Non-NAS PI Channeled Claims solely from the PI Trust Non-NAS Fund in accordance with the Non-NAS PI TDP, in each case, subject to the PI Trust Deductions and Holdbacks.

(e) **Rights of the Creditor Trustee for the TPP Trust under the LRP Agreement**. Pursuant to and in accordance with the LRP Agreement, the Creditor Trustee for the TPP Trust shall have the right (i) to inquire periodically with the Creditor Trustee for the PI Trust, the claims administrator appointed in respect of the PI Trust and the escrow agent for the TPP LRP Escrow Account as to whether the TPP LRP Escrow Account has been properly funded and payments therefrom are being made to the LRP Participating TPPs as required under the LRP Agreement, and to request evidence of the same, and (ii) to seek entry of an order by the Bankruptcy Court enforcing the LRP Agreement, including the obligations to provide such information and evidence, in the event the Creditor Trustee for the TPP Trust reasonably believes that the TPP LRP Escrow Account has not been properly funded as required by the LRP Agreement, payments have not been made to LRP Participating TPPs as required by the LRP Agreement, and/or any of the Creditor Trustee for the PI Trust, the claims administrator appointed in respect of the PI Trust and the escrow agent for the TPP LRP Escrow Account is not responding to reasonable requests by the Creditor Trustee for the TPP Trust for such information and evidence.

(f) **Assumption of Obligations and Liabilities**. In furtherance of the purposes of the Plan and the Creditor Trusts, pursuant to the Master TDP and subject to the applicable Creditor Trust Documents, each Creditor Trust shall (i) expressly assume sole and exclusive responsibility and liability for (A) the Channeled Claims channeled to such Creditor Trust in accordance with the Master TDP and (B) all Creditor Trust Operating Expenses of such Creditor Trust and (ii) have (A) the rights provided to such Creditor Trust in accordance with the Private Entity Settlements and Public Entity Settlements and (B) all defenses, cross-claims, offsets and recoupments regarding such Channeled Claims that the Debtors, the Released Parties and the Shareholder Released Parties, as applicable, have, or would have had, under applicable law, but solely to the extent consistent with the applicable Creditor Trust Documents and this Plan; *provided* that no such Claims, defenses or rights may be asserted against any Protected Party.

(g) **Administration of Channeled Claims and Creditor Trust TDPs**. Pursuant to the Master TDP, (i) all Non-Federal Domestic Governmental Channeled Claims will be administered by the Governmental Remediation Trust and resolved in accordance with, and to the extent provided in, the Governmental Remediation Trust Documents, (ii) all Tribe Channeled Claims will be administered by the Tribe Trust and resolved in accordance with, and to the extent provided in, the Tribe TDP, (iii) all Third-Party Payor Channeled Claims will be administered by the TPP Trust and resolved in accordance with, and to the extent provided in, the TPP TDP, (iv) all Hospital Channeled Claims will be administered by the Hospital Trust and resolved in accordance with, and to the extent provided in, the Hospital TDP, (v) all Public School Channeled Claims will be administered by the Public School Trust and resolved in accordance with, and to the extent provided in, the Public School TDP, (vi) all ER Physician Channeled Claims will be administered by the ERP Trust and resolved in accordance with, and to the extent provided in, the ERP TDP, and (vii) all PI Channeled Claims will be administered by the PI Trust and resolved in accordance with, and to the extent provided in, the PI TDP. Each of the Creditor Trusts shall be funded in accordance with the Public Entity Settlements and the Private Entity Settlements, as applicable. [The Creditor Trust shall, in accordance with, and to the extent provided in, the applicable Creditor Trust Documents and/or the Creditor Trust TDPs, (y) determine the eligibility, amount and Allowance (if applicable) of such Channeled Claims; and (z) make all determinations with respect to Distributions to be made by the respective Creditor Trusts.] The foregoing determinations by the Creditor Trusts shall be final and binding, and shall not be subject to any challenge or review of any kind, by any court or other Person, except as set forth in the Creditor Trust TDPs. Distributions by the Creditor Trusts shall be the sole source of recovery, if any, in respect of Channeled Claims, and Holders of Channeled Claims shall have no other or further recourse to the Protected Parties; *provided* that the foregoing shall not diminish, or otherwise alter, the rights of LRP Participating TPPs under the LRP Agreement or the rights of non-LRP Participating TPPs at law.

(h) **Institution and Maintenance of Legal and Other Proceedings**. As of the date upon which each Creditor Trust is established, such Creditor Trust shall be empowered to initiate, prosecute, defend and resolve all legal actions and other proceedings related to any Asset, liability or responsibility of such Creditor Trust. Such legal actions and other proceedings shall be limited solely to those required for purposes of reconciling, administering or defending against the Channeled Claims channeled to such Creditor Trust and for enforcing the rights of such Creditor Trust under the Plan and the Plan Documents (including the rights of the Creditor Trustee for the TPP Trust specifically enumerated in the LRP Agreement). Each Creditor Trust shall be empowered to initiate, prosecute, defend and resolve all such actions in the name of the Debtors or their Estates, in each case if deemed necessary by the applicable Creditor Trustee to fulfill the purposes for which such Creditor Trust was created. Each Creditor Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees and other charges incurred subsequent to the date upon which such Creditor Trust is established arising from, or associated with, any legal action or other proceeding brought pursuant to the foregoing. For the avoidance of doubt, each Creditor Trust, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code and applicable state corporate law, is appointed as the successor-in-interest to, and representative of, the Debtors and their Estates for the retention, enforcement, settlement or adjustment of the applicable Channeled Claims channeled to such Creditor Trust.

(i) **Creditor Trust Operating Expenses**. The Creditor Trustees shall be entitled to reasonable compensation and to retain and reasonably compensate counsel and other professionals to assist in their duties without Bankruptcy Court approval, subject to the provisions of the applicable Creditor Trust Documents. Creditor Trust Operating Expenses of each Creditor Trust shall be satisfied and paid from such Creditor Trust's Creditor Trust Operating Reserve in accordance with the applicable Creditor Trust Documents. Periodically, until the dissolution of a Creditor Trust, the applicable Creditor Trustee will replenish the Creditor Trust Operating Reserve from Cash held or received by such Creditor Trust to the extent deemed necessary by such Creditor Trustee to satisfy and pay estimated future Creditor Trust Operating Expenses in accordance with the Creditor Trust Documents.

(j) **U.S. Federal Income Tax Matters Relating to the Creditor Trusts**. Each Creditor Trust (other than any Tribe Trust entity that is formed as a legal entity other than a trust) is intended to be treated, and shall be reported, as a "qualified settlement fund," and the [settlement payments] made to such Creditor Trust are intended to be treated as amounts transferred by, or on behalf of, a "transferor" to a "qualified settlement fund," within the meaning of Treasury Regulations sections 1.468B-1 and 1.468B-2 for U.S. federal income tax purposes and shall be treated consistently for state and local tax purposes to the extent applicable. All parties (including, without limitation, the Shareholder Payment Parties, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Creditor Trusts, the Creditor Trustees, the Foundation, the MDT Trustees and the Master Disbursement Trust) will be required to report consistently with the foregoing for all applicable tax reporting purposes. A Creditor Trustee from each relevant Creditor Trust shall be the "administrator" within the meaning of Treasury Regulations section 1.468B-2(k)(3) of the applicable Creditor Trust. The administrator of each such Creditor Trust shall be responsible for filing all tax returns required to be filed by or on behalf of the applicable Creditor Trust and the payment, out of the assets of such Creditor Trust, of any taxes due by or imposed on such Creditor Trust. Each Creditor Trustee may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all tax returns filed by or on behalf of the applicable Creditor Trust for all taxable periods through the dissolution of such Creditor Trust. Nothing in this Section 5.8(l) shall be deemed to determine, expand or contract the jurisdiction of the Bankruptcy Court under section 505 of the Bankruptcy Code.

(k) **Exculpation and Indemnification of the Creditor Trustees and the Creditor Trust Overseers**. To the maximum extent permitted by applicable law, each of the Creditor Trustees and Creditor Trust Overseers shall not have or incur any liability for actions taken or omitted in

his or her capacity as a Creditor Trustee or Creditor Trust Overseer, or on behalf of the applicable Creditor Trust, except those acts found by Final Order to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of his or her actions or inactions in his or her capacity as a Creditor Trustee or Creditor Trust Overseer, or on behalf of the applicable Creditor Trusts, and for any other liabilities, losses, damages, claims, costs and expenses arising out of or due to the implementation or administration of the Plan or the applicable Creditor Trust Documents, in each case, except for any actions or inactions found by Final Order to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of any of the Creditor Trustees or Creditor Trust Overseers shall be satisfied from the respective Creditor Trusts.

(l) **Dissolution of the Creditor Trusts**. Each Creditor Trust shall be dissolved and the applicable Creditor Trustee shall be discharged from its duties with respect to such Creditor Trust upon completion of its duties and the satisfaction of the purposes of the Creditor Trust as set forth in this Plan and the applicable Creditor Trust Documents.

5.9 ***Attorneys' Fees and Costs***.[22]

(a) **Local Government Costs and Expenses**. On the Effective Date, the Local Government Costs and Expenses Fund shall be established for the payment of certain attorneys' fees and costs of Holders of Non-Federal Domestic Governmental Channeled Claims (other than States) subject to the terms set forth herein, other than amounts paid pursuant to the AHC Reimbursement Agreement Assumption Order, the MSGE Group Reimbursement Order or any other Order of the Bankruptcy Court.

(i) The Local Government Costs and Expenses Fund shall be funded beginning on the second MDT Distribution Date (the "**Initial LG Costs Funding Date**") and continuing on each Scheduled MDT Distribution Date thereafter, from periodic distributions in an amount equal to [8.5]% of the Distributions made on account of Non-Federal Domestic Governmental Channeled Claims, excluding (A) any Distributions relating to MDT Insurance Proceeds, and (B) any amounts distributed on account of such Non-Federal Domestic Governmental Channeled Claims on the Effective Date, but including any Distributions on account of amounts payable under the Governmental Entity Shareholder Direct Settlement (other than such Distributions on the Effective Date); *provided* that the amount to be distributed to the Local Government Costs and Expenses Fund shall not exceed $[370] million in the aggregate (the "**Aggregate LG Cost Cap**"); provided, further that amounts funded pursuant to this section 5.9(a) shall be allocated and applied solely in accordance with Exhibit R to the Governmental Entity Shareholder Direct Settlement for the benefit of counsel to Subdivisions constituting Prior Litigating Subdivisions (as defined in the Governmental Entity Settlement Agreement) as of the Petition Date, in each case, as follows: (i) $4 million annually for a maximum of five (5) years (plus [4.25%] of any Distribution constituting a Settlement Prepayment (as defined under the Master Shareholder Settlement

[22] [**NTD**: Tribal attorneys fee provisions to be discussed]

Agreement)), to the "Cost Fund," as defined in Exhibit R, established in the MDL Proceeding, not to exceed $20 million in the aggregate, and (ii) for any additional amounts (A) [40%] to the "Contingency Fee Fund," as defined in Exhibit R, established in the MDL Proceeding (which fund is to be managed by the fee panel appointed in connection with the MDL Proceeding), not to exceed $140 million, and (iii) [60%] to the "Common Benefit [Fee] Fund," as defined in Exhibit R, established in the MDL Proceeding, not to exceed $210 million in the aggregate; provided further, as consideration for the settlement between holders of certain public and private Claims regarding Special Operating Reserves, timing of payment and allocation matters, the Local Government Costs and Expenses Fund shall also be funded with, and allocated solely in accordance with Exhibit R, Distributions made on account of Non-Federal Domestic Governmental Channeled Claims (as qualified in this Section 5.9(a)(i) above) in an amount equal to [8.5]% of (i) the incremental $80 million of Initial Private Creditor Trust Distributions (provided that funding of the Local Government Costs and Expenses Fund with respect to such distributions shall not be made until the Initial LG Costs Funding Date); and (ii) up to $20 million of amounts payable in respect of (A) the Private Claimants' Priority Reversion and (B) the other amounts contemplated to be paid under [Section 5.05(e)] of the Master Shareholder Settlement Agreement, in each case, that become payable to the Private Creditor Trusts in accordance with the Master Shareholder Settlement Agreement, which amounts shall be subject in each case to the Aggregate LG Cost Cap;

(ii) In addition to the amounts described in subsection (i) above, the Local Government Costs and Expenses Fund shall be funded, and allocated solely in accordance with Exhibit R, on or after the Initial LG Costs Funding Date with an additional amount equal to 12.4% of the MDT Insurance Proceeds which amounts, if any, shall be deposited into an account designated by the MDL Plaintiffs' Executive Committee for the benefit of the "Common Benefit [Fee] Fund" established in the MDL Proceeding, and as described in Exhibit R, and shall be incremental to, and not otherwise count against, the Aggregate LG Cost Cap; provided, for the avoidance of doubt, such funded amounts shall not be considered "Distributions" for the purpose of subsection (i) above; provided, further, such amounts shall be subject, to the prior payment in full of the MDT PI Claim pursuant to and in accordance with Section 5.2(e)(ii).

(iii) Payments from the Local Government Costs and Expenses Fund shall be [administered in accordance with Exhibit R to the

Governmental Entity Shareholder Direct Settlement and be][23] the exclusive means of payment from the Creditor Trusts for costs and expenses (including attorneys' fees) of any Holder of a Non-Federal Domestic Governmental Channeled Claim (other than a State) or any attorney therefor, other than (i) amounts paid or to be paid from the Creditor Trusts in accordance with existing agreements, contracts or statutes setting forth the allocation and uses of abatement funds or backstop fee arrangements between States and their Subdivisions; and (ii) amounts paid in accordance with the order of the MDL Court establishing the Common Benefit Fund; provided, however, nothing this section 5.9(a)(iii) [or Exhibit R to the Governmental Entity Shareholder Direct Settlement] shall override the payment obligations contemplated by Section 5.9(a)(i).

(iv) [Except as otherwise agreed in writing by the MSGE Group and the MDL Plaintiffs' Executive Committee, the MSGE Fee Allocation Agreement shall be and remain fully enforceable and shall apply to the Local Government Costs and Expenses Fund]; provided that the costs associated with the arbitration process contemplated under the MSGE Fee Allocation Agreement shall not be paid by the Debtors, their Estates or any Creditor Trust.

(b) **State Costs and Expenses**. On the Effective Date, the State Expenses Fund shall be established for the payment of expenses (including attorneys' fees) of the States (including any ad hoc group thereof), other than amounts already paid, or any amounts paid or payable under the AHC Reimbursement Agreement Assumption Order, the MSGE Group Reimbursement Order or any other Order of the Bankruptcy Court; provided that the State Expenses Fund shall be funded beginning on the second MDT Distribution Date and continuing on each Scheduled MDT Distribution Date thereafter. The State Expenses Fund shall be funded from periodic distributions in an amount equal to [4.5]% of the Distributions made on account of Non-Federal Domestic Governmental Channeled Claims, excluding any amounts distributed on account of such Non-Federal Domestic Governmental Channeled Claims on the Effective Date, but including (a) any Distributions on account of amounts payable under the Governmental Entity Shareholder Direct Settlement (other than such Distributions on the Effective Date), and (b) any Distributions relating to MDT Insurance Proceeds; *provided* that such amount shall not exceed $[200][24] million in the aggregate (the "**Aggregate State Expenses Cap**").

For the avoidance of doubt, in no event shall any of the provisions of Section 5.9(a) or (b), [Exhibit R to the Governmental Entity Shareholder Direct Settlement] [or any order of the MDL Court (including the order establishing the Common Benefit Fund)] have any effect on the Distributions made to Holders of

[23] [**NTD:** Exhibit R remains under negotiation among the parties, and all parties rights with respect to the terms of Exhibit R and any related plan terms are expressly reserved.]

[24] [**NTD**: Amount subject to ongoing review]

Claims in Classes [____] (or the rights of any of their attorneys to receive payment) other than the recognition of the priority of section 5.2(e)(ii) in such provisions.[25]

(c) **Common Benefit Fund Assessments**. On the Effective Date, the following assessments shall be made to the account directed in Exhibit [●], which is the Common Benefit Fund established by the MDL Court (the "**Common Benefit Fund**"): (i) 5% of each Distribution made by the Private Creditor Trusts, and (i) 5% of the Initial Public Schools' Special Education Initiative Contribution. Assessments from the Private Creditor Trusts shall be paid [on periodic schedules for each Private Creditor Trust acceptable to the Governmental Consent Parties, the Ad Hoc Group of Hospitals, the Third-Party Payor Group, the NAS Committee and the Ad Hoc Group of Individual Victims,] as applicable. The assessments payable by the Public School Trust shall be deducted from and paid at the time of the fee award described in Section 5.9(h)(ii). All assessments of 5% of each Distribution made by the Private Creditor Trusts shall be transferred to and distributed in accordance with the order of the MDL Court establishing the Common Benefit Fund. To the extent a Holder of a Hospital Channeled Claim, a Third-Party Payor Channeled Claim, an NAS PI Channeled Claim or a Non-NAS PI Channeled Claim (or any ad hoc group consisting of Holders of any of the foregoing) has retained counsel through a contingency fee arrangement, any contingency fees owed to such contingency counsel payable from Distributions under the Plan shall be reduced by the full amount payable under this Section 5.9(c).[26] However, the applicable Holder and its counsel, in their sole discretion, may agree that an amount up to but not exceeding 40% of the amount payable under this Section 5.9(c) may be applied to the reimbursement of actual costs and expenses incurred by such Holder's counsel, in which case such agreed cost-reimbursement amount shall not reduce the contingency fee amounts payable to such counsel

(d) **Hospital Costs and Expenses**. On the Effective Date, the Hospital Attorney Fee Fund shall be established for the payment of attorneys' fees and costs of the Ad Hoc Group of Hospitals with respect to Hospital Channeled Claims. The Hospital Attorney Fee Fund shall be funded with (i) 20% of each Distribution made by the Hospital Trust to Holders of Hospital Channeled Claims that have not retained (or are not part of an ad hoc group that has retained), on or before the General Bar Date as reflected in a timely filed Proof of Claim or representation to the Hospital Trust in accordance with the Hospital TDP, separate counsel through an individual contingency fee arrangement *less* (ii) the amount of such Distributions payable to the Common Benefit Escrow and the Common Benefit Fund under Section 5.9(c). The Hospital Attorney Fee Fund shall be administered by the Hospital Trust on terms acceptable to the Ad Hoc Group of Hospitals.

(e) **Ratepayer Costs and Expenses**. In the event that the Ratepayer Mediation Participants Stipulation has been entered into on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter, the attorneys' fees of the Ratepayer Mediation Participants shall be paid from Effective Date Cash in an amount not to exceed $1.4 million.

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[25] For the avoidance of doubt, no order of the MDL Court establishing the Common Benefit Fund will have any effect on any Private Claimant or its counsel, nor will the MDL Court have jurisdiction to interpret, decide, hear disputes, or enforce any provision of or regarding this Plan or the Confirmation Order [[or any of the agreements or documents related thereto]].

[26] For the avoidance of doubt, any amount payable to counsel to the Ad Hoc Group of Individual Victims or the Ad Hoc Group of NAS Children on an hourly basis (including incremental amounts in consideration of deferring payment of hourly fees) shall not constitute a "contingency fee," and the agreement in respect thereof shall not constitute a "contingency fee arrangement," in each case for purposes of Section 5.9 of the Plan.

(f) **ERP Costs and Expenses**. The ERP Trust shall pay or reimburse, as applicable, the compensation, costs and expenses of professionals that represented or advised the ERP Trustee in connection with the Chapter 11 Cases, to the extent provided for in the ERP Trust Documents.

(g) **PI Claimant Costs and Expenses**.

(i) Debtors shall pay the reasonable and documented fees and expenses of the Ad Hoc Group of Individual Victims subject to the entry of a Final Order granting the Ad Hoc Group of Individual Victims' request for allowance of such fees and expenses under section 503(b) of the Bankruptcy Code, which request shall be supported by the Debtors and the Creditors' Committee and considered at the Confirmation Hearing. In the event such a Final Order is (i) not entered or (ii) entered allowing fees and expenses in an amount less than reasonable and documented fees and expenses requested, then (A) the PI Trustee shall pay or reimburse, as applicable, the reasonable and documented fees and expenses of professionals that represented or advised the Ad Hoc Group of Individual Victims in connection with the Chapter 11 Cases, as and to the extent provided in the PI Trust Agreement and subject to Bankruptcy Court approval of such fees and expenses as provided in the Confirmation Order and (B) such fees and expenses paid or reimbursed, as applicable, by the PI Trust shall be deducted from Distributions from the PI Trust Non-NAS Fund to Holders of Allowed Non-NAS PI Channeled Claims pursuant to the PI Trust Documents.

(ii) The PI Trustee shall pay or reimburse, as applicable, the reasonable and documented fees and expenses of professionals that represented or advised the NAS Committee in connection with the Chapter 11 Cases, as and to the extent provided in the PI Trust Agreement and subject to Bankruptcy Court approval of such fees and expenses as provided in the Confirmation Order. Such compensation, costs and fees paid or reimbursed, as applicable, by the PI Trust shall be deducted from Distributions from the PI Trust NAS Fund to Holders of Allowed NAS PI Channeled Claims and pursuant to the PI Trust Documents. Nothing in this Section 5.9 shall impair or otherwise affect any fee contract that is not a contingency fee contract between the Ad Hoc Group of Individual Victims and its professionals, or between the NAS Committee and its professionals.

(h) **Public Schools' Costs and Expenses**. From the Initial Public Schools' Special Education Initiative Contribution, the Public School Trust shall:

(i) dedicate an amount of $500,000 for payment or reimbursement, as applicable, of the out-of-pocket litigation expenses, such as for special bankruptcy counsel and expert fees and expenses, of professionals that represented or advised the Public School District Claimants to be computed based upon reasonable hourly rates and costs incurred, and not to include any premium to

reasonable hourly rates, and subject to Bankruptcy Court approval of such litigation expenses as provided in the Confirmation Order; and

(ii) pay or reimburse, as applicable, the reasonable attorneys' fees and litigation costs of the Public School District Claimants' putative class counsel in an amount determined by mediator Ken Feinberg in accordance with the terms of the term sheet attached to the *Notice of Filing of Special Education Initiative Term Sheet* [D.I. 3120], in an amount not to exceed such class counsel's contractual contingency fee of 25% of the Initial Public Schools' Special Education Initiative Contribution, and subject to Bankruptcy Court approval of such litigation expenses as provided in the Confirmation Order, *less* the amount payable to the Common Benefit Escrow under Section 5.9(c).

(i) **No Impairment of Contingency Fee Contracts; No Further Assessment**. Except as expressly set forth in this Section 5.9, nothing in the Plan shall impair or otherwise affect any contingency fee contract between any Holder of a Claim (or any ad hoc group of Holders of Claims) and such Holder's (or ad hoc group's) counsel. In this regard, the payment of the assessments described in this Section 5.9 shall be the only payment that such Holders (or their counsel) shall ever have to make to the Common Benefit Fund with respect to amounts distributed under this Plan, and amounts distributed pursuant to the Plan to such Holders or payments to attorneys in respect thereof shall not be subject to any further or other common benefit or similar assessments.

5.10 ***Transferability of Distribution Rights***.

Any right to receive a Distribution or other payment from the Plan Administration Trust (including any PAT Distribution Account or PAT Reserve), a Creditor Trust or the Master Disbursement Trust shall not be evidenced by any certificate, security, receipt or in any other form or manner whatsoever, except on the books and records of the Plan Administration Trust (as maintained by the Plan Administration Trustee), the applicable Creditor Trust (as maintained by the applicable Creditor Trustees) or the Master Disbursement Trust (as maintained by the MDT Trustees), as applicable. Further, any right to receive a Distribution or other payment from the Plan Administration Trust (including any PAT Distribution Account or PAT Reserve), a Creditor Trust or the Master Disbursement Trust shall be nontransferable and nonassignable except by will, intestate, succession or operation of law or as otherwise provided in the Plan, the applicable Creditor Trust Documents, Governmental Entity Shareholder Direct Settlement Agreement or the MDT Agreement. Any rights to receive a Distribution or other payment from the Plan Administration Trust (including any PAT Distribution Account or PAT Reserve), a Creditor Trust or the Master Disbursement Trust shall not constitute "securities" and shall not be registered pursuant to the Securities Act. If it is determined that such rights constitute "securities," the exemption provisions of section 1145(a)(1) of the Bankruptcy Code would be satisfied and such securities would be exempt from registration.

5.11 ***Insurance Neutrality***.

Nothing in the Plan, the Plan Documents or the Confirmation Order shall alter, supplement, change, decrease or modify the terms (including conditions, limitations and/or exclusions) of the Purdue Insurance Policies, including the MDT Insurance Policies; *provided* that, notwithstanding anything in the foregoing to the contrary, the enforceability and applicability of the terms (including conditions, limitations and/or exclusions) of the Purdue Insurance Policies, including the MDT Insurance Policies, and thus the rights or obligations of any of the Insurance Companies, the Debtors and the

applicable post-Effective Date Entities, including the Master Disbursement Trust, arising out of or under any Purdue Insurance Policy, including any MDT Insurance Policy, whether before or after the Effective Date, are subject to the Bankruptcy Code and applicable law (including any actions or obligations of the Debtors thereunder), the terms of the Plan and the Plan Documents, the Confirmation Order (including the findings contained therein or issued in conjunction therewith, including but not limited to any findings pursuant to Sections 5.2 and 5.6(i) of the Plan) and, to the extent the Insurance Companies have or had adequate notice from any source, any other ruling made or order entered by the Bankruptcy Court whether prior to or after the Confirmation Date. For the avoidance of doubt, nothing contained in the Plan, the Plan Documents or the Confirmation Order shall operate to require any Insurance Company to pay under any Purdue Insurance Policy the liability of any Person that was not an insured prior to the Petition Date.

5.12 ***Transfer of Books and Records; Cooperation; Privilege***.

(a) **Transfer of Books and Records to NewCo and the Plan Administration Trust**. Except with respect to Excluded Assets, all documents, books and records of the Debtors shall be transferred and assigned to NewCo on or prior to the Effective Date pursuant to the NewCo Transfer Agreement; *provided* that, from and after the date of such transfer, the Plan Administration Trustee shall have the right to retain copies of all transferred documents, books and records and NewCo shall permit the Plan Administration Trustee and its counsel and representatives to have full access to such transferred documents, books and records. All documents, books and records of the Debtors that are Excluded Assets shall be transferred and assigned to the Plan Administration Trust; *provided* that, except for the Excluded Privileged Materials, NewCo shall receive copies of all documents, books and records of the Debtors that are Excluded Assets. Any documents transferred under this Section 5.12(a) that are documents that were produced to the Debtors by Shareholder Released Parties in connection with Purdue Legal Matters shall continue to remain subject to the terms of the Protective Order and any order of the Bankruptcy Court or provision of this Plan affording confidentiality protections to such documents, unless such documents are included in the Public Document Repository in accordance with the Plan and the Master Shareholder Settlement Agreement.

(b) **Cooperation with the Master Disbursement Trust and the Creditor Trusts**. On the Effective Date or as soon as reasonably practicable thereafter, the Debtors shall transfer and assign, or cause to be transferred and assigned, (i) to the MDT Trustees, (A) copies of all MDT Insurance Policies, (B) information and copies of documents, including books and records of the Debtors that reasonably relate to (I) any Claims previously noticed, tendered or submitted or paid by any Insurance Company under the MDT Insurance Policies and (II) any MDT Causes of Action, and (C) other information and copies of all other documents, including books and records of the Debtors that are reasonably necessary to preserve, secure or obtain the benefit of the MDT Insurance Rights, pursue the MDT Causes of Action or liquidate any other MDT Transferred Assets and (ii) to each Creditor Trust, a copy of the Proofs of Claims for Channeled Claims channeled to such Creditor Trust. Subject to Section 5.12(c) of the Plan, the materials to be provided pursuant to this Section 5.12(b) include those in the possession of the Debtors' current and former insurance coverage counsel. On and after the Effective Date, the Plan Administration Trustee and NewCo may maintain their respective documents, books and records in accordance with their respective document retention policies set forth in the PAT Agreement and the NewCo Operating Agreement, respectively. Prior to the Effective Date, the Debtors shall use reasonable best efforts to provide the Creditors' Committee and the Governmental Consent Parties reasonable access to current employees and professionals of the Debtors (including insurance brokers) with knowledge concerning the information and documents to be provided to the Master Disbursement Trust under this Section 5.12(b), and, after the Effective Date, NewCo shall use best efforts to provide the Master Disbursement Trust reasonable access to employees and professionals of NewCo with knowledge concerning such information and documents and to facilitate access to former employees and professionals of the Debtors (including insurance brokers). The Plan Administration Trustee and NewCo shall respond to reasonable requests of (x) the MDT Trustees

for information and documents related to the MDT Insurance Rights, the MDT Causes of Action or otherwise, in each case to the extent reasonably necessary for the administration of the Master Disbursement Trust, and (y) each Creditor Trustee for information and documents relating to the applicable Channeled Claims or otherwise, in each case to the extent reasonably necessary for the administration of the applicable Creditor Trust. In the event of any dispute between the MDT Trustees and NewCo regarding the delivery of information or documents requested pursuant to clause (x) of the foregoing sentence, the MDT Trustees shall have the right to request intervention by the Foundation Trustees to resolve any such dispute.

(c) **Privilege**. The transfer or assignment of information and copies of documents, including books and records, in accordance with this Section 5.12, shall not result in the destruction or waiver of any applicable Privileges. On the Effective Date, all Privileges in connection with the information or documents transferred in accordance with this Section 5.12 shall be transferred to, and vest exclusively in, NewCo, the MDT Trustees, the Plan Administration Trustee and the Creditor Trustees in accordance herewith. Further, with respect to the transfer of Privileges to the MDT Trustees and the Creditor Trustees, such Privileges shall (i) be transferred to such MDT Trustees and Creditor Trustees for the purpose of enabling such Persons to perform their respective duties as set forth in the Plan or in the MDT Agreement or the applicable Creditor Trust Documents and for no other reason, (ii) vest solely in the MDT Trustees and the Creditor Trustees and not in the Master Disbursement Trust or the Creditor Trusts, or any other committee or subcomponent of the Master Disbursement Trust or the Creditor Trusts, or any other Person (including counsel and other professionals) who is (or has been engaged by, represents or has represented) any Holder of a Claim against or Interest in the Debtors or any Person that alleges or may allege a Claim, directly or indirectly, relating to or arising out of the Debtors' Products or operations and (iii) be preserved and not waived as a result of such transfer. For the avoidance of doubt, any such transfer shall have no effect on any right, Claim or Privilege of any Person other than the Debtors. No information subject to a Privilege shall be disclosed or communicated by the MDT Trustees or the Creditor Trustees (x) to any Person not entitled to receive such information, including for the avoidance of doubt any Person (including counsel and other professionals) who is (or has been engaged by, represents or has represented) any Holder of a Claim against or Interest in the Debtors or any Person that alleges or may allege a Claim, directly or indirectly, relating to or arising out of the Debtors' Products or operations or (y) for any reason or in any manner other than as necessary for such Persons to perform their respective duties as set forth in the Plan or in the MDT Documents or the applicable Creditor Trust Documents. Notwithstanding the foregoing, nothing herein shall preclude the MDT Trustees from providing information or documents received pursuant to this Section 5.12 to any Insurance Company as necessary to preserve, secure or obtain the benefit of the MDT Insurance Rights.

5.13 ***Public Document Repository***.

(a) **Summary**. The document disclosure program provided in this Plan will lead to the public disclosure of the most significant documents about Purdue, the Sackler family and the opioid crisis, including video depositions and millions of documents that Purdue produced in investigations and litigation over the past two decades. In addition, it will lead to the public disclosure of millions of documents not previously available to the public, including documents not previously produced in any investigation or litigation and certain privileged documents from the years when Purdue developed and promoted OxyContin, as identified below. The document disclosure program and Public Document Repository will be conducted in a way to maximize public confidence and public access and will set a new standard for transparency.

(b) **DOJ Repository Obligation**. The Debtors bear sole responsibility for complying with the DOJ document repository obligation set forth in the Plea Agreement ("***DOJ Repository Obligation***"), and the DOJ Repository Obligation is not modified by this Plan. Similarly, the Debtors' satisfaction of the DOJ Repository Obligation shall not diminish the additional commitment to disclosure

provided by this Plan. Instead, the public shall receive the full benefit of both, and the Public Document Repository shall contain the full set of documents that the Debtors have agreed to host under the DOJ Repository Obligation.

(c) **[Disclosure Oversight Board**. As described further below, the disclosure program provided in this Plan shall be overseen by the DOB created on the Confirmation Date, consisting of up to four (4) representatives appointed by each of the Ad Hoc Committee, the Creditors' Committee, the States AG Negotiating Group and the MSGE Group and one (1) representative appointed by the Native American Tribe Group. No current or former director, officer, employee or attorney of the Debtors shall serve on the DOB or oversee the disclosure program.][27]

(d) **Purdue Legal Matters**. As described further below, important material for the disclosure program is contained in documents that the Debtors preserved, collected, logged and produced in connection with investigations and litigation about Purdue's opioid business. Many non-privileged documents were produced in those matters, and many privileged documents were identified and logged. This Section 5.13 provides for the disclosure of many documents from the Purdue Legal Matters, which is a broad set of investigations and litigation defined in the Plan.

(e) **Disclosure Program Budget**. As described further below, the disclosure program is designed to avoid unnecessary expense, including by employing an unpaid volunteer oversight board and by using negotiated agreements to avoid the need for litigation. The disclosure program shall be funded in an aggregate amount of $39 million, which shall be paid in the following installments: (i) $2 million on the Effective Date, (ii) $10 million on the first Scheduled MDT Distribution Date, (iii) $10 million on the second Scheduled MDT Distribution Date, (iv) $8.5 million on the third Scheduled MDT Distribution Date and (v) $8.5 million on the fourth Scheduled MDT Distribution Date (collectively, the "***Disclosure Program Budget***"). The Disclosure Program Budget shall be spent at the direction of the DOB. In addition, as provided in the Plan, Domestic Governmental Entities may elect (but are not required) to direct portions of their distributions to the Public Document Repository under terms provided in the Plan. Moreover, the DOB shall be permitted, but not required, to coordinate its work on this disclosure program with the work of state Attorneys General on related disclosures in the opioid industry, in a manner that reduces the costs and increases the benefits of this disclosure program. Finally, to make efficient use of the knowledge and expertise of the Debtors and their professionals, the Plan provides for significant materials to be collected by the Effective Date, or as soon as reasonably practicable thereafter, as described further below. For the avoidance of doubt, the Public Document Repository shall not be owned, held, administered or operated by the DOB, the Master Disbursement Trust or any Creditor Trust; the role of the DOB is to develop and oversee a temporary program to set up the appropriate Public Document Repository and achieve the goals of the disclosure program.

(f) **Access Materials**.

(i) Subject to the Protected Information review, as described in Section 5.13(o) of the Plan, the Debtors, the Plan Administration Trust, or any entity or law firm designated by the Debtors or the Plan Administration Trust to assist in that review, shall provide the DOB access to a set of non-privileged materials for the purpose of accomplishing the Public Document Repository

[27] [**NTD**: Subject to ongoing review]

(collectively, the "***Access Materials***") on a rolling basis following the Effective Date. These Access Materials shall include:

(A) all transcripts and audio or video recordings of depositions taken in the Purdue Legal Matters, together with the exhibits to those depositions;

(B) all documents produced by the Debtors in the Purdue Legal Matters (which comprise more than thirteen million documents and more than one hundred million pages);

(C) the non-privileged documents from the Relativity Database (as defined below) (which are estimated to comprise more than twenty million additional documents beyond those produced in the Purdue Legal Matters);

(D) all privilege logs regarding documents withheld by the Debtors in the Purdue Legal Matters; and

(E) documents obtained during the Chapter 11 Cases by the NAS Committee regarding clinical and pre-clinical studies conducted by the Debtors or other companies associated with the Sackler Family Members.

(ii) The Debtors, the Plan Administration Trust, or any entity or law firm designated by the Debtors or the Plan Administration Trust, will use their best efforts to complete the review of Protected Information and production of the Access Materials no later than 12 months after the Effective Date. Following entry of the Confirmation Order, the Debtors shall pay Wiggin and Dana LLP $5 million as a retainer on account of Wiggin and Dana LLP's fees and expenses in connection with the review of Protected Information as contemplated pursuant to Section 5.13(o) of the Plan. Upon its completion of such review, Wiggin and Dana LLP shall refund any unused portion of the $5 million to the Master Disbursement Trust concurrent with the final release of Access Materials to the DOB.

(iii) All documents containing information that is redacted as described in Section 5.13(o) of the Plan, and not included in the Access Materials provided to the DOB, will be provided to the Plan Administration Trust. The Plan Administration Trust will retain these materials for the period described in Section 5.13(aa).

(g) **Debtors' Relativity Database**. In the course of the Purdue Legal Matters, the Debtors collected a significant set of documents that are stored in a Relativity database (the "***Relativity Database***"). This collection includes files from more than two hundred custodians who played important roles at Purdue, including every Sackler Family Member who sat on the board or worked at the company. It also includes non-custodial documents, such as collections from electronic drives and paper archives. The custodial and non-custodial documents collected for the Relativity Database are from files that Purdue has preserved pursuant to broad document preservation policies in place for over twenty years, including from an email archive containing emails dating to the 1990s. Pursuant to the terms provided

in this Section 5.13, materials from the Relativity Database created before February 2018 will be available for the disclosure program as described in this Section 5.13.

(h) **Additional Collections**. On or before the Effective Date, the DOB will identify to the Debtors the additional custodians whose documents should be collected, to the extent possible, from the email archive and other preserved files, and the Debtors will load those files into the Relativity Database for inclusion as Access Materials or Sequestered Materials, as applicable.

(i) **Sequestered Materials**. On the Effective Date, or as soon as reasonably practicable thereafter, the Debtors shall provide the Plan Administration Trust with certain Privileged documents, described below, collected by the Debtors during the course of the Purdue Legal Matters and stored in the Relativity Database ("***Sequestered Materials***"), to be preserved for access by the DOB. The provision of the Sequestered Materials to the Plan Administration Trust shall not constitute a waiver of any applicable privileges, and, for clarity, no waiver of any applicable Privilege shall occur prior to the Sequestration Date (as defined below). The Sequestered Materials are estimated to include hundreds of thousands of documents. To leverage efficiencies, the Debtors' current document review teams with experience reviewing Purdue's documents for privilege will screen and review, as necessary, all documents currently in the Relativity Database for Privilege, attorney work product, confidentiality, the Health Insurance Portability and Accountability Act or similar state or federal statute and critical business information before turning over documents as Access Materials or as Sequestered Materials. The DOB will aid the Debtors' document review team in setting parameters and search terms to effectuate accurate screening and review. The DOB may, confidentially and subject to privilege, request and be provided with information, and, as necessary, an appropriate, expert-aided statistically valid sampling of the relevant documents or other methodologies to aid in the foregoing review under an appropriate protective order and non-waiver agreement.

(i) Subject to the Sequestration Date, the Debtors agree to waive attorney client and work product privilege over documents created before May 1, 2014 ("***Cutoff Date***") that fall within the following categories:

(A) Marketing materials, promotional materials and sales strategies. This will include, for example, legal advice on: marketing and promotional materials as part of the medical, regulatory, legal review process and other reviews of statements in promotional and marketing materials to ensure consistency with a product's labeling and legal requirements; sales training materials (such as how to instruct the sales team on what they can and cannot say about the products); review of all call notes and whether statements on sales calls were appropriate; call planning; and sales bulletins. For the avoidance of doubt, "sales strategies" in this paragraph includes documents related to (I) medical liaisons, (II) continuing medical education, (III) the evolve to excellence program, (IV) Purdue's interactions with medical advocacy groups, and (V) legal advice regarding the performance, selection, retention, management and compensation of personnel in sales and marketing;

(B) Materials reflecting legal advice on submissions to the FDA and compliance with FDA regulations. This will include, for example, advice on the decision to reformulate OxyContin, advice on interactions and communications with FDA and advice on FDA requirements;

(C) Legal advice regarding distributions to or for the benefit of the Sackler Family Members;

(D) Legal advice regarding the organization or function of the board of directors;

(E) Legal advice regarding grants, gifts and other payments with respect to naming rights of Purdue and its shareholders;

(F) Legal advice regarding the performance, selection, retention, management and compensation of the CEO of Purdue Pharma;

(G) Legal advice regarding Purdue's interactions with state licensing boards and the federation of state medical boards;

(H) Legal advice regarding Purdue's interactions with key opinion leaders, advisory boards and treatment guidance;

(I) Legal advice regarding advocacy before the United States Congress or a state legislative branch with respect to (i) any opioid product sold by Purdue, including OxyContin, or (ii) any public policies regarding the availability and accessibility of opioid products;

(J) Employment records and files created before the Cutoff Date pertaining to employment terminations or disciplinary actions related to opioid sales and marketing, including documents created before the Cutoff Date pertaining to internal investigations of personnel related to marketing of opioids, in all cases subject to applicable federal and state privacy and similar laws with respect to employees and with any redactions necessary to comply therewith; and

(K) To the extent provided during the time period while the corporate integrity agreement was in effect, legal advice regarding compliance with the corporate integrity agreement entered into between Purdue and the DOJ Office of the Inspector General of the U.S. Department of Health and Human Services;

(L) Legal advice regarding compliance with the consent judgments entered into between Purdue, the Debtors and the State Attorneys General and other state representatives in 2007;

(M) Legal advice to Purdue's public relations department regarding the promotion, sales, or distribution of Purdue's opioid products, including but not limited to their safety, efficacy, addictive properties, or availability of opioid products; and

(N) Legal advice to Purdue's compliance department regarding the organizational structure of the compliance department, including its processes for implementing order monitoring systems, suspicious order monitoring programs, and abuse deterrence and detection programs.

(ii) Subject to the Sequestration Date, below, the Debtors agree to waive attorney client and work product privilege over the following categories of documents:

(A) Documents reflecting law department reviews of, and decisions regarding, health care providers and pharmacies pursuant to Purdue's abuse and diversion detection, order monitoring system and suspicious order monitoring programs, which will have been or will be provided to the DOJ under a June 2019 non-waiver agreement;

(B) Documents created before February 2018 reflecting legal review, analysis and advice with respect to advice received from McKinsey & Company, Publicis Groupe S.A., Publicis Health, LLC, Razorfish Health, Publicis Health Media, LLC, Publicis Touchpoint Solutions, Inc., or Verilogue, Inc. related to the sale and marketing of opioids; and

(C) Documents created before June 30, 2017 reflecting legal review, analysis and advice with respect to Practice Fusion.

(iii) To the extent documents subject to any of the foregoing waivers were previously logged on a privilege log in a Purdue Legal Matter, the Debtors shall provide the DOB with amended privilege logs that indicate the entries being produced pursuant to these waivers. For the avoidance of doubt, Privileged communications (during the applicable time periods set forth in Section 5.13(i)(i) and (ii)) about interactions with the media with respect to subject matters that are otherwise waived herein are included in such waivers.

(iv) Nothing herein shall waive any third-party privilege or other rights, whether arising from a joint defense agreement, common

interest privilege or otherwise, to which any document described in Section 5.13(i)(i) and (ii) is subject and which the Debtors do not have authority to waive. The Debtors will provide the DOB with privilege logs reflecting documents subject to such third-party privileges and rights that are identified in the course of identifying and compiling the Sequestered Materials. No documents subject to such third-party privileges and rights shall be included in the Public Document Repository, absent appropriate resolution of such third parties' rights and privileges. Further, no waiver of Privilege described herein shall be construed as subject matter waiver. Subject to the foregoing, the Debtors, and the Creditors' Committee, and the Governmental Consent Parties shall work together in good faith to ensure that all documents consistent with the Sequestered Material categories shall be available to the DOB for potential inclusion in the Public Document Repository in accordance with this Section 5.13.

(j) **Protection of the Privilege**. For the avoidance of doubt, the Debtors do not waive any Privilege and do not agree to provide as Sequestered Materials for the Public Document Repository any Privileged documents or communications not otherwise identified in Section 5.13(i)(i) and (ii). Such Privileged documents and communications not otherwise identified in Section 5.13(i)(i) and (ii) shall be removed from the Relativity Database and separately preserved, and shall not be eligible for the Public Document Repository at any time. All Privileged documents removed from the Relativity Database, and not included in the Sequestered Materials described above, will be provided to the Plan Administration Trust, separately from the Sequestered Materials. The Plan Administration Trust will retain these materials for the period described in Section 5.13(aa). For clarity, except for the Sequestered Materials identified in Section 5.13(i)(i) and (ii), the Debtors shall not intentionally provide the Master Disbursement Trust or the DOB with access to any documents or content of documents that are Privileged. In the event that the Debtors inadvertently provide the Master Disbursement Trust or the DOB with access to Privileged documents except for those documents identified in Section 5.13(i)(i) and (ii), that inadvertent provision shall not operate as a waiver of the Privilege, and, upon discovery, the DOB and/or the Master Disbursement Trust, as applicable, must promptly take steps to return the documents to the Plan Administration Trust or destroy such documents.

(k) **Sequestration Date**. On the date that is the earlier of (i) six years after the Effective Date and (ii) the date no Material Litigation is or has been pending for the prior six months, including the pendency of any appeals, the Plan Administration Trust shall deliver the Sequestered Materials to the Host Institution (the "***Sequestration Date***"). Those materials shall be made available for assessment by the DOB and disclosure in the Public Document Repository, subject to the other provisions of this Section 5.13.

(l) **Responsibilities of the DOB**. The DOB shall be responsible for:

(i) accomplishing prompt, broad, permanent, public disclosure of millions of the Debtors' documents via the Public Document Repository in accordance with this Section 5.13 to allow the public to examine the Debtors' role in the opioid crisis;

(ii) engaging with survivors, advocates, journalists, scholars, policymakers and others to ensure that the disclosure program serves the public;

(iii) directing the use of the Disclosure Program Budget;

(iv) maintaining protections for Protected Information, as described below;

(v) establishing procedures for resolution of challenges to the redaction or disclosure of information, as described below;

(vi) overseeing the Host Institution's implementation of the disclosure program;

(vii) coordinating, as appropriate, the disclosure of documents from other producing parties or non-parties in opioid cases whose confidential information is included in the Access Materials, including by discussing inclusion of Access Materials containing such third-party confidential information;

(viii) ensuring the long-term sustainability and success of the disclosure program; and

(ix) retaining and overseeing staff, counsel, or such other resources as are necessary and appropriate to accomplish the DOB's responsibilities under this Section 5.13.

(m) **Host Institutions**. The host institution(s) shall be selected by the Governmental Consent Parties and the Creditors' Committee (the "***Host Institutions***"). The Host Institution will be responsible for hosting and maintaining the Public Document Repository in perpetuity, including but not limited to: maintaining control and security over documents in the Public Document Repository; providing an accessible user interface; and providing clear and transparent explanations of its procedures to the public. Subject to restrictions and oversight imposed by the DOB, the Host Institution may employ appropriate resources to accomplish its responsibilities, including but not limited to the use of permanent university employees, temporary employees, contractors and vendor services. Commensurate with the large responsibilities assigned to the Host Institution, and subject to the decisions and oversight of the DOB and the requirements of this Plan, much of the Disclosure Program Budget may be directed to the Host Institution to fund the accomplishment of its responsibilities. As soon as practicable, the Debtors shall meet with the Host Institutions to agree upon the processes to be used by the Debtors to prepare the documents for delivery to DOB, including, for example, protocols, methodologies and technical specifications.

(n) **Prompt Disclosure**. In keeping with the importance of the matter, the DOB shall dedicate its best efforts to ensure prompt disclosure and shall seek to ensure that the public receives substantial disclosure at least every calendar quarter. The DOB shall prioritize prompt disclosure of the transcripts and audio and video recordings of depositions taken in the Purdue Legal Matters, together with the exhibits to those depositions. The Debtors will prioritize prompt production of the documents that Debtors have agreed to host pursuant to the DOJ Repository Obligation for immediate inclusion in the Public Document Repository for the sake of efficiency and cost savings.

(o) **Redaction of Protected Information**.

(i) The Debtors, the Plan Administration Trust, a successor entity to the Plan Administration Trust, or any entity or law firm designated by the Debtors or the Plan Administration Trust, shall implement appropriate procedures to protect the following information

("***Protected Information***") by redacting Protected Information in documents before they are provided to the DOB or disclosed to the public in the Public Document Repository and by promptly catching and correcting errors if Protected Information is disclosed. Protected Information is (i) any information protected from disclosure by the Health Insurance Portability and Accountability Act or similar state or federal statute; (ii) Social Security or tax identification numbers; (iii) personal financial account numbers; (iv) passport numbers and drivers' license numbers; (v) home addresses, personal email addresses, residential addresses, and personal phone numbers, including mobile phone numbers; (vi) information subject to confidentiality or trade secret rights of third parties that Debtors are without authority to abrogate; (vii) information subject to current Trade Secrets protection; (viii) information regarding individuals that is of a purely personal nature and does not pertain to the Debtors' opioid business or related practices; and (ix) other personally identifiable information otherwise protected by law. For the avoidance of doubt, Protected Information that should be redacted in a written document shall also be redacted in audio or video, such as deposition recordings.

(ii) The Plan Administration Trust must provide to the DOB a redaction log identifying the basis for the redaction with sufficient detail to allow assessment of the redaction's merits. The States AG Negotiating Group and Debtors will discuss and agree upon a robust audit process sufficient for the DOB to verify the Debtors' redactions are consistent with the final Plan, and the DOB's designee(s) and/or any auditors designated by the DOB will be given access to unredacted documents for this purpose subject to confidential safeguards to be agreed upon.

(iii) The Debtors and the Plan Administration Trust will prioritize the review of certain documents and custodians at the DOB's request.

(iv) **Trade Secret**. A 'trade secret' is information, including a formula, pattern, compilation, program, device, method, technique or process, that (i) derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure and use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Information reflecting opioid sales or promotional strategies, tactics, targeting, or data, or internal communications regarding sales or promotion of opioids will not be considered subject to trade secret protection unless the information is or contains specifically enumerated categories of Debtors' Information subject to trade secret protection set forth in Section 5.13(o)(v) of the Plan, and then only such information will be redacted.

(v) **Debtors' Information Subject to Current Trade Secrets Protection**. The following Debtor documents will be subject to trade secret protection: (i) documents that contain Debtors' trade secrets regarding (a) ANDA/NDA information that is not publicly available or is redacted in FDA filings, including development reports, batch records, and inspections, provided the redacted information contains trade secrets, and (b) Debtors' proprietary models, including the Rebate Return Model and the License & Supply Analysis Model; and (ii) documents dated less than ten (10) years before the disclosure that contain Debtors' trade secrets regarding: (a) Internal Cost of Goods Sold (COGS), including elements and calculations used to calculate COGS such as raw material sourcing, pricing, internal overhead, and capacity allocations, (b) Return on Rebate Model Data Output, and (c) License & Supply Analysis Model Data Output, including COGS, demand data, and gross-to-net information. Only the information subject to trade secrets protection will be redacted. Information reflecting opioid sales or promotional strategies, tactics, targeting, or data, or internal communications related to sales or promotion of opioids will not be considered subject to trade secret protection unless the information is or contains the narrow categories in this section, and then only the information subject to current trade secrets protection will be redacted.

(p) **Limits on Redaction**. There shall be no redaction of: (i) names of the Debtors' directors, officers, employees, agents, attorneys or consultants or of prescribers or of officials or employees of a government agency, or (ii) email addresses at the "pharma.com" or "purduepharma.com" domain.

(q) **[Notice to Third Parties**. Debtors shall provide notice to third parties, consistent with such third-party agreements, whose trade secrets or confidential information may appear in documents which are to be provided to the DOB.][28]

(r) **Inadvertent Release of Privileged or Protected Information**. Notwithstanding anything else in the Plan, the Public Document Repository shall not contain or disclose any documents or content of documents that are Privileged, except for those documents identified in Section 5.13(i)(i) and (ii) above that are eligible for the Public Document Repository, or any Protected Information. Inadvertent disclosure of Privileged documents in the Public Document Repository does not operate as a waiver of Privilege, and, upon discovery, any Privileged documents shall be promptly removed from the Public Document Repository. The DOB will establish a procedure that permits any party or member of the public to identify or challenge the disclosure of any potentially Protected Information placed in the Public Document Repository. The DOB will cause any document identified through this process to be immediately removed from the Public Document Repository pending review. Any disagreements regarding whether such material is Protected Information shall be resolved by the Special Master.

[28] [**NTD**: Subject to ongoing review]

(s) **Special Master**.

(i) Shortly after the Confirmation Date, the Debtors shall file an appropriate motion asking the Bankruptcy Court or the United States District Court for the Southern District of New York to select and appoint a disclosure oversight Special Master. The Special Master's qualifications shall include former service as a judicial officer, whether as a state or federal judge, and no current or former director, officer, employee or attorney of the Debtors, the Sackler Family Members, the Creditors' Committee, or the Governmental Consent Parties shall be eligible to be appointed as the Special Master, counsel or staff working under the Special Master, *provided* that prior work for a Governmental Consent Party that was completed prior to 2015 shall not preclude the appointment of a Special Master. The Special Master will adjudicate all privilege and related disputes. The Special Master's reasonable hourly fees and expenses shall be paid out of the Disclosure Program Budget except as the Special Master orders otherwise upon finding that a party advanced an argument that was frivolous, harassing or in bad faith.

(ii) Selection of Special Master. The selection of the Special Master shall be made by the Bankruptcy Court; *provided* that the Bankruptcy Court may consider a recommendation made jointly by the Debtors, the Sackler Family Members, the Creditors Committee, and the Governmental Consent Parties. For the purposes of determining if there is to be a joint recommendation, five (5) Business Days after the Confirmation Date, the parties ((x) the Debtors, (y) the Creditors' Committee, the Governmental Consent Parties and (z) the Sackler Family Members) each shall exchange a list of up to five (5) names as recommendations for the role of Special Master. The Debtors thereafter shall make a motion to the Bankruptcy Court to select a Special Master. If there are names in common on the exchanged lists, the Debtors' motion shall be limited to any name or names that are common to all such parties' lists. If there is no name common to each of the three lists, the Debtors' motion will ask the Bankruptcy Court, in its discretion, to select a Special Master.

(iii) Disclosure Challenges: To the extent that the DOB seeks to (A) challenge the Debtors' assertion of Privilege with respect to any documents withheld or redacted from production in the Purdue Legal Matters, or excluded by the Debtors from the Access Materials, or (B) disclose any Protected Information in the Public Document Repository, such efforts shall be subject to review by the Special Master, who shall have final say regarding whether (y) the DOB should be provided with such materials, and (z) such materials shall be protected from public disclosure.

(iv) Timing of Challenges: All challenges to the redaction or withholding of documents from the Public Document Repository,

including with regard to the Privilege and to Protected Information, including challenges brought by either the DOB or members of the public, shall be brought within the later of (A) one (1) year of the Effective Date and (B) one (1) year from when the document or information at issue is first withheld from the Public Document Repository by redaction or logging.

(v) Counsel for Challenges: On or shortly after the Effective Date, the Debtors, the Governmental Consent Parties, and the Creditors' Committee shall agree to appoint a law firm to defend Privilege and Protected Information assertions against challenges ("***Defense Counsel***"); *provided, however*, that if the Debtors, the Governmental Consent Parties, and the Creditors' Committee are unable to reach an agreement regarding the identity of Defense Counsel, the Bankruptcy Court shall appoint the Defense Counsel. Third parties shall represent themselves before the Special Master and shall bear their own costs.

(vi) Procedure for Challenges: Any party seeking to initiate a challenge to the Privilege or Protected Information designation of a document or information in a document or any other challenge to the inclusion or exclusion of documents in the Public Document Repository (the "***Petitioner***") must first, as a condition precedent to any such challenge, meet and confer with the relevant defense counsel by serving a written statement of the specific material being disputed and the reasons for disputing each such material. If the meet and confer does not resolve the dispute, then the Petitioner shall submit a brief to the Special Master arguing why each individual document at issue should not be considered Privileged or Protected Information or should otherwise be included or excluded. Once a challenge has been submitted, the Special Master shall set a briefing schedule, permitting defense counsel no fewer than twenty-one (21) days to respond to the challenge, which may include in camera submissions in response. At the discretion of the Special Master, the briefing schedule may also include supplemental submissions, oral argument or other procedures the Special Master deems necessary to reach a determination. The Special Master shall then evaluate and decide the challenge based upon existing legal precedent of federal law within the U.S. Court of Appeals for the Second Circuit, and shall be empowered to determine whether such materials are subject to a valid claim of Privilege or otherwise constitute Protected Information or should have otherwise been included or excluded, but shall not be empowered to waive any Privilege ever asserted by the Debtors with respect to the Purdue Legal Matters or with respect to the Access Materials or the Sequestered Materials. If the Petitioner does not prevail, then the Special Master shall have the discretion to shift to the Petitioner some or all of the reasonable legal expense of Defense Counsel, whose reasonable fees and expenses shall otherwise be paid for by the Disclosure Program Budget. If the Special Master determines that the challenge was

frivolous, harassing, needlessly increasing costs or expenses, or otherwise brought for an improper purpose, then the Special Master shall shift to the Petitioner some or all of the reasonable legal expense of Defense Counsel. For avoidance of doubt, any materials determined by the Special Master to be Privileged or to contain Protected Information shall not be included in the Public Document Repository.

(vii) Pending resolution of a challenge asserting a document was improperly disclosed, the Host Institution shall remove or redact each identified, challenged document.

(t) **Materials Produced by Shareholder Released Parties**. The Public Document Repository shall include all Sackler Family Members' documents that were produced in the Chapter 11 Cases and that relate to the manufacturing, sale or marketing of opioids in the United States, the Debtors' alleged role or liability in connection with the opioid crisis or the regulatory approval of any opioid product sold in the United States by the Debtors, but subject to appropriate exclusions for documents covered by the attorney-client and work product privileges and certain confidential information (including exclusions for information and documents related to the finances, financing activities, taxes and tax filings, investments and third party business and advisory relationships of the Shareholder Released Parties).

(i) The Special Master appointed in accordance with Section 5.13(s) shall resolve disputes regarding whether certain documents or information is required to be included in the document repository by the Sackler Family Members.

(ii) The Sackler Family Members shall have the right to claw back documents that they were entitled to exclude in accordance with this provision but inadvertently produced to the Public Document Repository, and such inadvertent production shall not operate as a waiver of rights. The Special Master shall resolve any disputes between Sackler Family Members, the Governmental Consent Parties, and the DOB concerning the exercise of clawback rights.

(iii) For the avoidance of doubt, "Sackler Family Members' documents" refer only to documents in the Sackler Family Members' possession, custody or control. Section 5.13(t) does not refer to documents including or involving Sackler Family Members that are in the Debtors' possession, custody or control.

(u) **Release of Confidentiality Rights by Parties Receiving Releases**. With regard to the disclosure of information in the Public Document Repository as authorized by this Section 5.13, the protections provided to Released Parties and Shareholder Released Parties shall be limited to the protections provided by this Plan. To the extent that Released Parties and Shareholder Released Parties possess rights to confidentiality beyond those provided this Plan (for example, a contractual confidentiality provision) or the Direct Claims Shareholder Settlement Agreements, those rights are waived to facilitate this disclosure program in exchange for the benefit of the releases provided to the Released Parties and Shareholder Released Parties by the Plan.

(v) **DOJ Settlement Communications**. Communications between the Debtors and DOJ regarding settlement or cooperation between 2015 and the final, non-appealable conclusion of *U.S. v. Purdue Pharma L.P.*, Case 2:20-cr-01028-MCA (D.N.J.) shall be protected from

disclosure to the Master Disbursement Trust and the DOB and shall not be included in the Public Document Repository, nor shall any internal Debtor documents reflecting such communications or the strategy for such communications. The Debtors shall implement this exclusion when creating the set of Sequestered Materials.

(w) **Documents Produced By Certain Financial Institutions**. The disclosure program shall not include the documents produced by financial institutions pursuant to the examination authorized by the Bankruptcy Court at D.I. 1143. For the avoidance of doubt, if the same information also appears in a second source that is subject to disclosure (e.g., a deposition exhibit), then the information in that second source is subject to disclosure.

(x) **Active Vendor Contracts**. The Public Document Repository shall not disclose the NewCo's active vendor contracts or expired contracts that would reveal the sum and substance of active contracts.

(y) **Exculpation and Indemnification of DOB members and Host Institution**. To the maximum extent permitted by applicable law, the DOB members, whenever appointed, and the Host Institution shall not have or incur any liability for actions taken or omitted in his or her capacity as a DOB member, or on behalf of the DOB, except those acts found to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of his or her actions or inactions in his or her capacity as a DOB member, except for any actions or inactions found to be arising out of his or her willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of any of the DOB members shall be satisfied from the Disclosure Program Budget.

(z) **Reports**. On each of the first five anniversaries of the Effective Date, the DOB shall publish a public report describing the activities of the disclosure program, the use of any funds expended, and any funds committed for future use.

(aa) **Wind Down**. In or after one year following the Sequestration Date, the DOB shall wind itself down. If appropriate to facilitate the long-term success of the Public Document Repository, the DOB may arrange for another long-lived institution, such as one or more Attorneys General Offices, to interact with the Host Institution after the DOB is wound down (e.g., by receiving reports). Upon the wind down of the DOB, (i) the Host Institution shall be responsible for the permanent maintenance of the Public Document Repository; *provided* that, for avoidance of doubt, the access to the Access Materials and the Sequestered Materials granted to the DOB herein shall not be transferred to any successor institution other than the Host Institution and (ii) any Access Materials or Sequestered Materials in the possession of the DOB but not included in the Public Document Repository, for any reason, shall be, at NewCo's election, delivered to NewCo or destroyed or, if all or substantially all of the Assets of or Interests in NewCo have been sold, destroyed or delivered to Defense Counsel. Within ninety (90) days of the announcement of the dissolution of the Plan Administration Trust, the Plan Administration Trust shall use commercially reasonable efforts to return Privileged and Protected Information materials to Defense Counsel who shall retain the materials in a segregated client file.

(bb) **Master Disbursement Trust**. For the avoidance of doubt, nothing in this Section 5.13 limits the rights of the Master Disbursement Trust, subject to and in accordance with Section 5.12 of the Plan, to access or use Privileged documents, including Excluded Privileged Materials, in connection with any potential or actual Causes of Action, including, among other things, any potential or actual Causes of Action contemplated by or that may result from, the Shareholder Settlement Agreement, including, without limitation, with respect to a Cause of Action against a Shareholder Release Snapback Party upon the filing of a Notice of Shareholder Release Snapback.

5.14 ***Effective Date Cash; Surplus Reserved Cash***.

(a) **Effective Date Fixed Payments**. On the Effective Date, Effective Date Cash shall be used to fund (i) the Professional Fee Escrow Account in an amount necessary to satisfy Professional Fee Claims in accordance with Section 2.1(b) of the Plan, (ii) the Priority Claims Reserve in an amount necessary to satisfy estimated Allowed Administrative Claims (other than Professional Fee Claims and the DOJ Forfeiture Judgment Claim), Allowed Secured Claims and Allowed Priority Claims, (iii) the Claims Reserves in accordance with Section 7.2 of the Plan, (iv) the Disputed Cure Claims Reserve in accordance with Section 8.2(d) of the Plan, (v) the Wind-Up Reserve in accordance with Section 5.3(d) of the Plan, (vi) the MDT Operating Reserve in accordance with Section 5.6(f) of the Plan, (vii) the Special Operating Reserve in accordance with Section 5.7(a) of the Plan, (viii) the Initial NewCo Cash in accordance with Section 5.4(c) of the Plan, (ix) the applicable PAT Distribution Account in the amounts necessary to make Distributions required in accordance with Article IV of the Plan in respect of Allowed Adlon General Unsecured Claims, Allowed Avrio General Unsecured Claims, and Allowed Other General Unsecured Claims, each to the extent Allowed as of the Effective Date, (x) the Initial Private Creditor Trust Distributions, (xi) the Initial Tribe Trust Distribution, (xii) the Initial Federal Government Distribution, (xiii) the Initial Public Schools' Special Education Initiative Contribution, (xiv) amounts required to establish the Public Document Repository in accordance with Section 5.13 of the Plan, (xv) the upfront insurance premium payments and other amounts in accordance with Sections 5.3(e), 5.4(f) and 5.5(c) of the Plan and (xvi) any other amounts required to be paid on the Effective Date pursuant to the Plan. No later than five (5) Business Days prior to the Effective Date, the Debtors shall provide notice to the Creditors' Committee and the Governmental Consent Parties of the then-current estimated amount of Effective Date Cash and all amounts described in this Section 5.14(a), and shall promptly notify the Creditors' Committee and the Governmental Consent Parties of any changes to such estimations prior to the Effective Date. Any objection by the Creditors' Committee or the Governmental Consent Parties with respect to the Debtors' proposed amount of funding of any PAT Reserve shall be resolved by the Bankruptcy Court.

(b) **Initial Governmental Remediation Trust Distribution**. On the Effective Date, all Effective Date Cash remaining after the satisfaction of all amounts described in the foregoing paragraph (a) and subject to the SOR Holdback shall be used to make the Initial Governmental Remediation Trust Distribution, which is currently estimated to be $[[●] million].[29] An updated estimate of the Initial Governmental Remediation Trust Distribution shall be provided in the Plan Supplement.

(c) **Surplus Reserved Cash**. Prior to the dissolution of the Plan Administration Trust, the Plan Administration Trustee shall determine, on each six (6)-month anniversary of the Effective Date, whether the amounts available in any PAT Reserve exceed the amounts necessary to satisfy the purpose for which such reserves were established. If the Plan Administration Trustee determines that a surplus exists in any PAT Reserve as of the date of such determination, such Surplus Reserve Cash shall be (i) *first*, used to satisfy any funding deficiency in any other PAT Reserve and (ii) *second*, with respect to any amounts not used to satisfy any such funding deficiency in another PAT Reserve, transferred to the Master Disbursement Trust in accordance with the MDT Agreement. All Cash and cash equivalents of the Plan Administration Trust remaining upon the dissolution of the Plan Administration Trust, including

[29] [**NTD:** TBD on estimate] The final amount of the Initial Governmental Remediation Trust Distribution on the Effective Date is subject to adjustment for (i) budget to actual adjustments for both operating and non-operating results, (ii) items outside of the Debtors' control, including but not limited to, potential variability in investment monetization proceeds, higher than forecasted restructuring-related professional fees and potential cash collateral necessary to secure insurance coverage for NewCo and the Foundation and (iii) other adjustments.

any remaining Surplus Reserve Cash in the PAT Reserves, shall be transferred to the Master Disbursement Trust in accordance with the MDT Agreement.

5.15 ***Corporate Action***.

(a) **Dissolution of Boards of the Debtors**. As of the Effective Date, the respective boards of directors and managers, as applicable, of each of the Debtors shall be terminated and dissolved and the members of each of the boards of directors and managers, as applicable, of the Debtors shall be deemed to have resigned.

(b) **Continued Existence of the Liquidating Debtors**. Each of the Debtors, other than the Transferred Debtors, shall continue to exist as a Liquidating Debtor after the Effective Date in accordance with the laws of the state under which such Debtor was formed and pursuant to its certificate of incorporation, bylaws, articles of formation, operating agreement, and other organizational documents, as applicable, in effect prior to the Effective Date, except to the extent such organizational documents are amended under the Plan, for the limited purposes of liquidating all of the Assets of such Debtor's Estate and making distributions in accordance with the Plan. From and after the Effective Date, except as set forth herein, the Liquidating Debtors (i) for all purposes shall be deemed to have withdrawn their business operations from any state in which the Liquidating Debtors were previously conducting, or are registered or licensed to conduct, their business operations, and shall not be required to file any document, pay any sum, or take any other action in order to effectuate such withdrawal, (ii) shall be deemed to have canceled pursuant to the Plan all PPI Interests and, as of the PPLP Dissolution Date, all PPLP Interests, and (iii) shall not be liable in any manner to any taxing authority for franchise, business, license or similar taxes accruing on or after the Effective Date.

(c) **Appointment of the PPLP Liquidator as the Sole Representative for the Liquidating Debtors**. On the Effective Date, the PPLP Liquidator shall be appointed as the sole director and sole officer of the Liquidating Debtors, and shall succeed to the powers of the Liquidating Debtors' general partners, directors and officers. From and after the Effective Date, the PPLP Liquidator shall be the sole representative of, and shall act for, the Liquidating Debtors and administer the winding up and dissolution of the Liquidating Debtors. The PPLP Liquidator shall act for the Liquidating Debtors in the same fiduciary capacity as applicable to a board of directors and officers, subject to the provisions hereof (and all certificates of formation, partnership agreements, operating agreements, membership agreements and related documents are deemed amended by the Plan to permit and authorize the same). Any fees and expenses incurred by the PPLP Liquidator shall be paid by the Plan Administration Trustee from the Wind-Up Reserve.

(d) **Merger; Dissolution; Consolidation of the Liquidating Debtors**. On or after the date(s) upon which the Plan Administration Trust is established, the Liquidating Debtors or the PPLP Liquidator may, subject to the terms of the Plan, cause any or all of the Liquidating Debtors to be merged into one or more of the Liquidating Debtors, dissolved or otherwise consolidated and engage in any other transaction in furtherance of the Plan. Notwithstanding the foregoing, upon the dissolution of each Liquidating Debtor by the PPLP Liquidator after the completion of the acts required of such Liquidating Debtor pursuant to this Plan, such Liquidating Debtor shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of such Liquidating Debtor; *provided*, *however*, that each Liquidating Debtor or the PPLP Liquidator, as applicable, shall file with the office of the Secretary of State, or other appropriate office for the state of its organization, a certificate of cancellation or dissolution.

(e) **Charter and Bylaws**. To the extent necessary or appropriate, the charters, by-laws and other organizational documents of the Debtors shall be amended, or amended and restated as

necessary, in a manner consistent with section 1123(a)(6) of the Bankruptcy Code, if applicable, and the terms of this Plan.

(f) **No Further Action**. Each of the matters provided for under the Plan involving the corporate structure of the Debtors or the Plan Administration Trust, or corporate action to be taken by or required of the Debtors, shall, as of the Effective Date, be deemed to have occurred (unless contemplated hereunder to occur before or after the Effective Date) and be effective as provided herein, and shall be authorized and approved in all respects without any requirement of further action by any Person, including, but not limited to, the Plan Administration Trustee, the PPLP Liquidator, Holders of Claims against or Interests in the Debtors or directors or officers of the Debtors.

(g) **Effectuating Documents**. Prior to or after the Effective Date, any appropriate officer of the Debtors or the PPLP Liquidator, as applicable, shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

(h) **Exculpation and Indemnification of the PPLP Liquidator**. To the maximum extent permitted by applicable law, the PPLP Liquidator shall not have or incur any liability for actions taken or omitted in its capacity as the PPLP Liquidator, except those acts found by Final Order to be arising out of its willful misconduct, bad faith, gross negligence, or fraud, and shall be entitled to indemnification, advancement and reimbursement for reasonable fees and expenses in defending any and all of its actions or inactions in its capacity as the PPLP Liquidator, except for any actions or inactions found by Final Order to be arising out of its willful misconduct, bad faith, gross negligence or fraud. Any valid indemnification claim of the PPLP Liquidator shall be satisfied from the Wind-Up Reserve.

5.16 *Cancellation of Notes, Interests, Instruments, Certificates and Other Documents*.

Except as otherwise provided herein, on and after the Effective Date, all PPLP Interests and PPI Interests and all notes, instruments, certificates, agreements, indentures, mortgages, security documents and other documents evidencing Claims against or Interests in the Debtors or obligations of the Debtors or the Liquidating Debtors, as applicable, thereunder or in any way related to the foregoing shall be deemed canceled, satisfied in full and of no further force or effect without any need for further action or approval of the Bankruptcy Court.

5.17 *Closing of Chapter 11 Cases*.

After a Debtor's Estate has been fully administered, the Plan Administration Trustee shall seek authority from the Bankruptcy Court to close the applicable Chapter 11 Case in accordance with the Bankruptcy Code and Bankruptcy Rules.

ARTICLE VI DISTRIBUTIONS.

6.1 *Distributions Generally*.

Except as otherwise provided in the Plan or the PAT Agreement, all Distributions in respect of Allowed Claims, other than Channeled Claims, shall be made by the Disbursing Agent, or such other Persons designated by the Plan, in accordance with the terms of the Plan, including this Article VI. Except with respect to Sections 6.17, 6.20, and 6.21 of the Plan, this Article VI shall not apply to Channeled Claims.

6.2 ***Distributions on the Effective Date***.

On the Effective Date or as soon as reasonably practicable thereafter, the Disbursing Agent shall make Distributions (a) from the Priority Claims Reserve in respect of Allowed Administrative Claims, Allowed Secured Claims and Allowed Priority Claims, each in an amount and to the extent Allowed as of the Effective Date, and (b) from the PAT Distribution Account in respect of Allowed Avrio General Unsecured Claims and Allowed Adlon General Unsecured Claims, each in an amount required in accordance with this Article VI of the Plan and solely to the extent Allowed as of the Effective Date.

6.3 ***Date of Distributions***.

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

6.4 ***Disbursing Agent***.

The Disbursing Agent shall be deemed to hold all property to be distributed under this Plan in trust for the Persons entitled to receive the same. The Disbursing Agent shall not hold an economic or beneficial interest in the property to be distributed under this Plan. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties.

6.5 ***Rights and Powers of Disbursing Agent***.

The Disbursing Agent shall be empowered to (a) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan, (b) make all Distributions contemplated by the Plan, (c) employ professionals to represent it with respect to its responsibilities and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

The Disbursing Agent shall only be required to act and make Distributions in accordance with the terms of the Plan and the PAT Agreement, and shall have no (x) liability for actions taken in accordance with the Plan and the PAT Agreement or in reliance upon information provided to it in accordance with the Plan or (y) obligation or liability in respect of any Channeled Claims or for Distributions under the Plan to any party who does not hold an Allowed Claim administered by the Plan Administration Trust at the time of Distribution or who does not otherwise comply with the terms of the Plan; *provided*, *however*, that the foregoing shall not affect the liability that otherwise would result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted willful misconduct, gross negligence, intentional fraud or criminal conduct of any such Person.

6.6 ***Expenses of Disbursement Agent***.

Any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date shall be paid in Cash by the Plan Administration Trustee from the Wind-Up Reserve.

6.7 ***Delivery of Distributions***.

Subject to Bankruptcy Rule 9010, the Disbursing Agent shall make all Distributions to any Holder of an Allowed Claim at the address of such Holder (a) as set forth on the

Schedules filed with the Bankruptcy Court or (b) on the books and records of the Debtors or their agents, unless the Disbursing Agent has been notified in writing of a change of address, including, without limitation, by filing of a Proof of Claim by such Holder that contains an address for such Holder that is different than the address of such Holder as set forth in the Schedules or on such books and records of the Debtors.

6.8 ***Undeliverable and Unclaimed Distributions***.

In the event that any Distribution to any Holder of an Allowed Claim is returned as undeliverable, no Distribution to such Holder shall be made unless and until the Disbursing Agent has been notified of the then-current address of such Holder, at which time or as soon as reasonably practicable thereafter such Distribution shall be made to such Holder without interest; *provided*, *however*, that all Distributions made by the Disbursing Agent that are unclaimed for a period of six (6) months after the Distribution thereof shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and shall revest in the Plan Administration Trust, and any entitlement of any Holder of any Claims to such Distributions shall be extinguished and forever barred.

6.9 ***Distribution Record Date***.

As of the close of business on the Distribution Record Date, the Claims register shall be closed. The Disbursing Agent shall have no obligation to recognize any transfer of any such Claims occurring after the close of business on the Distribution Record Date and shall instead be entitled to recognize and deal, for all purposes under the Plan, with only those Holders of record as of the close of business on the Distribution Record Date.

6.10 ***Manner of Payment under Plan***.

At the option of the Disbursing Agent, any Cash payment to be made pursuant to the Plan may be made by a check or wire transfer or as otherwise required or provided in the PAT Agreement.

6.11 ***Minimum Cash Distributions***.

The Disbursing Agent shall not be required to make any Distributions of Cash in an amount less than $100, or such lower amount as determined by the Disbursing Agent in accordance with the PAT Agreement, to any Holder of an Allowed Claim; *provided*, *however*, that if any Distribution is not made pursuant to this Section 6.11, such Distribution shall be added to any subsequent Distribution to be made on behalf of such Holder's Allowed Claims. The Disbursing Agent shall not be required to make any final Distribution of Cash in an amount less than $25 to any Holder of an Allowed Claim. If the amount of any final Distribution to any Holder of Allowed Claims would be $25 or less, then such Distribution shall be made available for Distribution to all Holders of Allowed Claims in the same Class receiving final Distributions of at least $25.

6.12 ***Setoffs and Recoupment***.

Subject to Section 2.1 and Sections 10.5 through 10.13 of the Plan, the Disbursing Agent may, but shall not be required to, set off against or recoup from any Claim against the Debtors, and from any payments to be made pursuant to the Plan with respect to such Claim, any Claims of any nature whatsoever (to the extent permitted by applicable law) that the Debtors or the Plan Administration Trust, as applicable, may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Plan Administration Trust of any such Claim it may have against such Holder.

6.13 ***Claims Paid or Payable by Third Parties***.

The Plan Administration Trustee shall reduce in full a Claim against the Debtors, and such Claim shall be Disallowed without a Claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from any Person that is not a Debtor. Subject to the last sentence of this paragraph, to the extent a Holder of a Claim against the Debtors receives a Distribution on account of such Claim and receives payment from a Person that is not a Debtor on account of such Claim, such Holder shall, within fourteen (14) days of receipt thereof, repay or return the Distribution to the Plan Administration Trust to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such Distribution under the Plan. The failure of such Holder to timely repay or return such Distribution shall result in the Holder owing the Debtors annualized interest at the federal judgment rate on such amount owed for each Business Day after the fourteen (14)-day grace period specified above until the amount is repaid.

6.14 ***Distributions after Effective Date***.

Distributions made after the Effective Date to Holders of Non-Participating Channeled Claims and other Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be deemed to have been made on the Effective Date (except for U.S. federal income tax purposes).

6.15 ***No Postpetition Interest and Penalties on Claims***.

Unless otherwise provided for in the Plan or the Confirmation Order or required by the Bankruptcy Code, no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date or to penalties on any Claim. Any such interest or penalty component of any such Claims, if Allowed, shall be paid only in accordance with section 726(b) of the Bankruptcy Code.

6.16 ***Allocation of Distributions between Principal and Interest***.

To the extent that any Allowed Claim is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor or any other Person and is entitled to accrued but unpaid interest thereon, it is intended, subject to applicable law, that such Distribution shall be allocated first to the principal amount of the Allowed Claim (as determined for U.S. federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Allowed Claim, to accrued but unpaid interest.

6.17 ***No Constructive Receipt***.

No Holder of Claims shall be treated as receiving a Distribution for U.S. federal income tax purposes except to the extent such Holder is entitled to receive such Distribution directly under the Plan (or such Distribution is made in satisfaction of an obligation of such Holder). All parties (including, without limitation, Holders of Claims against or Interests in the Debtors, the Related Parties of such Holders, the Debtors, the Master Disbursement Trust, the MDT Trustees and the Creditor Trusts) shall report consistently with the foregoing for U.S. federal income tax purposes.

6.18 ***No Distribution in Excess of Amount of Allowed Claim***.

Notwithstanding anything to the contrary in this Plan, no Holder of an Allowed Claim shall receive, on account of such Allowed Claim, Distributions in excess of the Allowed amount of such Claim when combined with amounts received by such Holder from other sources.

6.19 ***Satisfaction of Claims***.

Unless otherwise provided herein, the Distributions and deliveries to be made on account of Allowed Claims under this Plan shall, in the aggregate, be in complete and final satisfaction, settlement and discharge of, and exchange for, such Allowed Claims. The Distributions and deliveries to be made on account of Claims under this Plan shall additionally be in consideration of the release and discharge of any and all Released Claims and Shareholder Released Claims related to or arising from such Claims.

6.20 ***Withholding and Reporting Requirements***.

(a) **Withholding Rights**. In connection with the Plan, and all instruments or Interests issued in connection therewith and in consideration thereof, any party issuing any instrument or Interest or making any Distribution described in the Plan shall comply with all applicable withholding and reporting requirements imposed by any U.S. federal, state or local or foreign taxing authority, and all Distributions pursuant to the Plan and all related agreements shall be subject to any such withholding or reporting requirements to the extent required under applicable law. In the case of a non-Cash Distribution that is subject to withholding, the distributing party may withhold a portion of such distributed property equal in value to the tax to the extent required to be withheld, and either (i) sell such withheld property to generate Cash necessary to pay over the withholding tax (or reimburse the distributing party for any advance payment of the withholding tax), or (ii) pay the withholding tax using its own funds and retain such withheld property. Any amounts withheld pursuant to this Section 6.20(a) and properly remitted to the applicable Governmental Unit shall be deemed to have been distributed to, and received by, the applicable recipient for all purposes of the Plan. In the event that any Person issues any instrument or Interest or makes any non-Cash Distribution pursuant to the Plan that is subject to withholding tax and such issuing or distributing party has not sold such withheld property to generate Cash to pay the withholding tax, or paid the withholding tax using its own funds and retained such withheld property as described above, such issuing or distributing party has the right, but not the obligation, to not make a Distribution until such Holder has made arrangements reasonably satisfactory to such issuing or disbursing party for payment of any such tax obligations, after which such issuing or disbursing party shall return to such Holder the portion of the property previously withheld.

(b) **Forms**. Any party entitled to receive any Cash or other property under the Plan shall, upon request, deliver to the Disbursing Agent, the Master Disbursement Trust, the applicable Creditor Trust, NewCo, the Foundation or such other Person designated by the Plan Administration Trustee (which Person shall subsequently deliver to the Disbursing Agent any applicable IRS Form W-8 or Form W-9 or other forms or documents received), as applicable, a properly executed IRS Form W-9 or Form W-8, as applicable, and any other forms or documents reasonably requested by such party, to reduce or eliminate any withholding required by any U.S. federal, state, local or foreign taxing authority. Except as otherwise provided in the Creditor Trust Documents, as applicable, if any such request is made by such party in accordance with the foregoing, and the Holder fails to comply before the date that is three hundred sixty-five (365) calendar days after the request is made, the amount of such Distribution shall irrevocably revert to the Plan Administration Trust, the Master Disbursement Trust, the applicable Creditor Trust, NewCo or the Foundation, as applicable, and any Claim with respect to such Distribution shall be discharged and forever barred from assertion against such party or its property.

(c) **Tax Liability**. Notwithstanding Section 6.20(a), each Holder of a Claim or other Person that receives or is to receive a Distribution pursuant to this Plan shall have the sole and exclusive responsibility for the satisfaction and payment (to the extent not withheld from such Distribution pursuant to Section 6.20(a) of the Plan) of any tax obligations imposed on such Holder by any

Governmental Unit, including income, withholding and other tax obligations, on account of such Distribution.

6.21 ***Post-Confirmation Claims***.

Except as otherwise provided in the applicable Creditor Trust TDP, in the event a Person seeks payment at any time on account of a Channeled Claim as to which no Proof of Claim was filed before the Bar Date and/or for which no motion seeking leave or order granting leave to file a late Proof of Claim was filed or entered before the Confirmation Date, or as to which no Proof of Claim was required to be filed, such Person shall not be entitled to any payment or distribution on account of such Channeled Claim unless such Channeled Claim is held by a Settling Creditor. If such Channeled Claim is held by a Settling Creditor, such Person shall be entitled to seek to recover on such Channeled Claim solely from the Creditor Trust to which such Channeled Claim is or was channeled pursuant to the Master TDP, as determined by the Bankruptcy Court, and any such recovery shall be solely in accordance with and to the extent provided in the Creditor Trust TDP for such Creditor Trust. After the Effective Date, in addition to the Person seeking to assert such Channeled Claim and any Person against which such Channeled Claim is purportedly asserted, only the MDT Trustees, the Creditor Trustees and NewCo shall have standing to participate in any action before the Bankruptcy Court [(or, in the event that such actions are heard before another tribunal, before such tribunal)] in respect of the foregoing. For the avoidance of doubt, nothing in this paragraph is intended or shall be construed to enlarge, amend or modify the provisions of the Bar Date Order, nor is anything in this paragraph intended to derogate from, modify or amend the terms and conditions of any Creditor Trust TDP or the Master TDP or the rights of any MDT Trustee, Creditor Trustee or claims administrator for any Creditor Trust.

ARTICLE VII PROCEDURES FOR NON-PARTICIPATING CHANNELED CLAIMS AND OTHER DISPUTED CLAIMS.

7.1 ***Procedures for Non-Participating Channeled Claims and other Disputed Claims Generally***.

Except as otherwise provided in the Plan, the PAT Agreement, or the Creditor Trust Documents, all Claims against the Debtors that are Non-Participating Channeled Claims or otherwise Disputed as of the Effective Date shall be subject to the claims resolution procedures set forth in the Plan, including this Article VII. Any Distributions on account of Non-Participating Channeled Claims or other Disputed Claims shall be reserved pending the completion of the Claims resolution process in this Article VII.

7.2 ***Non-Participating Claims Reserves; PAT Disputed Claims Reserves***.

(a) **Establishment**. On the Effective Date, or as soon as reasonably practicable thereafter, the Plan Administration Trustee and each applicable Creditor Trustee shall, consistent with and subject to section 1123(a)(4) of the Bankruptcy Code, with respect to each applicable Class of Claims against the Debtors, establish the PAT Disputed Claims Reserves or the applicable Non-Participating Claims Reserve for such Class.

(b) **Funding of PAT Disputed Claims Reserves**. The PAT Disputed Claims Reserves shall be (i) funded on the Effective Date with Effective Date Cash in an amount determined by the Debtors and reasonably acceptable to the Creditors' Committee, the Governmental Consent Parties and, solely with respect to amounts funded on account of Disputed Other General Unsecured Claims, the Sackler Parties' Representative. Following establishment of the PAT Disputed Claims Reserves, the Plan Administration Trustee shall administer the applicable PAT Disputed Claims Reserve, in each case taking into account any changes in the projected distributions to Holders of the applicable Disputed Claims.

(c) **Funding of Creditor Trust Non-Participating Claims Reserves**. Each Creditor Trust Non-Participating Claims Reserve, except for the Class 4 Non-Participating Claims Reserve, will be funded on the Effective Date, and from time to time on or after the Effective Date, in an amount equal to the Estate Distributions to which the Holders of the Non-Participating Channeled Claims in such Class would be entitled should their Claims be Allowed Claims pursuant to the applicable Creditor Trust TDP, as determined by the applicable Creditor Trustee and reasonably acceptable to the Debtors, the Creditors' Committee, the Governmental Consent Parties, [the Sackler Parties' Representative], and (i) with respect to the Class 5 Non-Participating Claims Reserve, the Native American Tribe Group, (ii) with respect to the Class 6 Non-Participating Claims Reserve, the Public School District Claimants, (iii) with respect to the Class 7 Non-Participating Claims Reserve, the Ad Hoc Group of Hospitals, (iv) with respect to the Class 8 Non-Participating Claims Reserve, the Third-Party Payor Group, (v) with respect to the Class 9 Non-Participating Claims Reserve, the ERP Trustee, (vi) with respect to the Class 10(a) Non-Participating Claims Reserve, the Ad Hoc Group of Individual Victims, and (vii) with respect to the Class 10(b) Non-Participating Claims Reserve, the NAS Committee.

(d) **Funding of Class 4 Non-Participating Claims Reserve**. The Class 4 Non-Participating Claims Reserve shall be funded by the Governmental Remediation Trust with the Non-Settling States Holdback Distributions and the Non-Settling Subdivisions Holdback Distributions as Distributions are made by the Master Disbursement Trust to the Governmental Remediation Trust, in each case, in accordance with the following requirements;

(i) In the event that a State is a Non-Settling State on the Effective Date, then such State and each Subdivision of such State that has filed a Proof of Claim will be deemed to hold a Non-Participating Channeled Claim, and a Non-Settling States Holdback Distribution on account of such State and each such Subdivision, shall be deposited in the Class 4 Non-Participating Claims Reserve. The Non-Settling States Holdback Distribution for the benefit of such Non-Settling State shall be equal to such State's share of Estate Distributions based on the interstate allocation as further described in [●]. Any Non-Settling State's share shall be subdivided generally in accordance with the default state-subdivision allocation set forth in the Governmental Entity Shareholder Direct Settlement Agreement as if there was no applicable state-subdivision agreement. The portion of a Non-Settling State's share allocated to its Subdivisions who filed Proofs of Claim shall be further subdivided based on the applicable subdivision metrics developed by the MDL Plaintiffs' Executive Committee.

(ii) Subject to Section 7.2(d)(iii), in the event that a State is a Settling State, but one or more of its Subdivisions that filed Proofs of Claim are not Participating Subdivisions, then the amount of the total Estate Distributions allocated to such State shall be reduced by an amount equal to the share that a Non-Settling Subdivision would have received under (A) the intrastate allocation agreement that exists between that Settling State and its Subdivisions (if an intrastate allocation agreement exists), (B) the intrastate allocation statute (if an intrastate allocation statute exists), or (C) the default state-subdivision allocation set forth in the Governmental Entity Shareholder Direct Settlement Agreement (if no intrastate

allocation agreement or statute exists), with the Non-Settling Subdivision's share calculated based on the applicable subdivision metrics developed by the MDL Plaintiffs' Executive Committee, with the amount of such reduction deposited, in each case, in the Class 4 Non-Participating Claims Reserve. Non-Settling Subdivisions that have filed Proofs of Claim and whose Claims are or may be Allowed may be entitled to different allocations of Estate Distributions upon such Subdivision becoming a Participating Subdivision.

(iii) In the event a Non-Settling Subdivision is located in a Settling State that has a statutory bar against such Non-Settling Subdivision pursuing a Released Claim, such Creditor Trust shall not be required to reserve any amount on account of the Non-Participating Non-Federal Domestic Governmental Claim held by such Non-Settling Subdivision.

(iv) The Class 4 Non-Participating Claims Reserve shall be funded over time from each Distribution (other than any Shareholder Direct Settlement Portion) on account of such Class 4 Non-Participating Channeled Claims.

(e) **U.S. Federal Income Tax Matters Relating to the Non-Participating Claims Reserve and PAT Disputed Claims Reserves**. Each Claims Reserve is intended to be treated and shall be reported as an account of the corresponding Creditor Trust or Plan Administration Trust, as applicable, and not as an entity separate from the corresponding Creditor Trust or Plan Administration Trust, as applicable, for U.S. federal income tax purposes, and shall be treated consistently for state and local tax purposes, to the extent applicable. All parties (including the Shareholder Payment Parties, the Debtors, the Foundation, the Plan Administration Trustee, each applicable Creditor Trustee, and Holders of Non-Participating Claims and other Disputed Claims) shall be required to report for tax purposes in a manner consistent with the foregoing. The Plan Administration Trustee and each applicable Creditor Trustee shall each be responsible for payment, out of the assets of the applicable Claims Reserve, of any taxes imposed on the applicable Claims Reserve or its assets.

7.3 ***Claim Objections***.

(a) [**Prior to Effective Date**. Prior to the Effective Date, objections to Claims against the Debtors may be interposed and prosecuted by the Debtors and any other party in interest, including, for the avoidance of doubt, any Shareholder Released Party.][30]

(b) **PAT Disputed Claims Reserves**. On or after the Effective Date, except as otherwise provided in the Plan or the PAT Agreement, objections to Avrio General Unsecured Claims, Adlon General Unsecured Claims, and Other General Unsecured Claims against the Debtors may be interposed and prosecuted only by the Plan Administration Trustee, provided that with respect to Disputed Other GUC Litigation Claims, such objections may be interposed and prosecuted by any other party in interest, including, for the avoidance of doubt, any Shareholder Released Party. Any objections to Avrio General Unsecured Claims, Adlon General Unsecured Claims, and [Other General Unsecured Claims][31]

[30] [**NTD**: Subject to discussions between the mediation parties and Shareholder Released Parties]

[31] [**NTD**: Subject to ongoing discussion]

shall be served on the applicable Holders of such Claims and filed with the Bankruptcy Court (A) on or before one hundred eighty (180) days following the later of (i) the Effective Date and (ii) the date that a Proof of Claim is filed or amended or a Claim is otherwise asserted or amended in writing by or on behalf of the Holder of such Claim or (B) on such later date as may be fixed by the Bankruptcy Court (including upon request by a party in interest, including, for the avoidance of doubt, any Shareholder Released Party).

(c) **Objections to Non-Participating Channeled Claims**. On or after the Effective Date, except as otherwise provided in the Plan or the applicable Creditor Trust Documents, objections to Non-Participating Channeled Claims may be interposed and prosecuted by the Master Disbursement Trust and any other party in interest, including, for the avoidance of doubt, the applicable Creditor Trustee or any Shareholder Released Party, and the Bankruptcy Court shall retain exclusive jurisdiction to the greatest extent permitted by applicable law to hear and determine such objections.

(d) **Proceedings on Objections to Creditor Trust Channeled Claims other than in Class 4**. In connection with any objection to a Non-Participating Channeled Claim other than a Non-Participating Channeled Claim in Class 4, any judgment entered (i) as to the validity of such Claim shall constitute a binding determination that such Claim is either Allowed or Disallowed; and (ii) as to the amount of such Claim shall not be binding for purposes of Distribution, which shall instead be determined in accordance with Section 7.7(b) of this Plan and the applicable Creditor Trust Documents. The Bankruptcy Court (or any other court of competent jurisdiction in connection with such an objection) may, at its discretion, decline to enter any judgment as to the amount of a Non-Participating Channeled Claim.

(e) **Proceedings on Objections to Creditor Trust Channeled Claims in Class 4**. In connection with any objection to a Non-Participating Channeled Claim in Class 4, any judgment entered (i) as to the validity of such Claim shall constitute a binding determination that such claim is either Allowed or Disallowed; and (ii) shall not determine the amount of such Claim for purposes of Distribution, which shall instead be determined in accordance with Section 7.7(c) of this Plan. The Bankruptcy Court (or any other court of competent jurisdiction in connection with such an objection) may, at its discretion, decline to enter any judgment as to the amount of a Non-Participating Channeled Claim.

(f) **Omnibus Objections to Non-Participating Channeled Claims**. On or after the Effective Date, notwithstanding anything to the contrary in Bankruptcy Rule 3007, any party in interest, including, for the avoidance of doubt, the Creditor Trustee for the applicable Creditor Trust or any Shareholder Released Party, may object to more than one Non-Participating Channeled Claim consistent with the *Omnibus Claims Objection Procedures Approved in the Bankruptcy Court's Corrected Order Approving (I) Omnibus Claims Objection Procedures, (II) Omnibus Claims Settlement Procedures and (III) Omnibus Claims Hearing Procedures* [ECF No. 2878] (the "**Omnibus Claims Objection Order**") as if (solely for purposes of such procedures) such party in interest were the Debtors. Any such omnibus objection shall be governed by the Omnibus Claims Hearing Procedures set forth in the Omnibus Claims Objection Order.

(g) **Joint Hearings on Common Issues of Law or Fact**. To the extent that multiple pending objections to Non-Participating Channeled Claims in the same Class (including when brought as an omnibus objection pursuant to Section 7.3(f) of this Plan) raise common issues of law or fact, including for the avoidance of doubt issues of fact as to the Debtors' or other parties' alleged conduct, the Bankruptcy Court may, to the extent practicable and consistent with applicable law, schedule joint hearings in respect of such common issues, including joint evidentiary hearings as to issues of fact. For the avoidance of doubt, this Section 7.3(g) shall apply notwithstanding differences in the law governing Non-Participating Channeled Claims to which this Section applies.

7.4 ***No Distribution Pending Allowance***.

Except as otherwise expressly provided in the Plan or the PAT Agreement, if any portion of [any Claim in any Class in this Plan, including] any Avrio General Unsecured Claims, Adlon General Unsecured Claims, or Other General Unsecured Claims is Disputed or Non-Participating, no payment or Distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim or Non-Participating Claim becomes an Allowed Claim.

7.5 ***Estimation of Claims***.

Subject in all respects to Section 7.12 of the Plan, the Debtors (before the Effective Date), and the Plan Administration Trustee (on or after the Effective Date), or any party in interest (including, for the avoidance of doubt, any Shareholder Released Party) may, at any time, request that the Bankruptcy Court estimate, pursuant to section 502(c) of the Bankruptcy Code, any Disputed Avrio General Unsecured Claims, Disputed Adlon General Unsecured Claims or Disputed Other General Unsecured Claims that the Bankruptcy Court has jurisdiction to estimate in accordance with the Bankruptcy Code or other applicable law, regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim at any time during litigation concerning any objection to any such Claim, including during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates such a Disputed Claim, such estimated amount shall constitute either the Allowed amount of such Claim, the amount used to determine the PAT Disputed Claims Reserves or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If such estimated amount constitutes a maximum limitation on such Claim, the Plan Administration Trustee or any party in interest (including, for the avoidance of doubt, any Shareholder Released Party) may elect to pursue any supplemental proceeding to object to any ultimate Distribution on account of such Claim.

7.6 ***Resolution of Claims***.

Subject in all respects to Section 7.12 of the Plan, and except as expressly provided in the Plan, the PAT Agreement, the applicable Creditor Trust Documents, or any order entered by the Bankruptcy Court before the Effective Date, including the Confirmation Order, the Master Disbursement Trustees, the Plan Administration Trustee and each applicable Creditor Trustee shall have and retain any and all rights and defenses held by the Debtors with respect to any Claim against the Debtors as of the Petition Date, and, subject in all respects to Section 7.12 of the Plan, shall have the authority to compromise, settle, otherwise resolve or withdraw any objections to such Claims and to compromise, settle or otherwise resolve any Non-Participating Channeled Claims and other Disputed Claims without approval of the Bankruptcy Court; *provided*, *however*, that no Non-Participating Channeled Claim or other Disputed Claim may be resolved as contemplated in this Section 7.6 without the consent of the corresponding Creditor Trustee or Plan Administration Trustee, as applicable. If the Master Disbursement Trust, the Plan Administration Trustee or the applicable Creditor Trustee, as applicable, and a Holder of a Non-Participating Channeled Claim or other Disputed Claim are unable to reach a settlement on the Non-Participating Channeled Claim or other Disputed Claim within [●] of the Effective Date, such Non-Participating Channeled Claim or other Disputed Claim shall be submitted to the Bankruptcy Court for resolution consistent with this Article VII of the Plan. [For the avoidance of doubt, nothing in this Section 7.6 shall (i) alter the processes for determining Distributions to the Holders of Allowed Channeled Claims set forth in this Plan, any order of the Bankruptcy Court, and the applicable Creditor Trust Documents or (ii) limit the rights and obligations of the Creditor Trustees in connection with such processes.]

7.7 ***Distribution After Allowance***.

(a) **PAT Disputed Claims Reserves**. In accordance with the PAT Agreement, on the first PAT Distribution Date following the date on which a Disputed Avrio General Unsecured Claim, Disputed Adlon General Unsecured Claim or Disputed Other General Unsecured Claim becomes an Allowed Claim, the Disbursing Agent shall remit to the respective PAT Distribution Account, for Distribution to the Holder of such Allowed Claim, the Cash or cash equivalents retained in the applicable PAT Disputed Claims Reserve in an amount equal to any amount that would have been distributed to the Holder of such Claim from the Effective Date through and including the PAT Distribution Date if such Claim had been Allowed as of the Effective Date, net of any costs and expenses, including taxes, of or related to the applicable PAT Disputed Claims Reserve. Each Holder of a Disputed Avrio General Unsecured Claim, Disputed Adlon General Unsecured Claim and Disputed Other General Unsecured Claim that ultimately becomes an Allowed Claim shall have recourse only to the undistributed Cash held in the applicable PAT Disputed Claims Reserve for satisfaction of such Holders' Allowed Claim and shall have no recourse against any Protected Party or any Assets previously distributed on account of any Allowed Claim. No distribution from a PAT Disputed Claims Reserve or otherwise shall be made on account of any Disputed Claim unless such Disputed Claim is Allowed by a Final Order.

(b) **Creditor Trust Non-Participating Claims Reserves**. With respect to the Creditor Trust Non-Participating Claims Reserves other than the Class 4 Non-Participating Claims Reserve, in accordance with the applicable Creditor Trust Documents, following the date on which a Non-Participating Channeled Claim becomes an Allowed Claim, each applicable Creditor Trust shall distribute to the Holder of such Allowed Claim the Cash or cash equivalents retained in the applicable Creditor Trust Non-Participating Claims Reserve in an amount equal to any Estate Distribution amount that would have been distributed to the Holder of such Claim from the Effective Date through and including the applicable distribution date if such Claim had been Allowed as of the Effective Date pursuant to the applicable Creditor Trust TDP, net of any costs and expenses, including taxes, of or related to the applicable Non-Participating Claims Reserve, and shall be entitled to receive its pro rata share of Estate Distributions as a Holder of an Allowed Claim in its applicable Class if and when such distribution is made, pursuant to the applicable Creditor Trust TDP. For the avoidance of doubt, nothing herein shall entitle the Holder of a Non-Participating Claim, regardless of Allowance, to any share of the Shareholder Direct Settlement Portion. Each Holder of a Non-Participating Channeled Claim that ultimately becomes an Allowed Claim shall have no recourse against any Protected Party or any Assets previously distributed on account of any Allowed Claim.

(c) **Class 4 Non-Participating Claims Reserve**. Upon the Allowance of a Non-Participating Channeled Claim in Class 4, (i) the Governmental Remediation Trust shall distribute from the Class 4 Non-Participating Claims Reserve to the holder of such Allowed Claim an amount equal to the Estate Distribution the Holder of such Claim would have received if such Claim was an Allowed Class 4 Claim on the Effective Date, less (A) any costs, expenses, and fees (including taxes) of or related to the Class 4 Non-Participating Claims Reserve and (B) any costs, expenses, and fees incurred by the Governmental Remediation Trust, the Master Disbursement Trust, the Debtors, or any Released Party (to the extent not already claimed or paid to or on behalf of any Released Party out of the Retained Payments or the Special Operating Reserve) arising out of, in relation to, or in connection with litigating or in any way resolving any objection to that Class 4 Claim, and (ii) the Holders of such Claim shall be entitled to receive further Estate Distributions pursuant to Article VI of the Plan.

7.8 ***Disallowance of Non-Participating Channeled Claims and Other Disputed Claims***.

(a) **PAT Disputed Claims Reserves**.

(i) Upon Disallowance of a Disputed Avrio General Unsecured Claim, Disputed Adlon General Unsecured Claim or Disputed Other General Unsecured Claim other than Disputed Other GUC Litigation Claims, in whole or in part, the Plan Administration Trustee shall (i) first, reallocate all amounts reserved for distribution on account of such Disallowed Claim or the Disallowed portion thereof (the "***Disallowed Claim Distribution***") to Holders of then Allowed and Disputed Claims in the applicable Class and (ii) second, distribute the Disallowed Claim Distribution that has been so reallocated to each Holder of an Allowed Claim in such Class and allocate to the PAT Disputed Claims Reserve for such Class, pro rata, in accordance with clause (i) of this sentence.

(ii) Upon Disallowance of a Disputed Other GUC Litigation Claim, any amounts held on account of such Disputed Other GUC Litigation Claim shall be released by the Plan Administration Trustee to the PAT Released Claims Reserve and any future distribution that would have been made to the Disputed Other General Unsecured Claims Reserve on account of such Disputed Other GUC Litigation Claim shall be funded directly to the PAT Released Claims Reserve.

(b) **Creditor Trust Non-Participating Claims Reserves**. Upon Disallowance of a Non-Participating Channeled Claim other than with respect to any Non-Participating Channeled Claims in Class 4, any amounts held in the applicable Creditor Trust Non-Participating Claims Reserve on account of such Non-Participating Channeled Claim shall be released by the applicable Creditor Trust to the corresponding Released Claims Reserve and any future Distribution that would have been funded to the applicable Creditor Trust Non-Participating Claims Reserve on account of such Non-Participating Channeled Claim shall be funded directly to the applicable Released Claims Reserve.

(c) **Class 4 Non-Participating Claims Reserve**. In the event a Non-Participating Channeled Claim in Class 4 is Disallowed, the amount reserved on account of such Claim in the Class 4 Non-Participating Claims Reserve shall be released to the corresponding Released Claims Reserve, and any future Distribution that would have been funded to the Class 4 Non-Participating Claims Reserve on account of such Non-Participating Non-Federal Domestic Governmental Channeled Claim shall be funded directly to the Released Claim Reserve established in the Governmental Remediation Trust.

(d) **Released Claims Reserves**. All amounts funded to the Released Claims Reserves in accordance with this Section 7.8 shall be administered in accordance with the terms of [section 5.05] of the Master Shareholder Settlement Agreement.

7.9 ***Allowance of Non-Participating Channeled Claims***.

(a) If no objection is affirmatively raised to the Allowance of a Non-Participating Channeled Claim (other than a Non-Participating Channeled Claim in Classes 10(a) or 10(b)) within [two (2) years] of the Effective Date, such claim shall be deemed Allowed and the holder thereof shall be entitled to the Estate Distribution allocated to such Channeled Claim under the applicable TDP. [If no objection is affirmatively raised to the Allowance of a Non-Participating Channeled Claim in Classes 10(a) or 10(b) within [one (1) year] of the Effective Date, such claim shall be deemed Allowed and the holder thereof shall be entitled to the Estate Distribution allocated to such Channeled Claim under the applicable TDP. Notwithstanding the foregoing, (i) any Allowance pursuant to this Section 7.9(a) of the

Plan shall not constitute a determination as to the merits of such Non-Participating Channeled Claim and shall not be used as a basis to assert the merits of such Non-Participating Channeled Claim in any forum, and (ii) any Non-Participating Channeled Claim that is Allowed (pursuant to this Section 7.9 or otherwise) shall still be subject to, and shall only receive a distribution pursuant to, the applicable TDP.][32]

(b) For the purposes of Allowance of any Non-Participating Channeled Claim that is not otherwise Disallowed in accordance with the Plan, such Channeled Claim shall be deemed an Allowed Claim (i) pursuant to a settlement or other resolution in accordance with Section 7.6 of the Plan, (ii) pursuant to Section 7.9(a) of the Plan, or (iii) upon entry of a Final Order finding that such Holder has a valid, compensable Channeled Claim, regardless of the allowed amount of such Channeled Claim (and, for the avoidance of doubt, such Holder shall not be required to litigate the allowed amount of its Allowed Claim). Other than as expressly contemplated by the applicable trust distribution procedures, any judgment entered as to the amount of a Non-Participating Channeled Claim shall not be binding for purposes of Distribution, which shall instead be determined in accordance with Sections 7.7(b) and (c) of this Plan. The Bankruptcy Court (or any other court of competent jurisdiction in connection with such an objection) may, at its discretion, decline to enter any judgment as to the amount of a Non-Participating Channeled Claim.

7.10 ***Claims Resolution Procedures Cumulative***.

All of the objection, estimation, settlement and resolution procedures set forth in this Plan with respect to Claims against the Debtors are intended to be cumulative and not exclusive of one another. Claims against the Debtors may be established and subsequently settled, compromised, withdrawn or resolved in accordance with this Plan by any mechanism approved by the Bankruptcy Court.

7.11 ***No Postpetition Interest or Penalties on Non-Participating Channeled Claims and other Disputed Claims***.

Unless otherwise specifically provided for in the Plan or the Confirmation Order or required by applicable bankruptcy law, no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date or to any penalties on any Claim. Interest and penalties shall not accrue or be paid upon any Non-Participating Channeled Claim or other Disputed Claim with respect to the period from the Effective Date to the date a Distribution is made thereon, or on and after such Non-Participating Channeled Claim or other Disputed Claim becomes an Allowed Claim.

7.12 ***Shareholder Rights Regarding Settlement and Estimation of Claims***.

[In consideration of certain compromises made under the Shareholder Settlements, notwithstanding anything to the contrary contained in the Plan, the Confirmation Order, or the other Plan Documents, neither the Debtors, the reorganized Debtors, the Estates, the Plan Administration Trust, the Plan Administration Trustee, any of the Creditor Trusts, any of the Creditor Trustees, nor any representative or successor of any of the foregoing shall be permitted to settle or seek to estimate any Non-Participating Channeled Claim or other Disputed Claim absent the express written consent of the Sackler Parties' Representative, not to be unreasonably withheld, solely to the extent that such settlement or estimation of any such Non-Participating Channeled Claim or other Disputed Claim could be reasonably expected to adversely impact any Shareholder Released Party's defense against or resolution of any claims or Causes of Action asserted or potentially asserted against any Shareholder Released Party [for Covered Conduct] that would have been released pursuant to the Shareholder Direct Claims Release had the Persons asserting or potentially asserting such claims or Causes of Action been Settling Creditors (including because

[32] [**NTD**: Subject to ongoing review]

admissions of fact or showings of evidentiary support requisite to effectuation of such settlement or estimation could adversely impact the legal defenses of any Shareholder Released Party); *provided* that no such consent shall be required to the extent that (a) such settlement or estimation of such Non-Participating Channeled Claim or other Disputed Claim is sought in an amount not exceeding $[●], (b) such settlement or estimation of such Non-Participating Channeled Claim or other Disputed Claim would include no non-monetary conditions on the part of any Debtor, any reorganized Debtor, any Estate, the Plan Administration Trust, the Plan Administration Trustee, any Creditor Trust, any Creditor Trustee, or any representative or successor of any of the foregoing, and (c) the total aggregate amount of Non-Participating Channeled Claims or other Disputed Claims or formerly Non-Participating Channeled Claims or other Disputed Claims that have been settled or estimated do not exceed $[●]. Whether or not the Debtors, the reorganized Debtors, the Estates, the Plan Administration Trust, the Plan Administration Trustee, any of the Creditor Trusts, any of the Creditor Trustees, or any representative or successor of any of the foregoing settles or estimates (or seeks to settle or estimate) any Non-Participating Channeled Claim or other Disputed Claim, in no event shall any Shareholder Released Parties be considered the privies of any of the foregoing for purposes of preclusion principles or otherwise.][33]

ARTICLE VIII EXECUTORY CONTRACTS AND UNEXPIRED LEASES.

8.1 *Assumption and Rejection of Executory Contracts and Unexpired Leases*.

(a) As of and subject to the occurrence of the Effective Date, all executory contracts and unexpired leases to which any Debtor is a party, subject to the terms of Section 8.4, shall be deemed assumed by the applicable Debtor and, except with respect to any contract or lease held by a Transferred Debtor, assigned to NewCo or its designee, except for any executory contract or unexpired lease that (i) has previously been assumed or rejected pursuant to a Final Order of the Bankruptcy Court, (ii) is specifically identified on the Schedule of Rejected Contracts, (iii) is the subject of a separate assumption or rejection motion filed by the Debtors under section 365 of the Bankruptcy Code pending on the Confirmation Date, (iv) is the subject of a pending Contract Dispute or (v) is being otherwise treated pursuant to the Plan. The Debtors reserve the right to modify the treatment of any particular executory contract or unexpired lease pursuant to this Plan [with the reasonable consent to the Governmental Consent Parties]. Furthermore, notwithstanding anything to the contrary in the Plan, the Debtors may alter, amend, modify or supplement the Schedule of Rejected Contracts and assume, assume and assign or reject executory contracts and unexpired leases at any time prior to the Effective Date or, with respect to any executory contract or unexpired lease subject to a Contract Dispute that is resolved after the Effective Date, within thirty (30) days following entry of a Final Order of the Bankruptcy Court resolving such Contract Dispute.

(b) Subject to the occurrence of the Effective Date, the payment of any applicable Cure Amount and the resolution of any Contract Dispute, the entry of the Confirmation Order shall constitute approval of the rejections, assumptions and assumptions and assignments provided for in this Plan pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated herein or provided in a separate order of the Bankruptcy Court, rejections, assumptions and assumptions and assignments of executory contracts and unexpired leases pursuant to the Solicitation Procedures Order and this Plan are effective as of the Effective Date. Each executory contract and unexpired lease assumed pursuant to this Plan or by order of the Bankruptcy Court shall vest in and be fully enforceable by the applicable Debtor or NewCo, in each case in accordance with its terms, except as modified by the provisions

[33] [**NTD**: Subject to ongoing discussion]

of this Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law.

(c) Unless otherwise provided herein (including Section 8.4 of the Plan) or by separate order of the Bankruptcy Court, each executory contract or unexpired lease that is assumed or assumed and assigned shall include any and all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument or other document is listed in an Assumption Notice.

(d) Except as otherwise expressly set forth on an Assumption Notice, any contracts, engagement letters, retention agreements, and similar arrangements, in each case between the Debtors and any attorneys, accountants, financial advisors, investment bankers or similar professionals, representatives or advisors, shall not be treated under the Plan as executory contracts subject to assumption, assumption and assignment, or rejection. Counterparties to any such contracts, engagement letters, retention agreements and similar arrangements were required to file Proofs of Claim by the General Bar Date, and any Allowed Claims relating thereto shall be treated as Other General Unsecured Claims or Co-Defendant Claims, as applicable.

8.2 ***Determination of Contract Disputes and Deemed Consent***.

(a) The Debtors shall serve Assumption Notices in accordance with the Solicitation Procedures Order. If a counterparty to an executory contract or unexpired lease receives an Assumption Notice, but such executory contract or unexpired lease is not listed therein, the proposed Cure Amount for such executory contract or unexpired lease shall be deemed to be zero dollars ($0).

(b) Any counterparty to an executory contract or unexpired lease shall have the time prescribed in the Solicitation Procedures Order to object to (i) the Cure Amount identified on the Assumption Notice, (ii) adequate assurance of future performance by the applicable Debtor, NewCo or its assignee (within the meaning of section 365 of the Bankruptcy Code) and (iii) any other matter pertaining to assumption or assumption and assignment of such executory contract or unexpired lease on the terms set forth in the Plan and such Assumption Notice.

(c) To the extent a Contract Dispute is asserted in an objection filed in accordance with the procedures set forth in the Assumption Notice, such Contract Dispute shall be heard by the Bankruptcy Court at the Confirmation Hearing. Following resolution of a Contract Dispute by Final Order of the Bankruptcy Court, the applicable executory contract or unexpired lease shall be deemed assumed or assumed and assigned effective as of the Effective Date, subject to the Debtors' right to reject such executory contract or unexpired lease at any time prior to the Effective Date or, if any Contract Dispute is resolved after the Effective Date, within thirty (30) days following entry of such Final Order of the Bankruptcy Court resolving the applicable Contract Dispute.

(d) To the extent a Contract Dispute has not been resolved prior to the Effective Date, the Debtors shall establish the Disputed Cure Claims Reserve. Any amounts in the Disputed Cure Claims Reserve remaining after the resolution of all Disputed Cure Claims and the payment of all Cure Amounts with respect to Allowed Cure Claims for contracts and leases to be assumed or assumed and assigned shall be applied in accordance with Section 5.14(c) of the Plan.

(e) To the extent an objection is not timely filed and properly served on the Debtors with respect to a Contract Dispute, then the counterparty to the applicable contract or lease shall be deemed to have assented to (i) the Cure Amount proposed by the Debtors and (ii) the assumption or assumption and assignment of such contract or lease on the terms set forth in the Plan and the Assumption

Notice, notwithstanding any provision of the applicable contract or lease that (A) prohibits, restricts or conditions the transfer or assignment of such contract or lease or (B) terminates or permits the termination of such contract or lease as a result of any direct or indirect transfer or assignment of the rights of the Debtors under such contract or lease or a change in the ownership or control as contemplated by the Plan, and shall forever be barred and enjoined from asserting such objection against the Debtors or terminating or modifying such contract or lease on account of transactions contemplated by the Plan.

(f) With respect to payment of any Cure Amounts or resolution of Contract Disputes, none of the Debtors, the Plan Administration Trustee, NewCo or any Transferred Debtor shall have any obligation to recognize or deal with any party other than the non-Debtor party to the applicable executory contract or unexpired lease, even if such non-Debtor party has sold, assigned or otherwise transferred its Cure Claim.

8.3 ***Payments Related to Assumption of Contracts and Leases***.

(a) Subject to resolution of any Contract Dispute, any Cure Claim shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Plan Administration Trust from the Priority Claims Reserve or the Disputed Cure Claims Reserve, as applicable, or NewCo in the ordinary course of business upon assumption thereof.

(b) Assumption or assumption and assignment of any executory contract or unexpired lease pursuant to the Plan, or otherwise, shall result in the full release and satisfaction of any Claims or defaults, subject to satisfaction of the Cure Amount, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time before the effective date of assumption or assumption and assignment. Any Proofs of Claim filed with respect to an executory contract or unexpired lease that has been assumed shall be deemed Disallowed and expunged, without further notice, or action, order or approval of the Bankruptcy Court or any other Person.

8.4 ***Co-Defendant Contracts***.

Except as otherwise provided in the Plan or agreed by any counterparty and the Debtors (with the consent (not to be unreasonably withheld, conditioned or delayed) of the Governmental Consent Parties, and after consultation with the Creditors' Committee), the assumption of any contract or lease under the Plan shall (a) release any Causes of Action on account of any and all terms or provisions of such contract or lease solely to the extent such terms or provisions create an obligation of any party thereto (or any assignee thereof), or give rise to a right in favor of any non-Debtor under any MDT Insurance Policy or any other insurance policy of any Protected Party, for the indemnification or reimbursement of any Person for costs, losses, damages, fees, expenses or any other amounts whatsoever relating to or arising from any actual or potential opioid-related litigation or dispute, whether accrued or unaccrued, asserted or unasserted, existing or hereinafter arising, based on or relating to, or in any manner arising from, in whole or in part, Opioid-Related Activities or other conduct occurring prior to the Effective Date; and (b) constitute a release by each party of each other counterparty (and any assignee thereof or successor thereto) and by each non-Debtor party of all Insurance Companies, in each case, from any and all Causes of Action and other rights of recovery arising under or relating to such indemnification and reimbursement rights to the extent relating to any conduct occurring prior to the Effective Date, and an agreement by each non-Debtor counterparty to release any and all Co-Defendant Claims held by such party and to channel, in accordance with the Channeling Injunction, all Channeled Claims arising under or relating to such contract, including any such Claims that might otherwise be elevated to administrative status through assumption of such contract or lease. On the Effective Date, (x) all Co-Defendant Claims arising under or related to any such assumed or assumed and assigned contract or lease shall be released and discharged with no consideration on account thereof, and all Proofs of Claim in respect thereof shall be deemed expunged,

without further notice, or action, order or approval of the Bankruptcy Court or any other Person and (y) all Channeled Claims arising under or related to any such assumed or assumed and assigned contract or lease shall be channeled in accordance with the Channeling Injunction. For the avoidance of doubt, unless otherwise agreed by the counterparty to any assumed or assumed and assigned contract or lease, the foregoing shall not release or otherwise modify any term or provision of such contract or lease to the extent of any indemnification or reimbursement rights (i) accruing after the Effective Date for conduct occurring after the Effective Date, (ii) for any amounts, if any, due to a Co-Defendant as a result of the New York Opioid Stewardship Act (2018 N.Y. Sess. Laws, ch. 57, pt. NN 7 (codified at N.Y. Pub. Health Law § 3323 and N.Y. State Fin. Law § 97-aaaaa)) or (iii) for any Co-Defendant Surviving Pre-Effective Date Claim. Notwithstanding the release, satisfaction, expungement and extinguishment of Co-Defendant Claims, a Co-Defendant retains its Co-Defendant Defensive Rights, which include the ability to recover from Persons that are not Protected Parties or from any insurance policies that are not Purdue Insurance Policies or other insurance policies of Protected Parties. The counterparty to such contract or lease and all other applicable Persons shall be bound by the terms set forth in this Section 8.4.

8.5 ***Rejection Claims***.

In the event that the rejection of an executory contract or unexpired lease by any of the Debtors herein results in damages to the other party or parties to such contract or lease, any Claim for such damages shall be forever barred and shall not be enforceable against the Debtors or their Estates, properties or interests in property, unless a Proof of Claim is filed with the Bankruptcy Court and served upon the Debtors no later than thirty (30) days after the entry of the order of the Bankruptcy Court (including the Confirmation Order) authorizing the rejection of such executory contract or unexpired lease. Any such Claim shall be classified in accordance with the classification of Claims set forth in Article III of the Plan, including that any such Claims that constitute Co-Defendant Claims shall be classified as such. The Confirmation Order shall constitute the Bankruptcy Court's authorization of the rejection of all the leases and contracts identified in the Schedule of Rejected Contracts.

8.6 ***Compensation and Benefit Plans***.

Except with respect to any Benefit Plans for which the Debtors have received approval of the Bankruptcy Court to reject or terminate on or before the Effective Date or that are subject to a pending motion to reject or terminate as of the Confirmation Hearing, all Benefit Plans shall be deemed to be, and shall be treated as, executory contracts under this Plan pursuant to sections 365 and 1123 of the Bankruptcy Code and shall be assumed by applicable Debtors and, unless held by a Transferred Debtor, assigned to NewCo (or one of its Subsidiaries).

8.7 ***Purdue Pension Plan***.

The Purdue Pension Plan has approximately 3,200 participants. PPLP is the contributing sponsor of the Purdue Pension Plan. The Debtors that are members of the contributing sponsor's controlled-group within the meaning of 29 U.S.C. §§ 1301(a)(13), (14) are jointly and severally liable with respect to the Purdue Pension Plan. Further, any non-debtor members of the contributing sponsor's controlled-group are also jointly and severally liable with respect to the Purdue Pension Plan.

[On or prior to the Effective Date, the Debtors shall have terminated the Purdue Pension Plan and any termination costs or other liabilities remaining thereunder as of the Effective Date shall be assumed and payable by [NewCo]].

Notwithstanding any provision in the Plan to the contrary, no provision contained in the Plan, the Confirmation Order, the Bankruptcy Code (including section 1141 thereof), or any other document filed in the Debtors' bankruptcy cases shall be construed as discharging, releasing, exculpating

or relieving any Person (other than the Liquidating Debtors) from any fiduciary duties or liabilities under Title I of ERISA with respect to the Purdue Pension Plan. PBGC and the Purdue Pension Plan shall not be enjoined or precluded from enforcing such fiduciary duties or liabilities under Title I of ERISA as a result of any of the provisions of the Plan, the Confirmation Order, the Bankruptcy Code or any other document filed in the Debtors' bankruptcy cases. The PBGC and the Debtors agree that all Proofs of Claim filed by the PBGC shall be deemed to be withdrawn, with prejudice, as of the Effective Date.

8.8 ***Insurance Policies***.

Notwithstanding anything to the contrary in the Plan, the Plan Documents, the Disclosure Statement or the Confirmation Order:

(a) nothing in the Plan, the Plan Documents, the Disclosure Statement or the Confirmation Order shall terminate or otherwise reduce the coverage under any D&O Insurance Policy with respect to conduct occurring on or prior to the Effective Date, and, after the Effective Date, all directors, officers, managers, authorized agents and employees of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled to the full benefits of any applicable D&O Insurance Policy for the full term of such policy, including but not limited to any extension of coverage after the end of such policy period if an extended reporting period has been purchased, in accordance with the terms thereof, subject to (i) any release or assignment of rights by certain Shareholder Released Parties pursuant to the Shareholder Settlements and (ii) with respect to D&O Insurance Policies that are MDT Insurance Policies, the provisions of paragraph (b) of this Section 8.8;

(b) after the Effective Date, in consideration of the Estate Releases and Shareholder Releases in favor of each Released Party and Shareholder Released Party that is an individual insured under any MDT Insurance Policy:

(i) each such Released Party or Shareholder Released Party (A) will fully cooperate with the Master Disbursement Trust in connection with the settlement of claims or rights under such MDT Insurance Policy, including but not limited to as set forth in this Section 8.8(b)(i), and (B) shall be deemed to consent to the release of any claims or rights held by such Released Party or Shareholder Released Party against and under such MDT Insurance Policy in the event that the Master Disbursement Trust has otherwise obtained settlement terms that it deems acceptable in its sole discretion with the same effect as if such Released Party or Shareholder Released Party had executed such settlement agreement, and without further consideration to such Released Party or Shareholder Released Party from the insurance settlement proceeds or otherwise in respect of such settlement;

(ii) no such Released Party or Shareholder Released Party (other than a Sackler Family Member) that was a director, officer, manager, authorized agent or employee of the Debtors who served in such capacity at any time prior to the Petition Date shall be entitled to submit a claim under any MDT Insurance Policy for anything other than reimbursement of attorneys' fees and related expenses incurred in connection with such individual's cooperation with, or in connection with the defense of such individual with respect to, any investigation, prosecution and/or litigation involving conduct

relating to the Debtors or the Debtors' business or property or any defense of the Releases or the Channeling Injunction; and

(iii) no such Shareholder Released Party (other than a current or former director, officer, manager, authorized agent or employee that is not a Sackler Family Member, each of whom is subject to the foregoing paragraph (ii) of this Section 8.8(b)) shall be entitled to submit a claim under any MDT Insurance Policy other than in accordance with the Shareholder Settlements;

(c) on and after the Effective Date, all Purdue Insurance Policies (other than the MDT Insurance Policies) shall be deemed to be, and shall be treated as, executory contracts under the Plan, and shall be assumed pursuant to sections 105 and 365 of the Bankruptcy Code by the applicable Debtor, and such Purdue Insurance Policies shall vest, and/or the Purdue Insurance Rights (other than the MDT Insurance Rights) associated therewith shall vest, as applicable, in NewCo, the applicable Transferred Debtor or the Plan Administration Trust, as applicable, in accordance with the NewCo Transfer Agreement and the PAT Agreement and continue in full force and effect in accordance with their respective terms such that the applicable recipients of the Purdue Insurance Policies (other than the MDT Insurance Policies) and the Purdue Insurance Rights (other than the MDT Insurance Rights) shall become and remain liable in full for and shall satisfy, to the extent required under applicable law, any prospective premiums, deductibles, self-insured retentions and any other amounts or obligations arising in any way out of the receipt of payment from an Insurance Company in respect of the Purdue Insurance Policies (other than the MDT Insurance Policies); and

(d) solely with respect to Purdue Insurance Policies that are not MDT Insurance Policies, the automatic stay of section 362(a) of the Bankruptcy Code and the injunctions set forth in the Plan, if and to the extent applicable, shall be deemed lifted without further order of this Bankruptcy Court, solely to permit (i) claimants with valid workers' compensation claims or direct action claims against Insurance Companies under applicable non-bankruptcy law to proceed with their claims; and (ii) Insurance Companies to administer, handle, defend, settle and/or pay, in the ordinary course of business and without further order of this Bankruptcy Court, (A) workers' compensation claims, (B) claims where a claimant asserts a direct claim against an Insurance Company under applicable non-bankruptcy law, or an order has been entered by this Bankruptcy Court granting a claimant relief from the automatic stay or the injunctions set forth in the Plan to proceed with its claim, and (C) all costs in relation to each of the foregoing.

8.9 ***Reservation of Rights***.

(a) Neither the exclusion nor the inclusion by the Debtors of any contract or lease on any exhibit, schedule or other annex to this Plan or in the Plan Supplement, nor anything contained in this Plan, shall constitute an admission by the Debtors that any such contract or lease is or is not an executory contract or unexpired lease or that the Debtors have any liability thereunder.

(b) Except as explicitly provided in this Plan, nothing herein shall waive, excuse, limit, diminish or otherwise alter any of the Estate Causes of Action under any executory or non-executory contract or unexpired lease.

(c) Nothing in this Plan shall increase, augment or add to any of the duties, obligations, responsibilities or liabilities of the Debtors under any executory or non-executory contract or unexpired or expired lease, including the Purdue Insurance Policies.

(d) If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of its assumption under this Plan, the Debtors shall have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

ARTICLE IX CONDITIONS PRECEDENT TO THE OCCURRENCE OF THE EFFECTIVE DATE.

9.1 ***Conditions Precedent to Effective Date***.[34]

The Effective Date shall not occur unless all of the following conditions precedent have been satisfied:

(a) the Confirmation Order shall have been entered by the Bankruptcy Court, and shall not be subject to any stay and shall not have been modified or vacated on appeal;

(b) the Plan Documents shall have been approved of or accepted by all applicable Persons in accordance with the respective consent rights under this Plan, and shall have been filed, executed and delivered, as applicable, and the conditions precedent contained therein shall have been satisfied or waived in accordance with the terms thereof, except with respect to such conditions that by their terms shall be satisfied substantially simultaneously with or after consummation of the Plan;

(c) the DOJ Resolution (including, for the avoidance of doubt, the entry of a judgment of conviction in strict accordance with the Plea Agreement and the payment in full of the DOJ Forfeiture Payment) shall have been consummated or will be consummated substantially simultaneously with consummation of the Plan;

(d) the NewCo Operating Agreement shall have been executed and shall be in compliance with the DOJ Resolution, the NewCo Transferred Assets shall have vested in NewCo (or one or more of its Subsidiaries) in accordance with the NewCo Transfer Agreement and the NewCo Managers shall have been appointed;

(e) the MDT Agreement shall have been executed, the MDT Transferred Assets shall have vested, or will vest simultaneously with the consummation of the Plan, in the Master Disbursement Trust in accordance therewith and the MDT Trustees shall have been appointed;

(f) the Creditor Trust Documents shall have been executed and the Creditor Trustees shall have been appointed;

(g) the Public Entity Settlements [other than the Public School District Shareholder Direct Settlement] shall have been consummated or will be consummated substantially simultaneously with consummation of the Plan, including (i) the payment in full of the Initial Public Creditor Trust Distributions and (ii) the issuance of the MDT Interests to the Public Creditor Trusts;

(h) the Foundation Bylaws shall have been adopted, the Foundation Trustees shall have been appointed and the NewCo Interest shall have been issued, or will be issued simultaneously with consummation of the Plan, to the Foundation;

(i) the Private Entity Settlements other than the Opt-Out Class Action Settlements shall have been consummated or will be consummated substantially simultaneously with

[34] [**NTD**: Other conditions precedent subject to ongoing discussion]

consummation of the Plan, including: (i) with respect to the Creditor Trusts that are not the subject of Opt-Out Class Actions, the payment in full of the Initial Private Creditor Trust Distributions to such Creditor Trusts, (ii) [with respect to the Creditor Trusts that are the subject of Opt-Out Class Actions, payment in full of the Initial Private Creditor Trust Distributions to such Creditor Trusts[35],] (iii) the issuance of the MDT Claims (in the case of Creditor Trusts that are the subject of Opt-Out Class Actions, to the extent that the applicable Opt-Out Class Action Settlement has been consummated) and (iv) the execution of any Plan Documents required to be executed in connection with the foregoing;

(j) each Shareholder Settlement Agreement other than the Opt-Out Class Action Settlements shall have been executed and all amounts required to be paid thereunder on the Effective Date shall have been received, and all of the conditions precedent to the effectiveness of each Shareholder Settlement Agreement other than the Opt-Out Class Action Settlements shall have been satisfied or waived in accordance with the terms of such Shareholder Settlement Agreement;

(k) [the Ratepayer Mediation Participants Stipulation shall have been approved by a Final Order of the Bankruptcy Court;]

(l) the PAT Agreement shall have been executed, the PAT Assets shall have vested, or will vest simultaneously with the consummation of the Plan, in the Plan Administration Trust in accordance therewith and the Plan Administration Trustee shall have been appointed;

(m) each of the PAT Reserves, the Claims Reserves, the Professional Fee Escrow Account, the Special Operating Reserve and the PAT Distribution Accounts shall have been fully funded, or will be funded simultaneously with the consummation of the Plan, and each of the other payments and Distributions of Effective Date Cash described in Section 5.14(a) and (b) of the Plan shall have been made or will be made substantially simultaneously with consummation of the Plan;

(n) the Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings and documents that are necessary to implement and effectuate the Plan;

(o) all Professional Fee Claims shall have been paid in full or amounts sufficient to pay such Claims after the Effective Date shall have been placed in the Professional Fee Escrow Account, or shall be otherwise contained in a professional fee retainer, pending approval by the Bankruptcy Court;

(p) the Debtors shall have implemented the Restructuring Transactions, or shall implement the Restructuring Transactions simultaneously with the consummation of the Plan, in a manner consistent in all material respects with this Plan;

(q) the Bankruptcy Court shall have confirmed that the Bankruptcy Code authorizes the transfer and vesting of the MDT Transferred Assets, notwithstanding any terms of the Purdue Insurance Policies or provisions of non-bankruptcy law that any Insurance Company may otherwise argue prohibits such transfer and vesting;

(r) the DOB shall have been appointed in accordance with Section 5.13(c) of the Plan;

[35] [**NTD**: Timing of payment subject to ongoing discussion]

(s) all Liens granted as contemplated by the Plan and any documents included in the Plan Supplement shall have been approved by the Bankruptcy Court; and

(t) all other actions, documents and agreements necessary to implement and effectuate the Plan shall have been effected or executed.

9.2 ***Waiver of Conditions Precedent***.

Each of the conditions precedent to the occurrence of the Effective Date (other than the condition precedent set forth in Section 9.1(i) of the Plan) may be waived by the Debtors; *provided* that (a) with respect to any condition precedent, the waiver of which would materially and adversely affect the entitlements of any Class of Claims (or any Creditor Trust to which such Claims shall be channeled) represented by any of the Supporting Claimants, the waiver of such condition precedent shall also require the consent (not to be unreasonably withheld, conditioned or delayed) of the applicable Supporting Claimants representing such materially and adversely affected Class of Claims, it being understood that the waiver of the condition precedent set forth in Section 9.1(i) materially and adversely affects the Class of Claims and the Creditor Trust entitled to the applicable Initial Private Creditor Trust Distribution and/or MDT Claim, (b) the waiver of the conditions precedent set forth in Section 9.1(a), (b) (solely with respect to any Plan Document over which the Creditors' Committee has a consent right set forth in the Plan), (e), (f), (i), (j), (l), (m), (o) (solely with respect to Professional Fee Claims by Professional Persons retained by the Creditors' Committee), (p), (q) and (r) of the Plan shall also require the consent of the Creditors' Committee (which consent shall not be unreasonably withheld, delayed or conditioned), (c) the waiver of the conditions precedent set forth in Section 9.1(a), (b) (solely with respect to any Plan Document over which the Governmental Consent Parties have a consent right set forth in the Plan), (d), (e), (f), (g), (i), (m),(p), (q) and (r) of the Plan shall also require the consent of the Governmental Consent Parties (which consent shall not be unreasonably withheld, delayed or conditioned) and (d) the waiver of the conditions precedent set forth in Section 9.1(a), (b) (solely with respect to any Plan Document over which the Sackler Parties' Representative has a consent right set forth in the Plan), (e), (g), (i), (j), (k), (l), (m), and (p) of the Plan shall also require the consent of the Sackler Parties' Representative (which consent shall not be unreasonably withheld, delayed or conditioned).

9.3 ***Frustration of Conditions Precedent***.

Notwithstanding anything to the contrary herein, if the failure to satisfy any condition precedent to the Effective Date set forth in Section 9.1 was primarily caused by the action of any party (or such party's failure to act), then (i) such party's consent shall not be required for the Debtors' waiver of such condition and (ii) such party shall not be entitled to prevent or delay the Effective Date by asserting that such condition has not been satisfied.

ARTICLE X EFFECT OF CONFIRMATION.

10.1 ***Binding Effect***.

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, and subject to the occurrence of the Effective Date, on and after the entry of the Confirmation Order, the provisions of this Plan and the Plan Documents shall bind every Holder of a Claim against or Interest in any Debtor and every Holder of a Channeled Claim and inure to the benefit of, and be binding on, any such Holder's respective successors and assigns, regardless of whether any Claim or Interest of such Holder is Impaired under this Plan or whether such Holder has accepted this Plan.

10.2 ***Discharge of Claims against and Interests in the Debtors***.

Upon the Effective Date and in consideration of the Distributions to be made under this Plan, except as otherwise provided in the Plan or in the Confirmation Order, each Holder (as well as any trustee or agent on behalf of such Holder) of a Claim or Interest and any successor, assign and affiliate of such Holder shall be deemed to have forever waived, released and discharged the Debtors (other than the Liquidating Debtors), to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights and liabilities that arose prior to the Effective Date. Except as otherwise provided in this Plan, upon the Effective Date, all such Holders of Claims against or Interests in the Debtors, and their successors, assigns and affiliates, shall be forever precluded and enjoined, pursuant to sections 105, 524 and 1141 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against, or terminated Interest in, any Debtor. Pursuant to section 1141(d)(3) of the Bankruptcy Code, confirmation of the Plan will not discharge the Liquidating Debtors; *provided* that, upon confirmation of the Plan and the occurrence of the Effective Date, Holders of Claims against and Interests in the Debtors may not seek or receive any payment or other Distribution from, or seek recourse against, the Debtors or their Estates or any other Protected Party, except as expressly provided in the Plan. The Co-Defendant Defensive Rights shall not be waived, released or discharged and all Co-Defendant Defensive Rights are preserved, as provided in Section 10.18 of the Plan.

10.3 ***Pre-Confirmation Injunctions, Stays, Stipulations and Discovery Orders***.

(a) Unless otherwise provided in this Plan, all injunctions and stays arising under or entered during the Chapter 11 Cases, whether under section 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

(b) [Notwithstanding the foregoing paragraph (a) of this Section 10.3, on the Effective Date, without further action by or order of the Bankruptcy Court:

(i) any and all obligations of the Shareholder Released Parties arising under the Case Stipulation shall terminate and the Case Stipulation shall be withdrawn, vacated and superseded by the Confirmation Order solely with respect to paragraphs 15, 17, 19, 22 and 25 of the Case Stipulation, and solely as such paragraphs apply to any Shareholder Released Party; *provided* that, for the avoidance of doubt, the terms of such paragraphs shall continue in full force and effect with respect to all other parties (if applicable), and all other provisions of the Case Stipulation shall remain in full force and effect, in each case, unless otherwise provided by the Plan;

(ii) any and all obligations of any Shareholder Released Party arising under paragraph I of the voluntary injunction set forth in Appendix I to the Preliminary Injunction (and any predecessors or successors of the Preliminary Injunction) shall terminate, and the Preliminary Injunction shall be withdrawn, vacated and superseded by the Confirmation Order solely with respect to paragraph I of the voluntary injunction set forth in Appendix I; *provided* that, for the avoidance of doubt, all other provisions of the Preliminary Injunction shall remain in full force and effect, unless otherwise provided by the Plan; and

(iii) any and all obligations of any Person arising under any subpoenas issued pursuant to any of *Order Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9016 Authorizing Examination of Third Parties* [D.I. 992] (as amended by the *Amended Order Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9016 Authorizing Examination of Third Parties* [D.I. 1008]), the *Order Pursuant to Rules 2004 and 9016 of the Federal Rules of Bankruptcy Procedure Authorizing Examinations of Certain Financial Institutions* [D.I. 1143], the *Order Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9016 Authorizing Examinations of and Document Production by Third Parties [D.I. 1340] and the Order Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9016 Authorizing Examination of Certain Former Debtor Executives, Separately Represented Debtor Personnel, and Norton Rose Fulbright Pursuant to Federal Rules of Bankruptcy Procedure 2004 and 9006* [D.I. 1788] shall terminate.]

(c) Any and all information shared or produced by any Shareholder Released Party pursuant to the agreements or orders referenced in the foregoing paragraph (b) of this Section 10.3, including any such information also shared with Persons not party to the Case Stipulation, shall remain subject to the confidentiality terms under which it was shared, including any information that was designated under the Protective Order (or confidentiality agreement that was superseded by the Protective Order), which such information shall remain confidential under the terms of the Protective Order unless such information, materials or documents are included in the Public Document Repository in accordance with the Plan and the Master Shareholder Settlement Agreement. Names or other identifying information of investments or specific third-party counterparties or advisors with whom or with which a Shareholder Released Party has or had a third-party investment, advisory or business relationship that was disclosed in documents or information produced by a Shareholder Released Party and designated Outside Professional Eyes Only Information under the Protective Order shall retain such designation and be protected accordingly.

(d) Except as provided in the PI TDP, nothing in this Plan shall either (i) excuse any Person from compliance with any legislative, judicial or administrative subpoena, any civil investigative demand or any request for information made in the course of a government investigation; or (ii) limit any right of any Person with respect to compliance with any legislative, judicial or administrative subpoena, any civil investigative demand or any request for information made in the course of a government investigation.

10.4 ***Injunction against Interference with Plan***.

Subject to Section 12.4 of the Plan, upon entry of the Confirmation Order, all Holders of Claims against or Interests in the Debtors, Holders of Channeled Claims, Releasing Parties, Released Parties, Shareholder Released Parties and other parties in interests shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan and the Plan Documents. This Section 10.4 shall be included in the Confirmation Order.

10.5 ***Plan Injunction***.

(a) Except as otherwise provided in this Plan or in the Confirmation Order, as of the entry of the Confirmation Order but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors are, with respect to any such Claim

or Interest, permanently enjoined after the entry of the Confirmation Order from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative or other forum) against or affecting, directly or indirectly, a Debtor or an Estate or the property of any of the foregoing, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this clause (i) or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including any prejudgment attachment), collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order against a Debtor or an Estate or its property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this clause (a) or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against a Debtor or an Estate or any of its property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned in this clause (iii) or any property of any such transferee or successor; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of this Plan; and (v) commencing or continuing, in any manner or in any place, any action that does not comply, or is inconsistent, with the provisions of this Plan; *provided*, *however*, that nothing contained herein shall preclude such Persons who have held, hold or may hold Claims against or Interests in a Debtor or an Estate from exercising their rights, or obtaining benefits, pursuant to, and consistent with, the terms of this Plan and the Plan Documents.

(b) All Persons, including all governmental, tax and regulatory authorities, lenders, trade creditors, dealers, customers, employees, litigation claimants and other creditors holding Claims, Liens, Interests, charges, encumbrances and other interests of any kind or nature whatsoever, including rights or Claims based on any successor or transferee liability, against or in a Debtor, the NewCo Transferred Assets, the MDT Transferred Assets or the PAT Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or noncontingent, known or unknown), arising under or out of, in connection with, or in any way relating to the Debtors, the NewCo Transferred Assets, the MDT Transferred Assets, the PAT Assets, the operation of the NewCo Transferred Assets prior to the Effective Date or the Restructuring Transactions are forever barred, estopped and permanently enjoined from asserting against the Released Parties, their respective successors and assigns, their property, the NewCo Transferred Assets, the MDT Transferred Assets or the PAT Assets, such Person's Claims, Interests, Liens, charges, encumbrances and other interests (including rights or Claims based on any successor or transferee liability), including, without limitation, by: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative or other forum) against or affecting, directly or indirectly, a Released Party, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this clause (i) or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including any prejudgment attachment), collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order against a Released Party, or any direct or indirect transferee of any property of, or direct or indirect successor-in-interest to, any of the foregoing Persons mentioned in this clause (ii) or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing any encumbrance of any kind or asserting any Released Claims in any manner, directly or indirectly, against a Released Party or any of its property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned in this clause (iii) or any property of any such transferee or successor; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of this Plan; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of this Plan.

10.6 *Releases*.

(a) Releases by Debtors.

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties before and during the Chapter 11 Cases to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the Debtors and their Estates from any and all Causes of Action, including any derivative claims asserted or assertible by or on behalf of any Debtor or any of their Estates and including any claims that any Debtor or any of their Estates, or that any other Person or party claiming under or through any Debtor or any of their Estates, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Debtor or any of their Estates or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, based on or relating to, or in any manner arising from, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, the Foundation and any other newly-formed Persons that shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Releases set forth in this Section 10.6(a).

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim and (y) nothing in this Section 10.6(a) shall (A) release any contractual Estate Cause of Action or any Estate Cause of Action that is commercial in nature and, in each case, unrelated to either the Chapter 11 Cases or the subject matter of the Pending Opioid Actions; *provided* that, with respect to the Settling Co-Defendants, only Estate Surviving Pre-Effective Date Claims shall be retained and not released, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan, *provided*, *however*, that the foregoing shall not apply to any Holder of a Co-Defendant Claim solely with respect to such Co-Defendant Claim, (C) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements, or (D) release any Claim or right to disgorge, recoup or recover compensation under the orders authorizing the Key Employee Plans or the orders with respect to the *Motion of Debtors for Entry of an Order Authorizing (I) Debtors to (A) Pay Pre-Petition Wages, Salaries, Employee Benefits and Other Compensation and (B) Maintain Employee Benefits Programs and Pay Related Administrative Obligations, (II) Employees and Retirees to Proceed with Outstanding Workers' Compensation Claims and (III) Financial Institutions to Honor and Process Related Checks and Transfers* [D.I. 6].

(b) Releases by Releasing Parties.[36]

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties before and during the Chapter 11 Cases to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the Releasing Parties from any and all Causes of Action, including, without limitation, any Estate Cause of Action and any claims that any Releasing Party, or that any other Person or party claiming under or through any Releasing Party, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Releasing Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (ii) the Estates, (iii) the Chapter 11 Cases, or (iv) Covered Conduct.

Without limiting the foregoing: (A) the foregoing releases include any Cause of Action of a Releasing Party that has been asserted against any Released Party, or could have been asserted against any Released Party prior to the Effective Date, by a such Releasing Party in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct (whether or not such Releasing Party has brought such action or proceeding); and (B) the parties intend that these releases (including the term "Released Claims") be interpreted broadly.

For the avoidance of doubt and notwithstanding anything to the contrary in this Plan or the Confirmation Order, the releases set forth in this Section 10.6(b) shall not apply to (i) Holders of Claims who do not opt-in to the releases through their applicable ballots, (ii) Holders of Claims whose releases will be governed solely and exclusively by a Direct Claims Shareholder Settlement Agreement and (iii) Holders of Non-Federal Domestic Governmental Claims, whose releases shall be governed solely and exclusively by the Governmental Entity Shareholder Direct Settlement Agreement.[37] For the avoidance of doubt and notwithstanding anything to the contrary in this Plan, none of the releases, injunctions, or other terms contained in the Plan or the Confirmation Order shall expand, limit, alter, or otherwise affect any releases, waivers, or disclaimers of liability or other terms contained in any of the Direct Claims Shareholder Settlement Agreements.

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) Co-Defendants shall not be Released Parties for purposes of this Section 10.6(b); and (z) nothing in this Section 10.6(b) shall (A) release any Non-Opioid Excluded Claims, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the

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[36] [**NTD**: Sections 10.6(b) and 10.7(b) subject to ongoing revision and discussion]

[37] **The Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, remain subject to ongoing negotiations. The releases in the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, may differ from those provided for in this Section 10.6(b). The rights of all parties to the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, are fully reserved.**

extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan, *provided*, *however*, that the foregoing shall not apply to any Holder of a Co-Defendant Claim solely with respect to such Co-Defendant Claim, or (C) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements.

Notwithstanding anything herein to the contrary, but subject to the MDT Insurer Injunction and the Settling MDT Insurer Injunction, the Debtors shall not be released from liability for any Claim (other than any Co-Defendant Claim) that is or may be covered by any Purdue Insurance Policy; *provided* that recovery for any such Claim, including by way of settlement or judgment, shall be limited to the available proceeds of such Purdue Insurance Policy (and any extra-contractual liability of the Insurance Companies with respect to the Purdue Insurance Policies), and no Person or party shall execute, garnish or otherwise attempt to collect any such recovery from any assets other than the available proceeds of the Purdue Insurance Policies. The Debtors shall be released automatically from a Claim described in this paragraph upon the earlier of (x) the abandonment of such Claim and (y) such a release being given as part of a settlement or resolution of such Claim, and shall be released automatically from all Claims described in this paragraph upon the exhaustion of the available proceeds of the Purdue Insurance Policies (notwithstanding the nonoccurrence of either event described in the foregoing clauses (x) and (y)).

(c) Releases by Debtors of Holders of Claims.

As of the Effective Date, all Holders of Channeled Claims (excluding, in all respects, any Excluded Party, Shareholder Release Snapback Party or MDT Insurer) are hereby released by the Debtors and their Estates from any and all Causes of Action for any Claim in connection with, or arising out of, (i) the administration of the Chapter 11 Cases; the negotiation and pursuit of the Restructuring Transactions, the Plan, the Master Disbursement Trust, the Creditor Trusts (including the trust distribution procedures and the other Creditor Trust Documents) and the solicitation of votes with respect to, and confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration of the Plan and the property to be distributed under the Plan; and the wind-up and dissolution of the Liquidating Debtors and the transactions in furtherance of any of the foregoing or (ii) such Holder's participation in the Pending Opioid Actions. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, the Foundation and any other newly-formed Persons that shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Releases set forth in this Section 10.6(c).

As of the Effective Date, all Holders of PI Channeled Claims (excluding, in all respects, any Excluded Party, Shareholder Release Snapback Party or MDT Insurer) are hereby released by the Debtors and their Estates from any and all Causes of Action for any Claim in connection with, or arising out of, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases, including, in each case, without limitation, any act, conduct, omission, event, transaction, occurrence, injury, damage, or continuing condition in any way relating to the foregoing.

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim and (y) nothing in this Section 10.6(c) shall (A) release any contractual

Estate Cause of Action or any Estate Cause of Action that is commercial in nature and, in each case, unrelated to either the Chapter 11 Cases or the subject matter of the Pending Opioid Actions, *provided* that, with respect to the Settling Co-Defendants, only Estate Surviving Pre-Effective Date Claims shall be retained and not released, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan, *provided*, *however*, that the foregoing shall not apply to any Holder of a Co-Defendant Claim solely with respect to such Co-Defendant Claim, (C) release any claim or right arising in the ordinary course of the Debtors' or NewCo's business, including, without limitation, any such claim with respect to taxes or (D) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements.

10.7 *Shareholder Releases*.

(a) Releases by Debtors.

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Shareholder Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (z) of the last paragraph of this Section 10.7(a), by the Debtors and their Estates from any and all Causes of Action, including any Estate Causes of Action asserted or assertible by or on behalf of any Debtor or any of their Estates and including any claims that any Debtor or any of their Estates, or that any other Person or party claiming under or through any Debtor or any of their Estates, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Debtor or any of their Estates or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, based on or relating to, or in any manner arising from, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, the Foundation and any other newly-formed Persons that shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Shareholder Releases set forth in this Section 10.7(a).

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) nothing in this Section 10.7(a) shall be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements and the Separation Agreements; and (z) upon the filing of a Notice of Shareholder Release Snapback, (A) the Shareholder Releases set forth in this Section 10.7(a) shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to all members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, (B) the *status quo ante* shall be restored in all respects for the Debtors and the Master Disbursement Trust with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, and (C) the Master Disbursement Trust shall be

deemed to have received and accepted all of the rights with respect to any member of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, in each case, that the Debtors and their Estates had prior to the Effective Date and that the Master Disbursement Trust would have pursuant to the transfer of the MDT Shareholder Rights to the Master Disbursement Trust if the Shareholder Releases of this Section 10.7(a) had never been granted, which rights the Debtors and their Estates shall be deemed to have irrevocably transferred, granted and assigned to the Master Disbursement Trust; *provided* that, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the Shareholder Releases shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Shareholder Released Parties other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties.

(b) Releases by Releasing Parties.[38]

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Shareholder Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (y) of the last paragraph of this Section 10.7(b) of the Plan, by the Releasing Parties from any and all Causes of Action, including, without limitation, any Estate Cause of Action and any claims that any Releasing Party, or that any other Person or party claiming under or through any Releasing Party, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Releasing Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, (A) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (ii) the Estates, (iii) the Chapter 11 Cases, or (iv) Covered Conduct and (B) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor.

Without limiting the foregoing: (A) the foregoing releases include any Cause of Action of a Releasing Party that has been asserted against any Shareholder Released Party, or could have been asserted against any Shareholder Released Party prior to the Effective Date, by a such Releasing Party in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct (whether or not such Releasing Party has brought such action or proceeding); and (B) the parties intend that these releases (including the term "Shareholder Released Claims") be interpreted broadly.

In addition, as of the Effective Date, notwithstanding anything to the contrary herein, each Shareholder Released Party shall be released by any Person (regardless of whether such Person otherwise is a Releasing Party) that is a Shareholder Released Party's current or former officer, director, principal, member, employee, financial advisor, attorney (including, without limitation, any attorney retained by any director, in his or her capacity as such), accountant, investment banker (including, without limitation, any investment banker retained by any director, in his or her capacity as such), consultant, expert or other professional, from any Cause of Action for

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[38] [**NTD**: A provision to address "claim-over" issues is pending review by the parties, and a form thereof will be added to subsequent versions of the Plan or in the Confirmation Order]

indemnification, contribution or any similar liability-sharing theory based on or relating to, or in any manner arising from, in whole or in part, the subject matter of the preceding paragraph.

For the avoidance of doubt and notwithstanding anything to the contrary in this Plan or the Confirmation Order, the releases set forth in this Section 10.7(b) shall not apply to (i) Holders of Claims who do not opt-in to the releases through their applicable ballots, (ii) Holders of Claims whose releases will be governed solely and exclusively by a Direct Claims Shareholder Settlement Agreement and (iii) Holders of Non-Federal Domestic Governmental Claims, whose releases shall be governed solely and exclusively by the Governmental Entity Shareholder Direct Settlement Agreement.[39] For the avoidance of doubt and notwithstanding anything to the contrary in this Plan, none of the releases, injunctions, or other terms contained in the Plan or the Confirmation Order shall expand, limit, alter, or otherwise affect any releases, waivers, or disclaimers of liability or other terms contained in any of the Direct Claims Shareholder Settlement Agreements.

[In addition to granting the foregoing release, any Releasing Party represented by counsel agrees (i) not to waive any conflict of interest that may arise for any such counsel by virtue of the clients of such counsel participating in any Shareholder Settlement and (ii) [●]][40]

Notwithstanding anything herein to the contrary, (x) nothing in this Section 10.7(b) shall (A) release any Excluded Claims or (B) be construed to impair in any way the rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements and (y) upon the filing of a Notice of Shareholder Release Snapback, (A) the Shareholder Releases set forth in this Section 10.7(b) shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to all members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties and (B) the status quo ante shall be restored in all respects for the Releasing Parties with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties; provided that, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the Shareholder Releases shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Shareholder Released Parties other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties.

(c) Releases by Shareholder Released Parties.

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Reciprocal Releasees shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (z) of the last paragraph of this Section 10.7(c), by the Shareholder Released Parties from any and all Causes of Action, including any derivative claims asserted or assertible by or on behalf of the Debtors or their Estates and including any claims

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[39] **The Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, remain subject to ongoing negotiations. The releases in the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, may differ from those provided for in this Section 10.7. The rights of all parties to the Direct Claims Shareholder Settlement Agreements, including the Governmental Entity Shareholder Direct Settlement Agreement, are fully reserved.**

[40] [**NTD**: Additional provisions remain subject to ongoing discussions among the parties]

that any Shareholder Released Party, or that any other Person or party claiming under or through any Shareholder Released Party, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Shareholder Released Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, based on or relating to, or in any manner arising from, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date (including the Debtors' Opioid-Related Activities, manufacture, marketing and sale of Products, interaction with regulators concerning Opioid-Related Activities or Products, and involvement in the subject matter of the Pending Opioid Actions, and the past, present or future use or misuse of any opioid by a Releasing Party), (ii) the Estates or (iii) the Chapter 11 Cases.

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) nothing in this Section 10.7(c) shall be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreements, and the Separation Agreement, and including the rights of any Shareholder Released Party that is a current or former director, officer or employee of the Debtors but is not a Sackler Family Member relating to plan treatment of any Claims held by such party; and (z) upon the filing of a Notice of Shareholder Release Snapback and the commencement or continuation of any action or proceeding against a member of a Breaching Shareholder Family Group or a Designated Shareholder Released Party by any Reciprocal Releasee, (A) the releases set forth in this Section 10.7(c) of any Reciprocal Releasee that has commenced or continued any such action shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties and (B) the *status quo ante* shall be restored in all respects for the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties with respect to any Reciprocal Releasee that has commenced or continued any such litigation; *provided* that, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the releases set forth in this Section 10.7(c) shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Reciprocal Releasees, and shall be binding on, and enforceable against, all other Shareholder Released Parties, including any members of the Breaching Shareholder Family Group with respect to any Reciprocal Releasee that has not commenced any such litigation.

10.8 *Channeling Injunction*.

In order to supplement the injunctive effect of the Plan Injunction, the Estate Releases and the Shareholder Releases set forth in Sections 10.5, 10.6 and 10.7 of the Plan, the Confirmation Order shall provide for the following permanent injunction to take effect as of the Effective Date:

(a) Terms. In order to preserve and promote the settlements contemplated by and provided for in the Plan and to supplement, where necessary, the injunctive effect of the Plan Injunction, the Estate Releases and the Shareholder Releases described in Sections 10.5, 10.6 and 10.7 of the Plan, and pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court under section 105(a) of the Bankruptcy Code, all Persons that have held or asserted, that hold or assert or that may in the future hold or assert any Channeled Claim shall be permanently and forever stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payments, satisfaction, recovery or judgment of any form from or against any Protected Party with respect to any Channeled Claim, including:

(i) commencing, conducting or continuing, in any manner, whether directly or indirectly, any suit, action or other proceeding, in each case, of any kind, character or nature, in any forum in any jurisdiction with respect to any Channeled Claims, against or affecting any Protected Party, or any property or interests in property of any Protected Party with respect to any Channeled Claims;

(ii) enforcing, levying, attaching, collecting or otherwise recovering, by any means or in any manner, either directly or indirectly, any judgment, award, decree or other order against any Protected Party or against the property of any Protected Party with respect to any Channeled Claims;

(iii) creating, perfecting or enforcing, by any means or in any manner, whether directly or indirectly, any Lien of any kind against any Protected Party or the property of any Protected Party with respect to any Channeled Claims;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, whether directly or indirectly, in respect of any obligation due to any Protected Party or against the property of any Protected Party with respect to any Channeled Claims; and

(v) taking any act, by any means or in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents, with respect to any Channeled Claims.

(b) Reservations. Notwithstanding anything to the contrary in this Section 10.8 or the Confirmation Order, this Channeling Injunction shall not stay, restrain, bar or enjoin:

(i) the rights of Holders of Channeled Claims to the treatment afforded them under the Plan and the Plan Documents, including the rights of Holders of Channeled Claims to assert such Channeled Claims solely in accordance with Section 6.21 of the Plan, the Master TDP and the Creditor Trust TDPs, in each case whether or not there are funds to make Distributions in respect of such Channeled Claims and whether or not such rights entitle such Holders to any Distributions;

(ii) the rights of Persons to assert any claim, debt, litigation or liability for payment of Creditor Trust Operating Expenses solely against the applicable Creditor Trust;

(iii) the rights of Persons to assert any claim, debt or litigation against any Excluded Party;

(iv) the rights of the Master Disbursement Trust to pursue and enforce the MDT Shareholder Rights, the MDT Insurance Rights and the MDT Causes of Action;

(v) the rights of the parties to the LRP Agreement to enforce the terms thereof in accordance with the Plan;

(vi) the Creditor Trusts from enforcing their respective rights against the Master Disbursement Trust under the Plan and the MDT Documents; or

(vii) the Master Disbursement Trust and the Plan Administration Trust from enforcing its rights against NewCo under the Plan.

(c) **Notice of Shareholder Release Snapback**. Upon the filing of a Notice of Shareholder Release Snapback, the Channeling Injunction shall terminate, be rescinded and have no application, without further order of the Bankruptcy Court, to any suit, action or other proceeding, in each case, of any kind, character or nature, brought against any member of the Breaching Shareholder Family Group and any Designated Shareholder Released Party; *provided*, *however*, that the extension of time provided by Section 10.9(a) of the Plan shall continue in effect in accordance with its terms; *provided further* that, for the avoidance of doubt, notwithstanding the termination and rescission pursuant to this Section 10.8(c), the Channeling Injunction shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Protected Parties, including all other Shareholder Released Parties, other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties; and *provided further* that, in the event of the filing of a Notice of Shareholder Release Snapback, any determination made in the claims resolution process in accordance with Section 7.6 of this Plan will not be binding against any party.

(d) **Modifications**. Except as expressly set forth in paragraph (c) of this Section 10.8, there can be no modification, dissolution or termination of the Channeling Injunction, which shall be a permanent injunction.

(e) **Non-Limitation of Channeling Injunction**. Except as expressly set forth in paragraphs (b) and (c) of this Section 10.8, nothing in the Plan, the MDT Documents or the Creditor Trust Documents shall be construed in any way to limit the scope, enforceability or effectiveness of the Channeling Injunction issued in connection with the Plan.

(f) **Bankruptcy Rule 3016 Compliance**. The Debtors' compliance with the requirements of Bankruptcy Rule 3016 shall not constitute an admission that the Plan provides for an injunction against conduct not otherwise enjoined under the Bankruptcy Code.

10.9 ***Tolling of Shareholder Released Claims; Violations of Shareholder Releases and Channeling Injunction***.

(a) **Tolling of Shareholder Released Claims**. If applicable law, an order in any proceeding or an agreement fixes a period for commencing or continuing an action or proceeding based on a Shareholder Released Claim and such Shareholder Released Claim is released pursuant to the Shareholder Releases or such action or proceeding is enjoined by the Channeling Injunction, then such period does not expire with respect to such Shareholder Released Claim with respect to the Master Disbursement Trust (or the MDT Trustees) or the Releasing Parties until the latest of (i) the end of such period; (ii) with respect to the applicable Shareholder Family Group and any Designated Shareholder Released Party, two hundred twenty-five (225) days after the filing of a Notice of Shareholder Release Snapback with respect to such Shareholder Family Group; (iii) with respect to the applicable Shareholder Family Group and any Designated Shareholder Released Party, when such Shareholder Family Group fulfills its payment obligations under the Shareholder Settlement Agreements; and (iv) with respect to the applicable Shareholder Released Party that is a Subsidiary (as defined in the Master Shareholder Settlement

Agreement) of a Shareholder Payment Party, two hundred twenty-five (225) days after the reinstatement of any Estate Cause of Action against such Shareholder Released Party pursuant to Section 10.19 of the Plan.

(b) **Violations of Shareholder Releases and Channeling Injunction**. In the event that any Person takes any action that a Shareholder Released Party believes violates the Shareholder Releases or Channeling Injunction as it applies to any Shareholder Released Party, such Shareholder Released Party shall be entitled to make an emergency application to the Bankruptcy Court for relief, and may proceed by contested matter rather than by adversary proceeding. The Bankruptcy Court shall have jurisdiction and authority to enter final orders in connection with any dispute over whether an action violates the Shareholder Releases or Channeling Injunction. Upon determining that a violation of the Shareholder Releases or Channeling Injunction has occurred, the Bankruptcy Court, in its discretion, may award any appropriate relief against such violating Person, including, but not limited to, (i) disgorgement from the violating Person of any funds, assets or other value received, directly or indirectly, pursuant to the Plan or Plan Documents (including fees and expenses paid pursuant to the Plan or Plan Documents on account of legal or other advisory services rendered to or for the benefit of the violating Person); (ii) the termination of any rights of the violating Person to receive any funds, assets or other value pursuant to the Plan or Plan Documents; (iii) the reduction of any payments owed by any Shareholder Released Parties under the Shareholder Settlement Agreements to the violating Person in an amount equal to the amount of disgorgement ordered from, or the reduction of future payments ordered to be made to, or on account of, the violating Person (subject to the right of the violating Person to request that any amounts actually disgorged from such violating Person offset any reduction of future payments ordered to be made to, or on account of, such violating Person); (iv) an admonition, reprimand or censure of, or citation of contempt by, the violating Person and its counsel; (v) a fine or penalty paid into the Bankruptcy Court; (vi) a bond or other security in an amount equal to any financial obligation ordered by the Bankruptcy Court in respect of the violation; (vii) an appropriate sanction on any attorney or law firm responsible for the violation; (viii) injunctive relief to prevent future violations by the Person or its counsel; and (ix) attorney and other professional fees incurred by any Shareholder Released Party arising from the violation. The provision of any one form of relief shall not preclude the provision of any other form of relief.

10.10 ***MDT Insurer Injunction***.

(a) **Terms**. In accordance with section 105(a) of the Bankruptcy Code, upon the occurrence of the Effective Date, all Persons that have held or asserted, that hold or assert or that may in the future hold or assert any Claim based on, arising under or attributable to an MDT Insurance Policy shall be, and hereby are, permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery on account of any such Claim based on, arising under or attributable to an MDT Insurance Policy from or against any MDT Insurer, including:

(i) commencing, conducting or continuing, in any manner, any action or other proceeding of any kind (including an arbitration or other form of alternate dispute resolution) against any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy;

(ii) enforcing, attaching, levying, collecting or otherwise recovering, by any manner or means, any judgment, award, decree or other order against any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy;

(iii) creating, perfecting or enforcing in any manner any Lien of any kind against any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, whether directly or indirectly, against any obligation due to any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy; and

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan applicable to any Claim based on, arising under or attributable to an MDT Insurance Policy.

(b) **Reservations**. The provisions of this MDT Insurer Injunction shall not preclude the Master Disbursement Trust from pursuing any Claim based on, arising under or attributable to an MDT Insurance Policy, or any other claim that may exist under any MDT Insurance Policy against any MDT Insurer, or enjoin the rights of the Master Disbursement Trust to prosecute any action based on or arising from the MDT Insurance Policies or the rights of the Master Disbursement Trust to assert any claim, debt, obligation, cause of action or liability for payment against an MDT Insurer based on or arising from the MDT Insurance Policies. The provisions of this MDT Insurer Injunction are not issued for the benefit of any MDT Insurer, and no such insurer is a third-party beneficiary of this MDT Insurer Injunction. This MDT Insurer Injunction shall not enjoin, impair or affect (i) any claims between or among MDT Insurers that are not Settling MDT Insurers; (ii) the rights of current and former directors, officers, employees and authorized agents of the Debtors that are not Sackler Family Members that are preserved under the Plan; or (iii) the terms of the Master Shareholder Settlement Agreement with respect to the MDT Shareholder Insurance Rights. For the avoidance of doubt, with respect to a Person that purports to be insured under any MDT Insurance Policy, the MDT Insurer Injunction shall enjoin only derivative claims and rights. Nothing in this Plan shall determine whether any Claim or right under any MDT Insurance Policy is either derivative or direct, or otherwise would be disallowed or subordinated under the Bankruptcy Code, which determination shall be made, as necessary, to the extent such Claim or right is not otherwise released under this Plan, in accordance with applicable law.

(c) **Modifications**. To the extent the MDT Trustees make a good faith determination that some or all of the MDT Insurance Proceeds are substantially unrecoverable by the Master Disbursement Trust, the Master Disbursement Trust shall have the sole and exclusive authority at any time, upon written notice to any affected MDT Insurer, to terminate, reduce or limit the scope of this MDT Insurer Injunction with respect to any MDT Insurer; *provided* that any termination, reduction, or limitation of the MDT Insurer Injunction (A) shall apply in the same manner to all beneficiaries of the Creditor Trusts that are MDT Beneficiaries and (B) shall comply with any procedures set forth in the MDT Agreement.

(d) **Non-Limitation of MDT Insurer Injunction**. Except as set forth in paragraphs (b) and (c) of this Section 10.10, nothing in the Plan, the MDT Documents or the Creditor Trust Documents shall be construed in any way to limit the scope, enforceability or effectiveness of the MDT Insurer Injunction issued in connection with the Plan.

10.11 ***Settling MDT Insurer Injunction***.

(a) Terms. In accordance with section 105(a) of the Bankruptcy Code, upon the occurrence of the Effective Date, all Persons that have held or asserted, that hold or assert or that may in the future hold or assert any Claim based on, arising under or attributable to an MDT Insurance Policy shall be, and hereby are, permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery on account of any such Claim based on, arising under or attributable to an MDT Insurance Policy from or against any Settling MDT Insurer, solely to the extent that such Settling MDT Insurer has been released from such Claim under such MDT Insurance Policy pursuant to an MDT Insurance Settlement, including:

(i) commencing, conducting or continuing in any manner any action or other proceeding of any kind (including an arbitration or other form of alternate dispute resolution) against any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy;

(ii) enforcing, attaching, levying, collecting or otherwise recovering, by any manner or means, any judgment, award, decree or other order against any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy;

(iii) creating, perfecting or enforcing in any manner any Lien of any kind against any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, whether directly or indirectly, against any obligation due to any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy; and

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan applicable to such Claim based on, arising under or attributable to such MDT Insurance Policy.

(b) **Reduction of Insurance Judgments.** Any right, Claim or cause of action that an Insurance Company may have been entitled to assert against any Settling MDT Insurer but for the Settling MDT Insurer Injunction, if any such right, Claim or cause of action exists under applicable non-bankruptcy law, shall become a right, Claim or cause of action solely as a setoff claim against the Master Disbursement Trust and not against or in the name of the Settling MDT Insurer in question. Any such right, Claim or cause of action to which an Insurance Company may be entitled shall be solely in the form of a setoff against any recovery of the Master Disbursement Trust from that Insurance Company, and under no circumstances shall that Insurance Company receive an affirmative recovery of funds from the Master Disbursement Trust or any Settling MDT Insurer for such right, Claim or cause of action. In determining

the amount of any setoff, the Master Disbursement Trust may assert any legal or equitable rights the Settling MDT Insurer would have had with respect to any right, Claim or cause of action.

(c) **Modifications**. There can be no modification, dissolution or termination of the Settling MDT Insurer Injunction, which shall be a permanent injunction.

(d) **Non-Limitation of Settling MDT Insurer Injunction**. Except as set forth in paragraphs (b) and (c) of this Section 10.11, nothing in the Plan, the MDT Documents or the Creditor Trust Documents shall be construed in any way to limit the scope, enforceability or effectiveness of the Settling MDT Insurer Injunction issued in connection with the Plan.

10.12 ***Exculpation***.

To the maximum extent permitted by applicable law, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from: any Cause of Action for any Claim in connection with, or arising out of, the administration of the Chapter 11 Cases; the negotiation and pursuit of the Disclosure Statement (including any information provided, or statements made, in the Disclosure Statement or omitted therefrom), the Restructuring Transactions, the Plan, the Master Disbursement Trust (including the Master TDP and the MDT Agreement), the Creditor Trusts (including the Creditor Trust TDPs and the other Creditor Trust Documents) and the solicitation of votes for, and confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration of the Plan and the property to be distributed under the Plan; and the wind-up and dissolution of the Liquidating Debtors and the transactions in furtherance of any of the foregoing, in each case other than Causes of Action arising out of, or related to, any act or omission of an Exculpated Party that is a criminal act or constitutes fraud, gross negligence or willful misconduct. This exculpation shall be in addition to, and not in limitation of, all other Releases, indemnities, exculpations and any other applicable law or rules protecting such Exculpated Parties from liability. For the avoidance of doubt, this Section 10.12 shall not exculpate or release any Exculpated Party with respect to any act or omission of such Exculpated Party prior to the Effective Date that is later found to be a criminal act or to constitute fraud, gross negligence or willful misconduct, including findings after the Effective Date. Notwithstanding anything herein to the contrary, nothing in the Plan shall release any Causes of Action that may be asserted against any Excluded Party.

10.13 ***Injunction Related to Releases and Exculpation***.

To the maximum extent permitted under applicable law, the Confirmation Order shall permanently enjoin the commencement or prosecution by any Person, whether directly, derivatively or otherwise, of any Causes of Action released pursuant to this Plan, including, without limitation, the Causes of Action released or exculpated in this Plan and the Claims, Interests, Liens, other encumbrances or liabilities described in Section 5.3(b), 5.4(c) or 5.6(b) of the Plan (but, for the avoidance of doubt, excluding any Excluded Claims).

10.14 ***Subordinated Claims***.

The allowance, classification and treatment of all Claims and Interests and the respective Distributions and treatments in respect thereof under this Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, sections 509(c), 510(a), 510(b) or 510(c) of the Bankruptcy Code or otherwise. Pursuant to sections 509(c) and 510 of the Bankruptcy Code or otherwise, the Debtors reserve the right to reclassify any Allowed Claim or Allowed Interest in accordance with any contractual, legal or equitable subordination relating thereto.

10.15 ***Preservation of Causes of Action and Reservation of Rights***.

As of the Effective Date, (a) the Master Disbursement Trust shall have the right to prosecute any and all MDT Causes of Action, (b) the Plan Administration Trust shall have the right to prosecute any and all Retained Causes of Action relating to and necessary for the administration of Claims against the Debtors (other than Channeled Claims) or the other responsibilities of the Plan Administration Trustee in accordance with the PAT Agreement, (c) each Creditor Trust shall have the right to prosecute any and all Retained Causes of Action relating to and necessary for the administration of the applicable Channeled Claims in accordance with the applicable Creditor Trust TDP and (d) NewCo shall have the right to prosecute any and all Retained Causes of Action constituting NewCo Transferred Assets. Pursuant to section 1123(b) of the Bankruptcy Code, except as expressly provided in Sections 10.5 through 10.13 of the Plan, nothing contained in this Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any Causes of Action that the Debtors had immediately before the Effective Date on behalf of the Estates or of themselves in accordance with any provision of the Bankruptcy Code or any applicable nonbankruptcy law, including but not limited to any actions specifically enumerated in the Schedule of Retained Causes of Action. Subject to Sections 10.5 through 10.13 of the Plan, all such Causes of Action shall be transferred to the Master Disbursement Trust, the Plan Administration Trust, the applicable Creditor Trust or NewCo, as applicable, which shall have, retain, reserve and be entitled to assert all such Causes of Action in accordance with the Plan as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights with respect to any Claim or Interest may be asserted after the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

10.16 ***Ipso Facto and Similar Provisions Ineffective***.

Any term of any policy, contract or other obligation applicable to a Debtor shall be void and of no further force or effect with respect to any Debtor to the extent such policy, contract, or other obligation is conditioned on, creates an obligation of any Debtor as a result of, or gives rise to a right of any Person based on any of the following: (a) the insolvency or financial condition of a Debtor; (b) the commencement of the Chapter 11 Cases; (c) the confirmation or consummation of this Plan, including any change of control that shall occur as a result of such consummation; or (d) the Restructuring Transactions.

10.17 ***No Successor Liability***.

Except as otherwise expressly provided in this Plan and the Confirmation Order, each of NewCo, the Foundation, the Master Disbursement Trust, the Plan Administration Trust and the Creditor Trusts (a) is not, and shall not be deemed to assume, agree to perform, pay or otherwise have any responsibilities for any liabilities or obligations of the Debtors or any other Person relating to or arising out of the operations or the Assets of the Debtors on or prior to the Effective Date, (b) is not, and shall not be, a successor to the Debtors by reason of any theory of law or equity or responsible for the knowledge or conduct of any Debtor prior to the Effective Date and (c) shall not have any successor or transferee liability of any kind or character.

10.18 ***Co-Defendant Defensive Rights***.

Except as provided in the MDT Insurer Injunction, the Settling MDT Insurer Injunction or clause (ii) of the penultimate sentence of this Section 10.18, notwithstanding anything to the contrary in this Article X or in the Plan as it currently exists or as it might be further amended, the Confirmation Order or any order entered in connection with the Plan (or the Plan as amended) (or any such order, as amended, modified or supplemented), or any supplement to the Plan (or the Plan as amended), nothing contained in the Plan or any of the foregoing documents or orders (including, without limitation, the classification, treatment, allowance, disallowance, release, bar, injunction, Channeling Injunction or any other provision of the Plan or the Plan as amended with respect to, impacting, affecting, modifying,

limiting, subordinating, impairing, in any respect, a Co-Defendant Claim), will release, bar, enjoin, impair, alter, modify, amend, limit, prohibit, restrict, reduce, improve or enhance any Co-Defendant Defensive Rights of any Holder of a Co-Defendant Claim or Excluded Party as such rights exist or might in the future exist under applicable non-bankruptcy law. Nothing in the Plan, any of the Plan Documents or in the Confirmation Order shall preclude, operate to or have the effect of, impairing any Holder of a Co-Defendant Claim or Excluded Party from asserting in any proceeding any and all Co-Defendant Defensive Rights that it has or may have under applicable law. Nothing in the Plan, any of the Plan Documents or the Confirmation Order shall be deemed to waive any Co-Defendant Defensive Rights, and nothing in the Chapter 11 Cases, the Plan, any of the Plan Documents or the Confirmation Order may be used as evidence of any determination regarding any Co-Defendant Defensive Rights, and under no circumstances shall any Person be permitted to assert issue preclusion or claim preclusion, waiver, estoppel or consent in response to the assertion of any Co-Defendant Defensive Rights. This Section 10.18 shall be included in the Confirmation Order. Co-Defendant Defensive Rights (i) may be used to offset, set-off, recoup, allocate or apportion fault, liability, or damages, or seek judgment reduction or otherwise defend against any Cause of Action brought by any Person against the Holder of any Co-Defendant Claim or the Excluded Party based in whole or in part on Opioid-Related Activities and (ii) shall in no case be used to seek or obtain any affirmative monetary recovery from any Protected Party or any Asset of any Protected Party (including from any Purdue Insurance Policy or any other insurance policy of a Protected Party) on account of any Released Claim or Shareholder Released Claim. The foregoing does not constitute a release of any Co-Defendant's Class 14 Claim or any other Excluded Party's Class 11(c) Claim.

10.19 ***Reinstatement of Certain Shareholder Released Claims***.

As set forth in the Shareholder Settlement Agreements, if any Shareholder Released Party that is a Subsidiary (as defined in the [Master Shareholder Settlement Agreement]) of a Shareholder Payment Party voluntarily or involuntarily becomes subject to an insolvency, bankruptcy, reorganization, winding-up, administration, dissolution, composition or similar proceeding, upon election by notice from the Sackler Parties' Representative, with the consent of the Master Disbursement Trust, any Estate Causes of Action against such Shareholder Released Party that were previously held by the Debtors and that were released pursuant to Section 10.7(a) of the Plan shall be reinstated in full (and the Shareholder Release provided under Section 10.7(a) of the Plan shall be deemed null and void with respect thereto, and the Channeling Injunction shall terminate, be rescinded and have no application with respect thereto) and the Master Disbursement Trust, in its sole discretion and upon receipt of an advance for fees and expenses provided by the Shareholder Released Parties in an amount determined by the Master Disbursement Trust in its sole discretion (which advance shall be repaid to the extent not used), shall utilize commercially reasonable efforts to maximize the value of any such Estate Causes of Action in such insolvency or liquidation proceeding, and any recovery shall be treated in accordance with the terms as set forth in the Shareholder Settlement Agreements.

10.20 ***Special Provisions for United States***.

(a) As to the United States, notwithstanding anything contained in the Plan or Confirmation Order to the contrary [(except Section 5.2(i) of the Plan and in respect of the United States-PI Claimant Medical Expense Claim Settlement]), including but not limited to this Article X, nothing in the Plan or Confirmation Order [(except Section 5.2(i) of the Plan and in respect of the United States-PI Claimant Medical Expense Claim Settlement)] shall:

(i) limit or expand the scope of discharge, release or injunction permitted to debtors under the Bankruptcy Code. The discharge, release, and injunction provisions contained in the Plan and Confirmation Order are not intended and shall not be construed to

bar the United States from, subsequent to the Confirmation Order, pursuing any police or regulatory action, or any criminal action;

(ii) discharge, release, exculpate, impair or otherwise preclude: (A) any liability to the United States that is not a "claim" within the meaning of section 101(5) of the Bankruptcy Code; (B) any Claim of the United States arising on or after the Effective Date; (C) any liability of the Debtors under police or regulatory statutes or regulations to the United States as the owner, lessor, lessee or operator of property that such Entity owns, operates or leases after the Effective Date; or (D) any liability to the United States, including but not limited to any liabilities arising under the IRC, the environmental laws, the criminal laws, the civil laws or common law, of any Person, including any Released Parties, Shareholder Released Parties or any Exculpated Parties, in each case, other than the Debtors; *provided*, *however*, that the foregoing shall not (x) limit the scope of discharge granted to the Debtors under sections 524 and 1141 of the Bankruptcy Code, (y) diminish the scope of any exculpation to which any Person is entitled under section 1125(e) of the Bankruptcy Code or (z) change the treatment of the DOJ Forfeiture Judgment Claim pursuant to Section 2.3 of the Plan or the treatment of the Federal Government Unsecured Claims pursuant to Section 4.3 of the Plan;

(iii) enjoin or otherwise bar the United States from asserting or enforcing, outside the Bankruptcy Court, any liability described in the preceding clause (ii); *provided*, *however*, that the non-bankruptcy rights and defenses of all Persons with respect to (A) – (D) in clause (ii) are likewise fully preserved;

(iv) affect any valid right of setoff or recoupment of the United States against any of the Debtors; *provided*, *however*, that the rights and defenses of the Debtors with respect thereto are fully preserved (other than any rights or defenses based on language in the Plan or the Confirmation Order that may extinguish setoff or recoupment rights);

(v) divest any court, commission or tribunal of jurisdiction to determine whether any liabilities asserted by the United States are discharged or otherwise barred by this Confirmation Order, the Plan or the Bankruptcy Code; *provided*, *however*, that the Bankruptcy Court shall retain jurisdiction as set forth in and pursuant to the terms of the Plan to the extent permitted by law; or

(vi) be deemed to (A) determine the tax liability of any Person, including but not limited to the Debtors, (B) have determined the federal tax treatment of any item, distribution or Entity, including the federal tax consequences of the Plan or Confirmation Order, or (C) expressly expand or diminish the jurisdiction of the

Bankruptcy Court to make determinations as to federal tax liability and federal tax treatment under the Bankruptcy Code and 28 U.S.C. §§ 157, 1334.

For the avoidance of doubt, the Channeling Injunction set forth in Section 10.8 of the Plan does not apply to the rights and causes of action protected by this Section 10.20.

(b) Notwithstanding anything to the contrary herein, nothing in the Plan, the Confirmation Order, the Shareholder Settlement Agreements or any other document filed in connection with the Plan shall release claims held by the United States of America against the Shareholder Released Parties; *provided* that, for the avoidance of doubt, nothing in the Plan, Confirmation Order, the Shareholder Settlement Agreements or any other document filed in connection with the Plan shall limit the releases contained in the Settlement Agreement between the United States of America and Purdue Pharma L.P., executed on October 21, 2020, or the Settlement Agreement between the United States of America and Dr. Richard Sackler, David Sackler, Mortimer D.A. Sackler, Kathe Sackler, and the Estate of Jonathan Sackler, executed on October 21, 2020.

(c) Several of the Debtors are parties to the various following agreements with the Secretary of the Department of Health and Human Services under which the Debtors owe rebates to third parties:

(i) The Medicare Coverage Gap Discount Program Agreement is established under 42 U.S.C. §§ 1395w-l14A, 1395w-153 and is required should manufacturers wish to have coverage for their products under Medicare Part D. Under the Medicare Coverage Gap Discount Program Agreement, manufacturers agree to reimburse Medicare Part D plan sponsors for certain Coverage Gap discounts the plans provide to Medicare beneficiaries in the Part D coverage gap. The Centers for Medicare & Medicaid Services require that a new entity that seeks to assume a Medicare Coverage Gap Discount Program Agreement enter into a novation agreement with the Centers for Medicare & Medicaid Services with respect to the transfer of such agreement. The Debtors that have entered into Medicare Coverage Gap Discount Program Agreements with the Secretary are: Purdue Pharma L.P. (P1180) and Rhodes Pharmaceuticals L.P. (P1281);

(ii) The Medicaid Drug Rebate Program, established under section 1927 of the Social Security Act, requires manufacturers to enter into National Drug Rebate Agreements with the Secretary for the coverage and payment of a manufacturer's covered outpatient drugs. Under the Medicaid Drug Rebate Program, if a manufacturer has entered into and has in effect a National Drug Rebate Agreement, Medicaid covers and pays for all of the drugs of that manufacturer dispensed and paid for under the state plan, and in return manufacturers pay applicable rebates to the states. The Debtors that have National Drug Rebate Agreements and the labeler codes associated with the National Drug Rebate Agreements are as follows: Rhodes Pharmaceuticals L.P. (42858), Purdue Pharma L.P. (59011), and Adlon Therapeutics L.P. (72912);

(iii) Manufacturers with National Drug Rebate Agreements must also comply with the Drug Pricing Program under section 340B of the Public Health Service Act, 42 U.S.C. § 256b, and have Pharmaceutical Pricing Agreements with the Secretary of the Department of Health and Human Services. Under the Pharmaceutical Pricing Agreements, manufacturers agree to charge a price for covered outpatient drugs that will not exceed the average manufacturer price decreased by a rebate percentage. The Debtors that have Pharmaceutical Pricing Agreements and the labeler codes associated with such agreements are as follows: Rhodes Pharmaceuticals L.P. (42858), Purdue Pharma L.P. (59011), and Adlon Therapeutics L.P. (72912); and

(iv) The Medicare Coverage Gap Discount Program Agreements, the Medicaid National Drug Rebate Agreements and the Pharmaceutical Pricing Agreements identified above provide that, in the event of a transfer of ownership, such agreements are automatically assigned to the new owner and all terms and conditions of such agreements remain in effect as to the new owner. Accordingly, notwithstanding anything contained in the Plan or the Confirmation Order which may be to the contrary, the Debtors shall assume such agreements pursuant to section 365 of the Bankruptcy Code, and upon the Effective Date, the Medicare Coverage Gap Discount Program Agreements, the Medicaid National Drug Rebate Agreements and the Pharmaceutical Pricing Agreements identified above shall be assigned to NewCo. NewCo, as the new owner, will assume the obligations of the Debtors who are parties under such agreements from and after the Effective Date, and to fully perform all the duties and responsibilities that exist under such agreements in accordance with their terms, including the payment of discounts owed to Part D Plan sponsors or payment of rebates owed to states and wholesalers for quarters prior to the Effective Date. For the avoidance of doubt, NewCo shall be liable for any outstanding rebates or discounts owed to third parties (and any applicable interest thereon) arising prior to the Effective Date, as well as any penalties associated with noncompliance by the Debtors with the Medicare Coverage Gap Discount Program Agreements, the Medicaid National Drug Rebate Agreements and the Pharmaceutical Pricing Agreements identified above prior to the Effective Date.

(d) Notwithstanding anything to the contrary herein, nothing in the Plan, the Confirmation Order, the Shareholder Settlement Agreements or any other document filed in connection with the Plan shall bind the United States in any application of statutory, or associated regulatory, authority grounded in Title 19 of the Social Security Act, 42 U.S.C. § 1396-1 et seq. (the "***Medicaid Program***") or in section 1115 of Title 11 of the Social Security Act. The United States is neither enjoined nor in any way prejudiced in seeking recovery of any funds owed to the United States under the Medicaid Program.

ARTICLE XI RETENTION OF JURISDICTION.

11.1 ***Retention of Jurisdiction***.

(a) The Bankruptcy Court shall retain exclusive jurisdiction of all matters arising under, arising out of or related to the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(i) to hear and determine applications for the assumption or rejection of executory contracts and unexpired leases and any Disputed Cure Claims or Disputed Claims in respect of rejection damages resulting therefrom;

(ii) to hear and determine any motions, adversary proceedings, applications, contested matters and other litigated matters pending on, or commenced after, entry of the Confirmation Order;

(iii) to hear and resolve any disputes arising from or related to (A) any orders of the Bankruptcy Court still in effect granting relief under Bankruptcy Rule 2004 or (B) any protective orders entered by the Bankruptcy Court in connection with the foregoing (including the Protective Order);

(iv) to ensure that Distributions to Holders of Allowed Claims are accomplished as provided in this Plan and the Confirmation Order;

(v) to consider Claims or the allowance, classification, priority, compromise, estimation or payment of any Claim, including any Administrative Claim or, solely to the extent provided in the Master TDP and/or the applicable Creditor Trust TDP, any Channeled Claim;

(vi) to enter, implement or enforce such orders as may be appropriate in the event that the Confirmation Order is, for any reason, stayed, reversed, revoked, modified or vacated;

(vii) to issue and enforce injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation or enforcement of this Plan, the Confirmation Order or any other order of the Bankruptcy Court;

(viii) to hear and determine any application to modify this Plan in accordance with section 1127 of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(ix) to hear and determine all Professional Fee Claims;

(x) to resolve disputes concerning any reserves with respect to Non-Participating Channeled Claims and other Disputed Claims or the administration thereof;

(xi) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of this Plan, the Confirmation Order, any transactions or payments in furtherance of the Plan or the Confirmation Order or any agreement, instrument or other document governing, or related to, any of the foregoing, including the Plan Documents;

(xii) to take any action and issue such orders, including any such action or orders as may be necessary after entry of the Confirmation Order or the occurrence of the Effective Date, as may be necessary to construe, enforce, implement, execute and consummate this Plan, including any release (including, but not limited to, the United States-PI Claimant Medical Expense Claim Releases), exculpation or injunction provisions set forth in this Plan, or to maintain the integrity of this Plan following the occurrence of the Effective Date;

(xiii) to hear and determine any other matters related to the Chapter 11 Cases and not inconsistent with the Bankruptcy Code or title 28 of the United States Code;

(xiv) to hear, determine and resolve disputes arising in connection with the interpretation, implementation or enforcement of the Plan or Confirmation Order;

(xv) to resolve any disputes concerning whether a Person had sufficient notice of the Chapter 11 Cases, the Disclosure Statement, any solicitation conducted in connection with the Chapter 11 Cases, any Bar Date established in the Chapter 11 Cases or any deadline for responding or objecting to a Cure Amount, in each case, for the purpose of determining whether a Claim or Interest is discharged hereunder or for any other purpose;

(xvi) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Shareholder Settlement Agreements, the Public Entity Settlements and the Private Entity Settlements;

(xvii) to hear and determine disputes arising in connection with the MDT Claims or operations of the Master Disbursement Trust or the actions of the MDT Trustees;

(xviii) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Creditor Trust Documents, and to hear and determine disputes concerning violations of the Confirmation Order or the use of funds from the Creditor Trusts in a manner inconsistent with the applicable Creditor Trust Documents; *provided* that, with respect to the

Governmental Remediation Trust and the Tribe Trust, such jurisdiction shall be concurrent and not exclusive to the extent set forth in the Governmental Remediation Trust Documents and the Tribe Trust Documents, respectively, as in effect on the Effective Date;

(xix) to hear and resolve any disputes arising from or related to (A) Liens, collateral, or other forms of credit protections that are granted or otherwise effected pursuant to the Shareholder Settlement Agreements, the Public Entity Settlements and the Private Entity Settlements, or (B) any other attempt by any Person to seek orders of attachment, Liens, or collateral involving any Assets, in full or in part, of the Shareholder Released Parties;

(xx) to determine such other matters, and for such other purposes, as may be provided in the Confirmation Order;

(xxi) to hear and determine all matters relating to the Plan Settlements, to the extent permitted under applicable law; and

(xxii) to enter a final decree closing each of the Chapter 11 Cases.

(b) The Bankruptcy Court shall retain concurrent, rather than exclusive, jurisdiction of all matters arising under, arising out of or related to the Chapter 11 Cases and the Plan to, among other things, hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of taxes under section 505(b) of the Bankruptcy Code), and to hear and resolve or recommend resolution of disputes related to the MDT Insurance Rights.

(c) Notwithstanding anything in this Article XI to the contrary, the resolution of Channeled Claims against the Debtors and the forum in which such resolution shall be determined shall be governed by, and in accordance with, Section 6.21 of the Plan, the Master TDP and the Creditor Trust TDPs, if applicable.

(d) By consenting to the treatment provided by this Plan or otherwise supporting the Plan, no State or Tribe shall be construed to have waived any claim of Sovereign Immunity that it may have in any other action or proceeding, including any action or proceeding occurring after the Effective Date.

(e) [Notwithstanding anything in this Article XI to the contrary, any disputes between or among parties to any Governmental Entity Shareholder Direct Settlement Agreement arising under, arising out of or related to such Governmental Entity Shareholder Direct Settlement Agreement shall be resolved consistent with the dispute resolution procedures set forth in such Governmental Entity Shareholder Direct Settlement Agreement, and the forum in which such resolution shall be determined shall be governed by, and in accordance with, such Governmental Entity Shareholder Direct Settlement Agreement, as applicable.][41]

[41] [**NTD**: Subject to ongoing discussion].

(f) Nothing in this Article XI shall be construed to alter the jurisdiction of a court in which an Opt-Out Class Action is pending or was adjudicated in respect of such Opt-Out Class Action.

(g) As of the earlier of the Effective Date or the expiration of the Preliminary Injunction, all Persons are permanently enjoined from commencing, conducting, or continuing, directly or indirectly, any litigation or prosecution of an Estate Cause of Action (including in any proceeding in a judicial, arbitral, administrative, or other forum). Any Person seeking to commence, conduct, or continue litigation or prosecution of a Cause of Action against a Shareholder Released Party or a Released Party may, but is not required to, seek a prior determination in the Bankruptcy Court that a Cause of Action is not an Estate Cause of Action. If any Person commences, conducts or continues litigation or prosecution of such Cause of Action without a prior determination by the Bankruptcy Court, the Person against which such Cause of Action was asserted, and the Master Disbursement Trust or NewCo, shall be entitled to make an emergency application to the Bankruptcy Court for a determination that such Cause of Action is an Estate Cause of Action and that the injunction in this Section 11.1(g) has been violated. In either event, the determination whether or not a Cause of Action is an Estate Cause of Action shall be based on an appropriate evidentiary record, and the only Persons with standing to be heard shall be: (i) the Person seeking to bring such Cause of Action; (ii) the Person or entity against which such Cause of Action would be or has been brought; or (iii) the Debtors, the Creditors' Committee, the PAT, each Governmental Consent Party, the Master Disbursement Trust or NewCo. Upon determining that a violation of the injunction has occurred, damages may be awarded in the amount of attorneys' fees and other litigation costs and expenses incurred by the Person against which the Estate Cause of Action was brought or who is otherwise seeking to enforce the injunction, including in connection with litigation or prosecution of the Estate Cause of Action and in connection with enforcing the injunction in this Section 11.1(g) subject to the discretion of the Bankruptcy Court. Without limiting the foregoing, the Bankruptcy Court, in its discretion, also may award any additional appropriate relief against a violating Person and may award any sanctions against any other Person engaging in otherwise sanctionable conduct in connection with the enforcement of the injunction in this Section 11.1(g).

ARTICLE XII MISCELLANEOUS PROVISIONS.

12.1 *Exemption from Certain Transfer Taxes*.

To the maximum extent permitted pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property under the Plan pursuant to (a) the issuance, distribution, transfer or exchange of any debt, equity security or other interest in the Debtors, (b) the Restructuring Transactions, (c) the creation, modification, consolidation, termination, refinancing and/or recording of any mortgage, deed of trust or other security interest, or the securing of additional indebtedness by such or other means, or (d) the making, assignment, recording or surrender of any lease or sublease, or the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including any deeds, bills of sale or other assignments or instruments of transfer, or assignments executed in connection with any disposition of Assets contemplated by the Plan (including transfers of Assets to and by the Debtors, the Plan Administration Trust, NewCo, the Foundation, the Master Disbursement Trust and the Creditor Trusts) shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles tax, transfer tax (including real estate transfer tax), mortgage tax or mortgage recording tax, sales or use tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee or other similar tax or governmental assessment, and the appropriate federal, state, provincial or local government officials or agents shall forego collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

12.2 ***Dates of Actions to Implement Plan***.

In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day but shall be deemed to have been completed as of the required date.

12.3 ***Amendments***.

(a) **Plan Modifications**. This Plan may be amended, modified or supplemented by the Debtors in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court; *provided* that (i) any such amendment, modification or supplement shall be reasonably acceptable to the Governmental Consent Parties; *provided further* that any such amendment, modification or supplement that expands the scope of the Releases or modifies any provision relating to the MDT Insurance Policies (including the scope thereof) or the transfer of the MDT Insurance Rights shall be acceptable to the Governmental Consent Parties, (ii) any such amendment, modification or supplement shall be reasonably acceptable to the Creditors' Committee to the extent that it (A) relates to the MDT Insurance Rights, (B) modifies Section 5.9 of the Plan as it relates to payment of the attorneys' fees and costs of Holders of Hospital Claims, Third-Party Payor Claims, or PI Claims, the Ad Hoc Group of Individual Victims, the Ratepayer Mediation Participants or the NAS Committee, (C) modifies the Creditors' Committee's consent rights under the Plan, (D) expands the scope of the Releases or (E) materially and adversely affects the treatment of Holders of Hospital Claims, Third-Party Payor Claims, PI Claims, ER Physician Claims or Other General Unsecured Claims (it being understood that (x) any reduction in the amount of any Initial Private Creditor Trust Distribution, the PI Trust Obligation or any Private Creditor Trust's MDT Claim, (y) any elimination of any consent rights in favor of such Holders or (z) any modification to Section 5.2, 5.6 or 5.7 of the Plan to the extent such modification relates to the Master Disbursement Trust or a Private Creditor Trust shall constitute such a material and adverse effect) and (iii) any such amendment, modification or supplement shall be reasonably acceptable to the Sackler Parties' Representative to the extent that it (A) modifies the Sackler Parties' Representative's consent rights under the Plan, (B) modifies the scope of the Releases or (C) materially and adversely affects the rights of the Shareholder Payment Parties. In addition, after the Confirmation Date, as long as such action does not materially and adversely affect the treatment of Holders of Allowed Claims pursuant to this Plan, the Debtors may remedy any defect or omission or reconcile any inconsistencies in this Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes or effects of this Plan, and any Holder of a Claim or Interest that has accepted this Plan shall be deemed to have accepted this Plan as amended, modified or supplemented.

(b) **Certain Technical Amendments**. Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to this Plan without further order or approval of the Bankruptcy Court; *provided*, *however*, that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims and Interests under this Plan.

12.4 ***Revocation or Withdrawal of Plan***.

The Debtors reserve the right to revoke or withdraw this Plan prior to the Effective Date as to any or all of the Debtors; *provided* that each Debtor shall be entitled to revoke this Plan only in full and not in part. If, with respect to a Debtor, this Plan has been revoked or withdrawn prior to the Effective Date, or if confirmation or the occurrence of the Effective Date as to such Debtor does not occur on the Effective Date, then, with respect to such Debtor: (a) this Plan and the Plan Documents shall be null and void in all respects; (b) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount any Claim or Interest or Class of Claims or Interests), assumption or rejection of

executory contracts and unexpired leases effected by this Plan and any document or agreement executed pursuant to this Plan (including the Plan Documents) shall be deemed null and void; and (c) nothing contained in this Plan shall (i) constitute a waiver or release of any Claim by or against, or any Interest in, such Debtor or any other Person, (ii) prejudice in any manner the rights of such Debtor or any other Person, or (iii) constitute an admission of any sort by any Debtor or any other Person; *provided* that any provisions under the Shareholder Settlement Agreements that are expressly contemplated to survive revocation or reversal of the Plan shall survive.

12.5 ***Payment of Statutory Fees***.

All fees payable under section 1930 of chapter 123 of title 28 of the United States Code shall be paid on or before the Effective Date by the Debtors. After the Effective Date, the Plan Administration Trust shall assume liability for and shall pay, or cause to be paid, any and all quarterly fees owed to the U.S. Trustee when due in accordance with applicable law, and shall continue to file, or cause to be filed, with the Bankruptcy Court quarterly reports to show the calculation of such fees for the Debtors' Estates. Each of the Debtors shall remain obligated to pay quarterly fees to the U.S. Trustee until such Debtor's Chapter 11 Case is closed, dismissed or converted to a case under chapter 7 of the Bankruptcy Code.

12.6 ***Severability***.

(a) Notwithstanding anything else contained in the Plan, (i) each of the provisions of the Shareholder Settlements, including, without limitation, the Shareholder Releases and the Channeling Injunction, is integrated with and integral to all other provisions of the Shareholder Settlement Agreements and the remainder of the Plan and the Plan Documents, and shall not be severable from the remainder of the Shareholder Settlement, the Plan or the Plan Documents; (ii) the Confirmation Order shall constitute a judicial determination that each term and provision of the Shareholder Settlements is (A) valid and enforceable pursuant to its terms, (B) integral to both the entirety of the Shareholder Settlement and the Plan and may not be excised or modified other than in accordance with each applicable Shareholder Settlement Agreement, and (C) nonseverable from and mutually dependent on each other term in the Shareholder Settlements and the Plan; and (iii) in the event that any one or more provisions of the Shareholder Settlement Agreements are deemed null, void, illegal or unenforceable, the Shareholder Settlements, the Plan, the Confirmation Order and the Plan Documents shall be null and void.

(b) If, prior to entry of the Confirmation Order, any term or provision of this Plan that is not related to the Shareholder Settlements is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation by the Bankruptcy Court, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with this Section 12.6, is valid and enforceable pursuant to its terms.

12.7 ***Governing Law***.

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent that a Plan Document provides otherwise, the rights, duties and obligations arising under this Plan and the Plan Documents shall be governed by, and construed and enforced in accordance with,

the internal laws of the State of New York, without giving effect to the principles of conflicts of laws thereof (other than section 5-1401 and section 5-1402 of the New York General Obligations Law).

12.8 ***Immediate Binding Effect***.

Subject only to Bankruptcy Rules 3020(e), 6004(h) and 7062, as applicable, upon the occurrence of the Effective Date, the terms of this Plan and the Plan Documents shall be immediately effective and enforceable and deemed binding upon and inure to the benefit of the Debtors, the other Protected Parties, all Holders of Claims against or Interests in the Debtors, all Holders of Channeled Claims, all Releasing Parties and each of their respective successors and assigns.

12.9 ***Successors and Assigns***.

The rights, benefits and obligations of any Person named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or permitted assign, if any, of each such Person.

12.10 ***Entire Agreement***.

On the Effective Date, this Plan, the Plan Supplement and the Confirmation Order shall supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings and representations concerning such documents, all of which have become merged and integrated into this Plan.

12.11 ***Computing Time***.

In computing any period of time prescribed or permitted by this Plan, unless otherwise set forth in this Plan or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

12.12 ***Exhibits to Plan***.

All exhibits, schedules, supplements and appendices to this Plan (including the Plan Supplement) are incorporated into and are part of this Plan as if set forth in full herein.

12.13 ***Notices***.

All notices, requests and demands to or upon the Debtors shall be in writing (including by facsimile transmission) and, unless otherwise provided herein, shall be deemed to have been duly given or made only when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Attn: Marshall S. Huebner, Benjamin S. Kaminetzky, Eli J. Vonnegut,
Christopher S. Robertson, Joshua Y. Sturm and Abraham Bane.

Counsel to the Debtors
and Debtors in Possession

After the occurrence of the Effective Date, the Plan Administration Trustee shall have authority to send a notice to Entities providing that, to continue to receive documents pursuant to

Bankruptcy Rule 2002, such Entities must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002; *provided*, *however*, that the U.S. Trustee need not file such a renewed request and shall continue to receive documents without any further action being necessary. After the occurrence of the Effective Date, the Debtors and the Plan Administration Trustee are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to the U.S. Trustee and those Entities that have filed such renewed requests.

12.14 ***Dissolution of the Creditors' Committee***.

On the Effective Date, the Creditors' Committee will dissolve; *provided*, *however*, that following the Effective Date, the Creditors' Committee shall continue in existence and have standing and a right to be heard for the following limited purposes: (a) applications, and any relief related thereto, for compensation by Professional Persons and requests for allowance of fees and/or expenses under section 503(b) of the Bankruptcy Code, (b) any appeals of, or related to, the Confirmation Order or (c) any other appeal to which the Creditors' Committee is a party. Upon the dissolution of the Creditors' Committee, the Creditors' Committee, each of its members (including each officer, director, employee or agent thereof) and its respective Professional Persons will cease to have any duty, obligation or responsibility arising from, or related to, the Chapter 11 Cases and shall be released and discharged from all rights and duties from, or related to, the Chapter 11 Cases.

12.15 ***Reservation of Rights***.

Except as otherwise provided herein, this Plan shall be of no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the filing of this Plan, any statement or provisions of this Plan or the taking of any action by the Debtors with respect to this Plan shall be, or deemed to be, an admission or waiver of any rights of the Debtors with respect to any Claim or Interest prior to the Effective Date.

Dated: [●], 2025
By: */s/ [●]*
Name: [●]
Title: Authorized Signatory

PURDUE PHARMA L.P.
PURDUE PHARMA INC.
PURDUE TRANSDERMAL TECHNOLOGIES L.P.
PURDUE PHARMA MANUFACTURING L.P.
PURDUE PHARMACEUTICALS L.P.
IMBRIUM THERAPEUTICS L.P.
ADLON THERAPEUTICS L.P.
GREENFIELD BIOVENTURES L.P.
SEVEN SEAS HILL CORP.
OPHIR GREEN CORP.
PURDUE PHARMA OF PUERTO RICO
PURDUE PRODUCTS L.P.
PURDUE PHARMACEUTICAL PRODUCTS L.P.
PURDUE NEUROSCIENCE COMPANY
NAYATT COVE LIFESCIENCE INC.
BUTTON LAND L.P.

RHODES ASSOCIATES L.P.
PAUL LAND INC.
QUIDNICK LAND L.P.
RHODES PHARMACEUTICALS L.P.
RHODES TECHNOLOGIES
UDF LP
SVC PHARMA LP
SVC PHARMA INC.

EXHIBIT A

MSGE Fee Allocation Agreement

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Department of Public Works
Prepared By: Georgia Lim
Initiator: Darlene Lollie
DOC ID: 16226
Legal Request Number: LR2025-367
Bid/Contract Number:

TITLE

Petroleum Restoration Program Site Access Agreement With State Department of Environmental Protection for County Owned Property Located at 1555 East Jefferson Street

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

FLORIDA DEPARTMENT OF Environmental Protection

Bob Martinez Center
2600 Blair Stone Road
Tallahassee, FL 32399-2400

Ron DeSantis
Governor

Alexis A. Lambert
Secretary

July 1, 2025

Hernando County
15470 Flight Path Dr
Brooksville, FL 34604-6823

Subject: Notice of Funding and Requirement of New Site Access Agreement
Blue Wave Investments Inc
1555 E Jefferson St
Brooksville, Hernando County, FL
DEP Facility ID# 279818458
Eligible Discharge Dates: 03/17/2021 (ATRP)
Priority Score: 29

Dear Property Owner:

You are receiving this letter because a discharge of petroleum product on your property was reported to the Florida Department of Environmental Protection (DEP) on March 17, 2021 and is eligible for state funding assistance. The information contained in this letter is provided to help you understand the discharge(s) eligibility program(s) and what actions may be required of you. This letter will consist of three sections; Section 1 asks you to provide the DEP with permission to enter your property (site access), so we may conduct any necessary assessment and/or remedial cleanup, if needed. Section 2 provides information about your property's discharge(s). Section 3 will provide information regarding the remediation process of the discharge(s) for your property and the options available to you. If the information contained within this letter is unclear, or you have questions regarding the process, you can contact Ms. Grace Rivera at the DEP via email at Grace.Rivera@floridadep.gov or by phone at 850-245-8882. Please have the DEP Facility ID# available when contacting her, which is in the subject block above.

Section 1: A Site Access Agreement (SAA, attached) is required before your property can be assessed or remediated using any of the state-funded cleanup programs. The SAA is between the property owner/responsible party (RP) and the DEP. Florida law requires the DEP to select contractors using a competitive procurement selection process. The DEP Petroleum Restoration Program (PRP) will consider any input you may want to provide regarding the assessment and remediation of the discharge(s) at your property.

You also have the option of establishing a separate access agreement between yourself and the DEP selected contractor. The DEP does not review nor give advice regarding these separate agreements. Additionally, the separate access agreement must be subservient to and cannot contradict the DEP SAA. Please review and answer all the appropriate boxes within the SAA and **provide contact information** when completing the agreement. An instruction page is also attached to assist you in completing the form properly.

Section 2: The below discharge on your property is eligible for funding under the following PRP program: 03/17/2021 (ATRP)

Abandoned Tank Restoration Program (ATRP) *where the State pays for the site assessment and remediation. For additional information about this eligibility program please go to link listed below:* https://floridadep.gov/waste/petroleum-restoration/content/abandoned-tank-restoration-program-atrp

Section 3: If your property Priority Score is 29 or lower, your site is eligible to enter the voluntary low-score initiative outside of Priority Score funding: the **Low-Scored Site Initiative (LSSI)**. This initiative was designed specifically for low-scored sites where assessment or remediation activities may not have occurred for a long period of time. The DEP has found that approximately 30% of the low-score sites require minimal or no remediation. The LSSI is for qualifying sites that have a score of 29 or lower.

Under the voluntary **LSSI Initiative** the DEP provides up to $35,000 for assessment activities, and up to $35,000 for limited remediation, if warranted. Co-pay/cost-saving requirements associated with some Program eligible discharges are waived while under the LSSI Initiative. The LSSI Initiative requires owners to accept an LSSI No Further Action (LNFA) site closure (should it qualify), wherein minimal contamination remains onsite. If contamination has migrated out of your property boundaries or if specific soil impacts exist at the site, the site may not meet the LNFA requirements. If at any time while under the LSSI Initiative it is determined that an acceptable closure is not feasible, assessment and/or remedial activities will immediately stop until the site is within Priority Score funding range. Under the LSSI Initiative, the site owner can recommend a contractor to perform the work by submitting the LSSI application. The application can be found at: https://floridadep.gov/waste/petroleum-restoration/documents/low-scored-site-initiative-application-contractor-selection. An SAA must be submitted as part of the LSSI application.

If there are discharges associated with the property that are not funded by a state-funded eligibility program, the state-funded discharges may not qualify for LSSI. Site assessment information will have to be evaluated by the DEP to assess the relationship between a non-program discharge contamination and state-funded contamination before cleanup activities can proceed.

Please execute and return the attached Site Access Agreement (SAA) using the enclosed self-addressed stamped envelope within **30 days** of the date of this letter or email the completed agreement to Grace Rivera at Grace.Rivera@floridadep.gov. **In case the enclosed self-addressed stamped envelope has been displaced, please use the following address: Alan Sakole, DEP-DWM Administrative Services, NorthStar Contracting Group, Inc., 325 John Knox Rd., Building C, Suite 100, Tallahassee, Florida 32303.**

We must advise you that if you do not provide site access to your property within **30 days**, you may lose your property's eligibility from the State-funded Petroleum Restoration Program. If such eligibility is revoked due to your failure to allow the DEP to provide assessment and remediation services on your property, the total cost of cleanup of your property will become your responsibility. On average, assessment and remediation cost per discharge is about $300,000 or more. To avoid losing this opportunity, we urge you to provide access to your property by signing and returning the Agreement provided with this letter. If you have any questions or issues, please contact Ms. Grace Rivera at the DEP via email at Grace.Rivera@floridadep.gov or by phone at 850-245-8882.

Sincerely,

Alan Sakole
Senior Technical Reviewer
FDEP Administrative Services Contractor
NorthStar Contracting Group, Inc.
asakole@northstar.com

ec: Oculus File

Enclosures: Access to OCULUS Instructions
Instructions for Completion of Site Access
Agreement Site Access Agreement
Frequently Asked Questions

Please note this cover letter is for your personal records and should not be returned to the Department.

HERNANDO COUNTY, FLORIDA
PROPERTY RECORD CARD

2024 FINAL TAX ROLL

KEY #	01384790	PRINTED ON	12/02/24 PAGE 1
PARCEL #	R26 422 19 0000 0170 0010	SITUS	1555 E JEFFERSON ST
OWNER(S)	BLUE WAVE INVESTMENTS INC	PARCEL DESCRIPTION	A LOT 208X195 FT MOL IN S1/2 OF NE1/4 OF NW1/4 LESS N124 FT THEREOF
MAILING ADDRESS UPDATED 03/04/20	6043 VALLEY SPRING DR BROOKSVILLE FL 34601-7701	UPDATED 10/12/99	DES IN ORB 1298 PG 1228

MISCELLANEOUS PROPERTY INFORMATION

SQUARE FOOTAGE	19,629	
ACRES	0.50	
JURISDICTION	B	BROOKSVILLE
LEVY CODE	CWBE	COUNTY WIDE/BROOKSVILLE
NEIGHBORHOOD	C50A	JEFFERSON ST,COBB RD-RR TRACKS
SUBDIVISION	0	
DOR LAND USE	11	STORES, 1 STORY
NON-AD VALOREM DIST1	502	BROOKSVILLE FIRE ASSESSMENT

January 2023 GIS AERIAL

2024-02-00 PROPERTY VALUES

		COUNTY	SCHOOL	SWFWMD	BROOKSVILLE
LAND		69,094	69,094	69,094	69,094
BUILDINGS	+	13,896	13,896	13,896	13,896
FEATURES AND OUT BUILDINGS	+	12,394	12,394	12,394	12,394
JUST/MARKET VALUE	=	95,384	95,384	95,384	95,384
VALUE PRIOR TO CAP		95,384	95,384	95,384	95,384
ASSESSED VALUE		95,384	95,384	95,384	95,384
EXEMPT VALUE	-				
TAXABLE VALUE	=	**95,384**	**95,384**	**95,384**	**95,384**
CLASSIFIED LAND USE VALUE					

LAND INFORMATION

CODE	DESCRIPTION	AG	LAST UPDT	CAP YEAR	EXC CAP	GRADE	FRONTAGE	DEPTH	UNITS	MEASURE				ADJ RATE	VALUE
10	COMM SQFT	N	2012		Y	1			19,629.00	SQFT				3.52	69,094

BUILDING 01 INFORMATION

NUMBER	1	YEAR BUILT	1960	CAP YEAR		STORIES	1.0
CODE	20	DEPRECIATION %	63%	EXCL.FROM CAP?	Y	ROOMS	1
DESC	STORE	ADD'l DEPREC.	0%			BEDROOMS	0
L.UPDT	2020	OVERRIDE RATE				BATHROOMS	1

BUILDING 01 CONSTRUCTION

ELEMENT	CODE	DESCRIPTION	POINTS
FOUNDATION		CONT FOOT	
EXTERIOR WAL		CONC BLOCK	
FRAME		CRT PIL/S	
FLOOR SYSTEM		SLAB ON	
FLOOR COVER		CRT FINISH	
ROOF STRUCTR		SHED	
ROOF COVER		BLTUPCOMP	
INTERIOR		MASONRY	
HTG & AC		UNIT HEAT	

BUILDING 01 AREAS

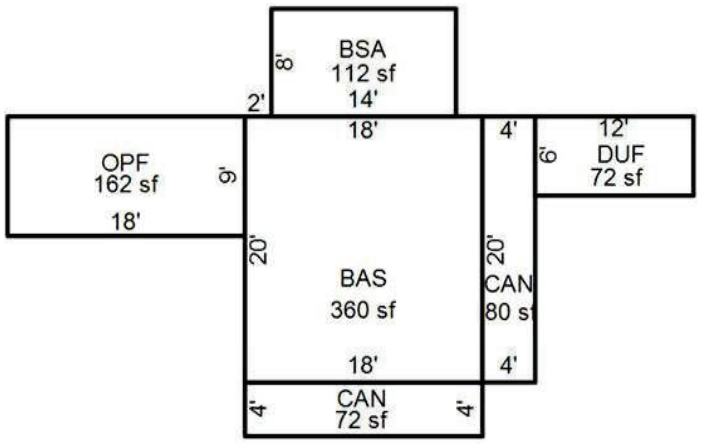
CODE	BASE/AUX	CAP YEAR	EXC CAP	RATE	PERI METER	SQFT SIZE	REPLACEMENT COST	DEPRECIATED VALUE
CAN	A		Y		44.00	72.00	1,123	416
DUF	A		Y		44.00	72.00	2,696	998
CAN	A		Y		44.00	80.00	1,248	462
OPF	A		Y		44.00	162.00	3,033	1,122
BAS	B		Y		44.00	360.00	22,464	8,312
BSA	B		Y		44.00	112.00	6,989	2,586
					TOTAL	858.00	37,553	13,896
					ADJUSTED	602.00		
					BASE	472.00		
					AUXILIARY	386.00		

HERNANDO COUNTY, FLORIDA
PROPERTY RECORD CARD

2024 FINAL TAX ROLL

KEY #	01384790	PRINTED ON	12/02/24	PAGE	2

January 2020 BUILDING 01 DRAWING



February 2015 BUILDING 01 PHOTO

1384790 02/12/2015

BUILDING 01 FEATURES

CODE	DESCRIPTION				YEAR BUILT			WIDTH	LENGTH	UNITS				REPLACEMENT COST	DEPRECIATED VALUE
CPU-1	CARPORT NO CONCRETE				2002			20	36	720				3,888	1,440
CPU-2	CARPORT NO CONCRETE				2002			20	24	480				2,592	960
PV1-1	PAVEMENT, CONCRETE				1960			23	49	1127				4,057	4,057
PV3-1	PAVEMENT, ASPHALT C				1960			26	29	754				2,036	2,036
PV3-2	PAVEMENT, ASPHALT C				1960			17	49	833				2,249	2,249
PV3-3	PAVEMENT, ASPHALT C				1960			10	18	180				486	486
PV3-4	PAVEMENT, ASPHALT C				1960			18	24	432				1,166	1,166

BUSINESSES ON PROPERTY

KEY #	BUSINESS NAME	NAICS	BUSINESS TYPE

ADDRESSES ON PROPERTY

SITUS
1555 E JEFFERSON ST

BUILDING PERMITS

APPLIC.#	APP.DATE	PERMIT #	CODE	DESCRIPTION	ISSUED	STATUS	FINALED	VALUE
B200904	12/21/20	B200904	FT	FUEL TANKS	12/22/20	FINALED	01/27/21	14,110

PROPERTY SALES

SALE DATE	NEW OWNER	CODE	DESCRIPTION	VAC?	INST	OR BOOK	OR PAGE	SALEGRP	VALUE
10/12/99	BLUE WAVE INVESTMENTS INC	D	DISQUALIFIED	N	WD	1298	1228		100
10/12/99	WILKERSON BOTTLE GAS INC	S	SPLIT (REQUI	N		----	----		

PROPERTY APPRAISER INSPECTIONS

INSP.DATE	ROLL	EMPL	CODE	REASON
01/11/22	2022	256	1	BUILDING PERMIT
06/05/20	2020	256	17	5 YEAR REVIEW
02/12/15	2015	197	17	5 YEAR REVIEW
10/04/07	2008	197	17	5 YEAR REVIEW
05/19/04	2004	197	17	5 YEAR REVIEW
05/13/03	2003	197	17	5 YEAR REVIEW

PROPERTY APPRAISER NOTES

February 12 2015
EAST SIDE FARMERS MKT AND DOUG E FRESH CAR WASH

Petroleum Restoration Program

SITE ACCESS AGREEMENT -Local Government

1. The Parties. The undersigned real property owner, Hernando County, whose address is 15470 Flight Path Drive, Brooksville, FL 34604, ("**Owner**"), hereby give(s) permission to the State of Florida, Department of Environmental Protection, whose address is 2600 Blair Stone Road, MS# 4545, Tallahassee, Florida 32399-2400 ("**FDEP**" or "**Department**"), and all its contractor, subcontractors, and vendors ("**Contractor**"), to enter the Owner's property located at ("**Property**") 1555 E Jefferson St, Brooksville, Hernando County, Florida with FDEP Facility ID# 279818458.

The Property. Owner owns that certain real property identified as folio/ parcel number(s) R26 422 19 0000 0170 0010, located at 1555 E Jefferson St, Brooksville, Hernando County County, Florida (the "**Property**"), as more particularly described in the legal description within **Exhibit A**, attached hereto and made a part hereof.

2. Permissible Activities. This Site Access Agreement ("**Agreement**") is limited to activities which may be performed by the Department or its Contractors without cost to the Owner (unless required in a separate agreement with the Department) to locate contamination, determine contamination levels and, when necessary, remove and remediate contamination which may be performed by the Department and its Contractors. If the contamination is eligible for state funding, nothing herein is intended to modify the requirements and limitations of the eligibility program or order. The following activities are included in this Agreement but are not limited to this list:

- conduct soil, surface, subsurface, and groundwater investigations, including but not limited to entry by a drill rig vehicle, and support vehicles;
- install and remove groundwater monitoring wells;
- use geophysical equipment;
- use an auger for collecting soil and sediment samples;
- locate existing wells;
- collect waste, soil, and water samples;
- remove, treat and/or dispose of contaminated soils and water;
- remove contaminated soil by digging with backhoes, large diameter augers and similar equipment;
- install, operate, and remove remedial equipment;
- install and remove utility connections;
- trenching for connection of remediation wells to equipment;
- conduct surveys, prepare site sketches, and take photographs; and
- inspect any and all of the above activities.

3. Duration and Termination of Access. This Agreement is granted, without any fee or charge to the Department or Contractors, for so long as is necessary to assess, remove, monitor and remediate the contamination on the Property. Access shall be allowed for the Department (its

employees) and Department Contractors (including site rehabilitation contractors and associated subcontractors; contracted site managers with Teams 5 and 6 or local government; and contractors performing work for the Department under environmental forensics site investigation contract, if applicable) (collectively referred to throughout as Contractors) immediately upon the execution of this Agreement. However, access for a Site Rehabilitation Contractor can be contingent upon the Owner timely entering into an additional separate site access agreement with only the Site Rehabilitation Contractor (if the Owner wants a separate agreement with the Site Rehabilitation Contractor, please check the appropriate box at the end of this document). Such agreement with a Site Rehabilitation Contractor is not binding upon the Department. There is no option for an additional site access agreement with any of the Department's other Contractors. This Agreement shall continue until the Department's entry of a site rehabilitation completion order pursuant to Rule 62-780.680, Florida Administrative Code (F.A.C.), or low-scored site initiative no further action order pursuant to Section 376.3071(12)(b), Florida Statutes (F.S., "Order"). At which time the Owner shall be provided a copy of the Order and this Agreement shall be automatically terminated.

4. County or City (referred to as "Local Government") Manager/Administrator. The Local Government Manager/Administrator (as appropriate) is authorized to exercise the Owner's rights and obligations under this Agreement, including, but not limited to, giving written consent to the Department's requests when necessary, approving any amendment or waiver of the terms and conditions of this Agreement, and terminating the Agreement. The Local Government Manager/Administrator is defined as the administrative head of Local Government pursuant to _____/ _____.

5. Work Performed during Business Hours. The Department and Contractors may enter the Property during normal Business Hours and may also make arrangements to enter the Property at other times with the Owner's prior written consent. "Business Hours" is defined as 7 A.M. to 7 P.M. (Eastern Time) during the weekdays.

6. Environmental Infrastructure and Well Permits. The owner authorizes the Department and the Contractor to act as its authorized representative in signing all required forms and documents necessary for obtaining applicable permits related to environmental infrastructure improvements including well construction, repair, maintenance, modification, and abandonment pursuant to Chapter 373, F.S.

7. Activities Comply with Applicable Laws. The Department and Contractors agree that any and all work performed on the Property and in association with this Agreement shall be done in a good, safe, workmanlike manner, and in accordance with applicable federal and state laws, and, if applicable, local laws, rules, and regulations.

8. Proper Disposal of Contaminated Media. The Department and Contractors shall ensure that soil cuttings, any work materials, and water generated shall be managed and disposed of in accordance with Environmental Laws. All soil cuttings, waste materials and development water generated shall be appropriately disposed in a timely manner.

9. Property Restoration. The Department shall pay the reasonable costs of restoring the Property as nearly as practicable to the conditions which existed before activities associated with contamination assessment or remedial action were taken.

10. Owner's Non-Interference. The Owner shall not interfere with the Department or Contractors when performing the Permissible Activities. Owner shall not damage any equipment including wells, piping, and remediation system that may be located on the Property. Owner shall notify the Department at least ninety (90) days prior to commencement of any construction, demolition or other work on the Property that may damage or destroy any part of the equipment installed under this Agreement. If the Department anticipates that the remediation equipment will not be used for over one (1) calendar year, the Owner can request removal of the remediation equipment if it is interfering with the operation of the business or with planned construction activities.

11. Non-revocable. If Property is the source of the discharge that is eligible for State funded remediation pursuant to Chapter 376, F.S., access to the Property is required and Owner may not revoke this Agreement with the Department until the appropriate site rehabilitation completion order is issued under Rule 62-780.680, F.A.C. or a low-scored site initiative no further action order is issued (if applicable) pursuant to Section 376.3071(12)(b), F.S., is final.

12. No Admission. The granting of this Agreement by the Owner is not intended, nor should it be construed, as an admission of liability on the part of the Owner for any contamination discovered on the Property.

13. Owner's Use of Property. The Owner retains the right to use the Property, and the Department and its Contractors will work with the Owner regarding minimizing activities that may interfere with the Owner's management and use of the Property. However, neither the Department nor the Contractor are responsible for any inconvenience, economic injury, or business damage that Owner may suffer due to the performance of any Permissible Activity. This agreement does not modify any legal right the parties may have regarding negligent acts.

14. Owner's Release of Claim. If Owner selected a qualified contractor (not an agency term contractor), the Owner hereby releases the Department from any and all claims against the Department performed by the Owner's selected contractor arising from or by virtue of, the Permissible Activities.

15. Injury to Department. The Owner shall not be liable for any injury, damage or loss on the Property suffered by the Department, or Department's employees or Contractors, provided that it was not caused by the negligence or intentional acts of the Owner's agents or employees.

16. Sovereign Immunity. To the extent permitted by law, and without either party waiving its sovereign immunity or waiving any limits established by Section 768.28, F.S., the Owner and the Department acknowledges and accepts their responsibility and liability for torts under applicable law (Section 768.28, F.S.) for damages caused by the acts of their respective employees while on the Property.

17. Insured Contractors. The Department shall require its site rehabilitation and Forensics Contractors, while performing services on the Property, to maintain commercial general liability insurance, automobile liability insurance, and workers' compensation insurance as

required by Section 376.3071(6), F.S., and approved by the Department.

18. Public Records. All documents created or received associated with the Permissible activities are a public record pursuant to Chapter 119, F.S. The Owner may retrieve any documents or other information related to the Permissible Activities online using the facility number reference above. https://depedms.dep.state.fl.us/Oculus/servlet/login

19. Entire Agreement. This Agreement shall constitute the entire agreement between the Department and the Owner regarding this grant of access to Property by the Department and its Contractors as stated herein. No modification, amendment or waiver of the terms and conditions of this Agreement shall be binding upon Department unless approved in writing by an authorized representative of the Owner and the Department.

20. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida. Venue for any action or proceeding arising from or relating to this Agreement shall be in the appropriate Florida court having jurisdiction located in Hernando County, Florida.

21. Severability. In the event that any part of this Agreement is found to be invalid by a court of competent jurisdiction, that part shall be severed from this Agreement, and the balance of this Agreement shall remain in full force.

22. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and the Department, Contractors, and their successors, and assigns, and shall not be deemed to confer upon third parties any remedy, claim, liability, or reimbursement, claim of action or other right.

A. Are additional requirements attached to this agreement? If neither are checked, the Department will assume "NO". Note: Additional requirements must be on a separate page titled Exhibit B and include the facility ID#, owner signature and date on the page. If an Exhibit B is not submitted to the Department with the signed Site Access Agreement, the Department will conclude that you have changed your selection from "YES" to "NO".

(●) YES ( ) NO

B. Do you wish to participate or provide input with respect to rehabilitation of this facility? If neither are checked, the Department will assume "NO".

(●) YES ( ) NO

C. If you wish to exercise the option to reject one Contractor prior to assignment of work, please enter an email address. _____

Note: If you do not have an email address, you can enter a telephone number or street address instead.

D. Do you want the site rehabilitation Contractor to contact you to obtain a separate site access agreement? Note: Optional site access agreements between the owner and site rehabilitation Contractor must be completed within (90) calendar days. Since such an agreement is neither necessary nor required, state-funded site rehabilitation activities will begin whether or not you and the site rehabilitation Contractor have executed this optional agreement. Entities listed in paragraph 3 which this agreement provides immediate access for are excluded from this option of obtaining an additional site access agreement.

◉ YES ○ NO

23. Notices. For a notice to a party to be effective under this Agreement, notice must be sent via e-mail to the addresses listed below and shall be effective upon mailing. The addresses for notice shall remain as set forth herein unless and until changed by providing notice of such change in accordance with this section.

NOTICE TO OWNER:
{{this may change based upon local government structure}}

Local Government Manager/Administrator Brian Hawkins, Chairman
Email Address: administration@co.hernando.fl.us

With a copy to:
County Attorney Jon Jouben
Email Address: cao@hernandocounty.us

and

Real Property Director J. Scott Herring, P.E.
Email Address: dpw@hernandocounty.us

NOTICE TO DEPARTMENT:

In addition to the Department's site manager assigned to the Property, the below mentioned PRP Facilitator has been assigned to the Owner and shall be given all notices required under this Agreement.

PRP –
Email Address:

Remainder of page intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement: Hernando County, through its Board of County Commissioners, signing by and through its County Administrator, authorized to execute same by Board action on the 12 day of August, 2025 (Agenda Item # ____), and the State of Florida Department of Environmental Protection, signing by and through its duly authorized representative. *{{County will create its own signature block, below is an example only}}*

ATTEST:

_____

LOCAL GOVRNMENT:

Hernando County, through its
Board of County Commissioners

By_____

Name & Title Brian Hawkins, Chairman

12 day of August, 2025

Approved as to form

By Michael Cowan 07/28/25
(Date)
Local Government Attorney

Accepted by the State of Florida Department of Environmental Protection:

DEP PRP Program Administrator

Signature of Witness

Print Name

Date

Attachments: Exhibit A- Legal description of the Property. FDEP Coordinates (Degrees^{o} Minutes' Seconds") for Facility ID#: 279818458

Latitude 28° 32' 44.5789"

Longitude 82° 22' 37.9141"

Exhibit A

Legal Description:

A LOT 208X195 FT MOL IN S1/2 OF NE1/4 OF NW1/4 LESS N124 FT THEREOF

DES IN ORB 1298 PG 1228

BOARD OF COUNTY COMMISSIONERS
15470 FLIGHT PATH DRIVE ◆ BROOKSVILLE, FLORIDA 34604
P 352.754.4002 ◆ F 352.754.4477 ◆ W www.HernandoCounty.us

FDEP Facility ID# 279818458 8/12/2025
Facility Name: Blue Wave Investments Inc
Parcel ID# R26 422 19 0000 0170 0010
Site address: 1555 E Jefferson St, Brooksville, FL, 34601
Eligible Discharge Dates: 03/17/2021 (ATRP)

FDEP Site Access Agreement
Exhibit B
Additional Requirements

To Whom It May Concern,

Hernando County respectfully requests that the ATC Contractor provide a minimum of **seven (7) calendar days' written notice** prior to conducting any fieldwork on County-owned property.

Please note that the above-referenced facility has been acquired by the County for redevelopment and future use. As such, the ATC Contractor is required to **coordinate all proposed site visits** with Hernando County in advance.

Additionally, the County requests to be **copied on all site-related reports, proposals, and correspondence** pertaining to this project.

Sincerely,

Brian Hawkins, Chairman
Hernando County, Florida

BOARD OF COUNTY COMMISSIONERS

15470 FLIGHT PATH DRIVE • BROOKSVILLE, FLORIDA 34604
P 352.754.4002 • F 352.754.4477 • W www.HernandoCounty.us

FDEP Facility ID# 279818458
Facility Name: Blue Wave Investments Inc
Parcel ID# R26 422 19 0000 0170 0010
Site address: 1555 E Jefferson St, Brooksville, FL, 34601
Eligible Discharge Dates: 03/17/2021 (ATRP)

8/12/2025

FDEP Site Access Agreement
Exhibit B
Additional Requirements

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Sincerely,

Brian Hawkins, Chairman
Hernando County, Florida

Petroleum Restoration Program

SITE ACCESS AGREEMENT -Local Government

1. The Parties. The undersigned real property owner, Hernando County, whose address is 15470 Flight Path Drive, Brooksville, FL 34604, ("**Owner**"), hereby give(s) permission to the State of Florida, Department of Environmental Protection, whose address is 2600 Blair Stone Road, MS# 4545, Tallahassee, Florida 32399-2400 ("**FDEP**" or "**Department**"), and all its contractor, subcontractors, and vendors ("**Contractor**"), to enter the Owner's property located at ("**Property**") 1555 E Jefferson St, Brooksville, Hernando County, Florida with FDEP Facility ID# 279818458.

The Property. Owner owns that certain real property identified as folio/ parcel number(s) R26 422 19 0000 0170 0010, located at 1555 E Jefferson St, Brooksville, Hernando County County, Florida (the "**Property**"), as more particularly described in the legal description within **Exhibit A**, attached hereto and made a part hereof.

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16. Sovereign Immunity. To the extent permitted by law, and without either party waiving its sovereign immunity or waiving any limits established by Section 768.28, F.S., the Owner and the Department acknowledges and accepts their responsibility and liability for torts under applicable law (Section 768.28, F.S.) for damages caused by the acts of their respective employees while on the Property.

17. Insured Contractors. The Department shall require its site rehabilitation and Forensics Contractors, while performing services on the Property, to maintain commercial general liability insurance, automobile liability insurance, and workers' compensation insurance as

required by Section 376.3071(6), F.S., and approved by the Department.

18. Public Records. All documents created or received associated with the Permissible activities are a public record pursuant to Chapter 119, F.S. The Owner may retrieve any documents or other information related to the Permissible Activities online using the facility number reference above. https://depedms.dep.state.fl.us/Oculus/servlet/login

19. Entire Agreement. This Agreement shall constitute the entire agreement between the Department and the Owner regarding this grant of access to Property by the Department and its Contractors as stated herein. No modification, amendment or waiver of the terms and conditions of this Agreement shall be binding upon Department unless approved in writing by an authorized representative of the Owner and the Department.

20. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida. Venue for any action or proceeding arising from or relating to this Agreement shall be in the appropriate Florida court having jurisdiction located in Hernando County, Florida.

21. Severability. In the event that any part of this Agreement is found to be invalid by a court of competent jurisdiction, that part shall be severed from this Agreement, and the balance of this Agreement shall remain in full force.

22. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and the Department, Contractors, and their successors, and assigns, and shall not be deemed to confer upon third parties any remedy, claim, liability, or reimbursement, claim of action or other right.

A. Are additional requirements attached to this agreement? If neither are checked, the Department will assume "NO". Note: Additional requirements must be on a separate page titled Exhibit B and include the facility ID#, owner signature and date on the page. If an Exhibit B is not submitted to the Department with the signed Site Access Agreement, the Department will conclude that you have changed your selection from "YES" to "NO".

(●) YES ( ) NO

B. Do you wish to participate or provide input with respect to rehabilitation of this facility? If neither are checked, the Department will assume "NO".

(●) YES ( ) NO

C. If you wish to exercise the option to reject one Contractor prior to assignment of work, please enter an email address. _____

Note: If you do not have an email address, you can enter a telephone number or street address instead.

D. Do you want the site rehabilitation Contractor to contact you to obtain a separate site access agreement? Note: Optional site access agreements between the owner and site rehabilitation Contractor must be completed within (90) calendar days. Since such an agreement is neither necessary nor required, state-funded site rehabilitation activities will begin whether or not you and the site rehabilitation Contractor have executed this optional agreement. Entities listed in paragraph 3 which this agreement provides immediate access for are excluded from this option of obtaining an additional site access agreement.

◉ YES ○ NO

23. Notices. For a notice to a party to be effective under this Agreement, notice must be sent via e-mail to the addresses listed below and shall be effective upon mailing. The addresses for notice shall remain as set forth herein unless and until changed by providing notice of such change in accordance with this section._

NOTICE TO OWNER:

Local Government Manager/Administrator Brian Hawkins, Chairman
Email Address: administration@co.hernando.fl.us

With a copy to:
County Attorney Jon Jouben
Email Address: cao@hernandocounty.us

and

Real Property Director J. Scott Herring, P.E.
Email Address: dpw@hernandocounty.us

NOTICE TO DEPARTMENT:

In addition to the Department's site manager assigned to the Property, the below mentioned PRP Facilitator has been assigned to the Owner and shall be given all notices required under this Agreement.

PRP –
Email Address:

Remainder of page intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement: Hernando County, through its Board of County Commissioners, signing by and through its County Administrator, authorized to execute same by Board action on the 12 day of August, 2025 (Agenda Item # ____), and the State of Florida Department of Environmental Protection, signing by and through its duly authorized representative. *{{County will create its own signature block, below is an example only}}*

ATTEST:

BOARD OF COUNTY COMMISSIONERS SEAL HERNANDO COUNTY, FLORIDA

Heidi Prause, Deputy Clerk
fa Doug A. Chorvat, Jr.
Clerk of Circuit Court

LOCAL GOVRNMENT:

Hernando County, through its
Board of County Commissioners

By _____

Name & Title Brian Hawkins, Chairman

12 day of August, 2025

Approved as to form

By Michael Cowan 07/28/25
(Date)
Local Government Attorney

Accepted by the State of Florida Department of Environmental Protection:

for BH

DEP PRP Program Administrator

October 6, 2025

Naveen Hashim

Signature of Witness

Naveen Hashim

Print Name

October 6, 2025

Date

Attachments: Exhibit A- Legal description of the Property. FDEP Coordinates (Degrees° Minutes' Seconds") for Facility ID#: 279818458

Latitude 28° 32' 44.5789"

Longitude 82° 22' 37.9141"

Exhibit A

Legal Description:

A LOT 208X195 FT MOL IN S1/2 OF NE1/4 OF NW1/4 LESS N124 FT THEREOF

DES IN ORB 1298 PG 1228

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Procurement Department
Prepared By: Erin Briggs
Initiator: Carla Rossiter-Smith
DOC ID: 16142
Legal Request Number:
Bid/Contract Number:

TITLE

Request Submitted by Sheriff's Office to Apply for FY 2024 Local Edward Memorial Justice Assistance Grant

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

CERTIFICATE OF PARTICIPATION

Edward Byrne Memorial
Justice Assistance Grant (JAG) Program

Mr. Cody Menacof
Office of Criminal Justice Grants
Florida Department of Law Enforcement
2331 Phillips Road
Tallahassee, Florida 32308

Dear Mr. Menacof:

This letter provides notification that the Hernando County Board of Commissioners ✓ Accepts ___ Declines to serve as the coordinating unit of government for the Florida Department of Law Enforcement's Edward Byrne Memorial Justice Assistance Grant (JAG) Countywide Program.

I understand, for the purposes of the JAG Countywide Program, the county can only request and approve applications for eligible subrecipients. In order to meet eligibility requirements, the county, and each organization or agency identified through the 51% planning process (as provided by Florida Administrative Code, Chapter 11D-9.002), must be able to document compliance with the following requirements prior to receiving a subaward:

- 2 C.F.R. Part 25—*Universal Identifier and System for Award Management (SAM) Requirements*
- 8 U.S.C §1373 & 1644—*Communication Between Governments and the Immigration and Naturalization Service*
- 28 C.F.R. Part 42—*Nondiscrimination; Equal Employment Opportunity; Policies and Procedures*
- 2 C.F.R. §200.318-327—*Federal Procurement Standards*
- 2 C.F.R Part 200.300-309—*Standards for Financial and Program Management*

For purposes of coordinating the preparation of application(s) for grant funds with the Office of Criminal Justice Grants, the following individual is designated as County Coordinator for the county's **FY24 JAG Countywide** subawards:

Name:	Erin Kluis Briggs	Agency:	Hernando County BOCC
Title:	Grants Manager	Address:	15470 Flight Path Drive
Email:	ebriggs@co.hernando.fl.us	City:	Brooksville
Phone:	352-754-4778	Zip:	34604

I acknowledge and understand the responsibility placed upon the county to ensure grant funds are used for improving criminal justice and subawards, as identified through the 51% process, are only approved to eligible subrecipients.

Sincerely,

Chair
Hernando County Board of Commissioners

HERNANDO COUNTY SUBSTANCE ABUSE POLICY ADVISORY BOARD

MEETING OF June 12th, 2025

A Regular Meeting of the Hernando County Substance Abuse Policy Advisory Board was held on Thursday, June 12th, 2025, at 3pm, in the Administration Conference Room, 15470 Flight Path Drive, Brooksville, Florida.

Attendees

X Present	Agency	Name
X	Fifth Judicial Circuit Court	Jeremy Moore
X	HCSO	Teresa Hall
	HCSO	Kenneth Hayden
X	HCSO	Frances Pioszak
X	FDOC	Samuel A. Flynn
	HCSD	Jill Kolasa
	HCSD	Janice Smith
	State Attorney's Office	Candace Eccles
X	State Attorney's Office	Conrad Jueryersmejer
	Baycare	Sandra Marrero
	Public Defender	Laura Cole
	Public Defender	Dillon Vizcarra
	Court Admin	Katie Mosley-Rusha
X	Hernando County Grants	Erin Kluis Briggs
	Hernando County BOCC	John Allocco
	Hernando County Admin	Jessica Wright
X	HCSO	Teresa Hill
X	Hernando County Grants	Casey Stepp

Call to Order

The meeting was called to order at 3:02 PM by Erin Kluis Briggs.

Election of Officers for 2025

Chairman

A motion was made to nominate Dillon Vizcarra as Chairman for the FFY2025 SAPAB.

Motion

Jeremy Moore nominated; seconded by Teresa Hill and carried **X Yes** ___No **X unanimously,**

Approval of Minutes of July 2nd 2024

The Minutes for July 2nd 2024, were submitted for approval.

Motion

Jeremy Moore moved to approve; seconded by Samuel Flynn and carried **X** ___**Yes** ___No

__**X unanimously**

2023 Grant Recipients - Program Review

The Hernando County Sheriff's Office and the Fifth Judicial Circuit Court reviewed the programs for which the 2023 funding had been used by their Agencies. The HCSO is pending close out of the award. The Fifth Judicial Circuit Court is also pending close out of the grant agreement with FDLE.

2024 Byrne Justice Assistance Grant Allocation - $59,342

Preliminary Funding Application had been submitted by the following agency:

- Hernando County Sheriff's Office - $59,432 for the procurement of law enforcement equipment to include – laser/radar units, improve office mobility and public engagement with the purchase of mountain bikes, increase officer protection during high-risk incidents with the purchase of ballistic shields and streamline processes for the training unit through the purchase of tablets.

Motion

Jeremy Moore moved to approve the funding applications; seconded by Samuel Flynn.

x Yes ___No **X unanimously.**

It was determined that there was no need for a grant review subcommittee as all SAPAB attendees agreed on the proposed allocation and the preliminary application did not exceed the award amount.

ADJOURNMENT

The meeting adjourned at 3:06 PM.

City of Brooksville

352.540.3810 Phone
352.544.5424 Fax

July 8, 2025

Mr. Cody Menacof
Bureau Chief
Office of Criminal Justice Grants
Florida Department of Law Enforcement
P.O. Box 1489
Tallahassee, Florida 32302

Dear Mr. Menacof,

In compliance with the State of Florida Rule 11D-9, F.A.C., the Hernando County Board of County Commissioners approves the distribution of $54,189 of Federal Fiscal Year 2024 Edward Byrne Memorial JAG Program funds for the following projects in Hernando County:

Recipient	Project Purpose	Amount
Hernando County Board Of County Commissioners	Law Enforcement Equipment and Supplies	$54,189
Services	**Total:**	**$54,189**

Sincerely,

Christa N. Tanner

Christa Tanner
City of Brooksville

BOARD OF COUNTY COMMISSIONERS
15470 FLIGHT PATH DRIVE ◆ BROOKSVILLE, FLORIDA 34604
P 352.754.4002 ◆ F 352.754.4477 ◆ W www.HernandoCounty.us

August 12, 2025

Mr. Cody Menacof
Bureau Chief
Office of Criminal Justice Grants
Florida Department of Law Enforcement
P.O. Box 1489
Tallahassee, Florida 32302

Dear Mr. Menacof,

In compliance with the State of Florida Rule 11D-9, F.A.C., the Hernando County Board of County Commissioners approves the distribution of $54,189 of Federal Fiscal Year 2024 Edward Byrne Memorial JAG Program funds for the following projects in Hernando County:

Recipient	Project Purpose	Amount
Hernando County Board Of County Commissioners	Law Enforcement Equipment and Supplies	$54,189
Services	**Total:**	**$54,189**

Sincerely,

Brian Hawkins, Chairman
Board of County Commissioners
Hernando County, FL

BOARD OF COUNTY COMMISSIONERS

15470 FLIGHT PATH DRIVE • BROOKSVILLE, FLORIDA 34604
P 352.754.4002 • F 352.754.4477 • W www.HernandoCounty.us

August 12, 2025

Mr. Cody Menacof
Bureau Chief
Office of Criminal Justice Grants
Florida Department of Law Enforcement
P.O. Box 1489
Tallahassee, Florida 32302

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Services	**Total:**	**$54,189**

Sincerely,

Brian Hawkins, Chairman
Board of County Commissioners
Hernando County, FL

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Airport
Prepared By: Christine Schmidt
Initiator: Steve Miller
DOC ID: 16220
Legal Request Number: 19-679-3
Bid/Contract Number:

TITLE

Air Traffic Control Tower Operations Agreement With Federal Aviation Administration for Brooksville-Tampa Bay Regional Airport

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

AIR TRAFFIC CONTROL TOWER OPERATIONS AGREEMENT BETWEEN

FEDERAL AVIATION ADMINISTRATION (FAA)

AND

HERNANDO BOARD OF COUNTY COMMISSIONERS

I. PARTIES

This Air Traffic Control Tower Operations Agreement (TOA) (hereinafter "Agreement"), is hereby made and entered into this 16th day of January, 2020 by and between the Federal Aviation Administration ("FAA") and the Hernando Board of County Commissioners ("Airport Sponsor") (collectively known as the "Parties").

II. SCOPE

The purpose of this Memorandum of Understanding (MOU) between the FAA and the Airport Sponsor is to set forth the terms under which the FAA will provide air traffic control (ATC) services to the Airport Sponsor at Brooksville – Tampa Bay Regional Airport ("Airport"), located in Brooksville, Florida. This Agreement replaces and supersedes any prior TOA signed by the parties.

III. ROLES AND RESPONSIBILITIES OF THE PARTIES

A. Roles and responsibilities of the FAA.

The FAA shall provide ATC services at the Airport, by way of a contractual agreement between the FAA and an air traffic control services provider of the FAA's choice, in accordance with standards established by the FAA, subject to the availability of funds.

The tower hours of operation will be daily 7 a.m. to 10 p.m.

The FAA reserves the right to adjust those hours in accordance with applicable FAA standards, regulations and policy.

The FAA/ATC contractor will collect hourly and daily traffic count data during tower operating hours.

The FAA will maintain all FAA-owned equipment installed in the tower.

The FAA will conduct annual occupational safety and health inspections, for any FAA Contract Tower (FCT) that is an FAA employee's duty station.

The FAA will conduct periodic security inspections based upon the criteria identified in FAA Order 1600.69, as may be amended. Relevant portions of the Order will be provided to Airport Sponsors. (A Signed Non-Disclosure Agreement (NDA) will be required to receive a copy of the Order.)

B. Roles and responsibilities of the Airport Sponsor.

The Airport Sponsor shall provide and maintain, at no expense to the FAA, an Airport Traffic Control Tower (ATCT) that meets all applicable state and local codes, standards and regulations.

In the absence of applicable state and local codes, standards, and regulations, the Airport Sponsor shall provide and maintain, at no expense to the FAA, an Airport Traffic Control Tower (ATCT) that meets all applicable Federal codes, standards and regulations.

The Airport Sponsor shall provide, maintain, and replace, at no expense to the FAA, all non-FAA-owned tower equipment required by the Minimum Equipment and Facilities List (MEL) (JO 7210.78 Appendix A).

The Airport Sponsor shall provide and continually maintain all utilities and services, including but not limited to: heating, air conditioning, electrical, water, gas and sewer. The Airport Sponsor shall maintain janitorial services (to include washing tower cab windows and shades, interior and exterior, when necessary).

The Airport Sponsor shall be responsible for the proper and continued functioning of all equipment that the FAA determines is necessary for ATC operations, including that which cannot be placed in operation or otherwise controlled from the ATCT building or that is not otherwise within the control of the FAA, its agents, representatives or contractors. Examples include, but are not limited to airport lighting, windsock, obstruction lights, rotating beacon, etc.

The Airport Sponsor is responsible for ensuring security and controlled access to the tower is established and maintained in accordance with FAA Order 1600.69, as may be amended. Relevant portions of the Order will be provided to Airport Sponsors. (A Signed NDA will be required to receive a copy of the Order.)

The Airport Sponsor agrees to enter into a Letter of Agreement (LOA) with the ATC service provider's local representative specifically for the purpose of providing an airport point of contact and procedures to follow to ensure a timely response to requests concerning equipment, security or building problems.

In accordance with FAA Order JO 7210.3, as revised, other Letters of Agreement may be necessary for topics such as airport emergency service, control of vehicular traffic on airport movement areas, operation of airport lighting, local procedures and reporting airport conditions. However, the terms and conditions

set forth in this Agreement or the FAA Contract Tower (FCT) contract cannot be waived or superseded by such local agreements.

IV. BENEFIT/COST RATIOS CONSIDERATION

Current procedures require FAA to recalculate benefit/cost ratios periodically to determine the percentage of funds for which the FAA and the airport are responsible. The FAA currently provides full funding for sites with a benefit/cost ratio of 1.0 or greater. Fully funded sites whose benefit/cost ratio decreases to less than 1.0 will be offered the opportunity to participate in the FCT Cost Share Program.

V. SUPPLEMENTAL HOURS

If the Airport Sponsor requests ATC services outside of FAA approved tower hours of operation, the provision of such additional services shall be at the expense of the Airport Sponsor. These supplemental hours of operation may be achieved through an agreement with the air traffic control services provider, supplemental agreement with the FAA, or by other authorized means.

VI. POINTS OF CONTACT

Airport Sponsor

Kevin Daugherty, AAE
Airport Manager
15800 Flight Path Drive Brooksville, Florida 34604
(352) 754 – 4061
kdaugherty@flybkv.com

FCT Program Implementation Manager

John Seliga
FAA, ATO Eastern Service Center
1701 Columbia Avenue
College Park, GA 30337

FCT Program Manager

Lisa Bush-Caudle
Federal Aviation Administration
600 Independence Ave., SW
Washington, D.C. 20591

VII. CHANGES AND/OR MODIFICATIONS

Changes and/or modifications to this Agreement shall be in writing and signed by both parties. The modification shall cite the subject Agreement, and shall state the exact nature of the modification. No oral statement by any person shall be interpreted as modifying or otherwise affecting the terms of this Agreement.

VIII. TERMINATION

The Airport Sponsor agrees that notwithstanding any other provisions of this TOA, the FAA's ability to provide contract ATC service is contingent upon the appropriation of adequate funds. If adequate annual appropriations are not provided, the FAA may terminate this Agreement without penalty.

In addition to any other termination rights provided by this Agreement, either party may terminate this Agreement at any time prior to its expiration date, with or without cause, and without incurring any liability or obligation to the terminated party (other than payment of amounts due and owing and performance of obligations accrued, in each case on or prior to the termination date) by giving the other party at least Ninety (90) days prior written notice of termination. Upon receipt of a notice of termination, the receiving party shall take immediate steps to stop the accrual of any additional obligations, which might require payment.

IX. TERM OF THE AGREEMENT

This Agreement shall automatically renew annually on the effective date unless terminated by either of the parties in writing, as provided herein.

X. DISPUTES

Where possible, disputes will be resolved by informal discussion between the parties. In the event the parties are unable to resolve any disagreement through good faith negotiations, the Director of Operations- Headquarters (AJT-2) will resolve the dispute. The decision of the Director of Operations-Headquarters is not subject to further administrative review and, to the extent permitted by law, is final and binding.

XI. INSURANCE

The Airport Sponsor shall arrange by insurance or otherwise for the full protection of the Airport Sponsor from and against all liability to third parties arising out of, or related to, the performance of this Agreement to the extent permitted by law. *(If necessary, Airport Sponsor may insert a description of any State laws that apply here.)*

XII. LIABILITY

The FAA assumes no liability under this Agreement for any losses arising out of any action or inaction by the Airport Sponsor, its employees or contractors, or any third party acting on its behalf. The Airport Sponsor agrees to hold the FAA harmless against any claim by third persons for injury, death, or property damage arising out of or in connection with the Airport Sponsor's performance under this Agreement.

XIII. LEGAL AUTHORITY

This "other transaction" MOU is entered into under the authority of 49 U.S.C. §§ 106 (f)(2)(A) and 106(l) and (m), which authorizes agreements and other transactions on such terms and conditions as the Administrator determines necessary. This MOU is not a Memorandum of Agreement, procurement contract, grant or cooperative agreement. Nothing in this Agreement shall be construed as incorporating by reference or implication any provision of Federal acquisition law or regulation.

XIV. CIVIL RIGHTS ACT

The Airport Sponsor shall comply with Title VI of the Civil Rights Act of 1964 relating to nondiscrimination in federally assisted programs and, if requested, provide a certification to that effect.

XV. PROTECTION OF INFORMATION

The parties agree that they shall take appropriate measures to protect proprietary, privileged, or otherwise confidential information that may come into their possession as a result of this MOU.

XVI. FUNDING

No funds are obligated under this MOU. Each party shall bear the full cost it incurs in performing, managing, and administering its responsibilities under this MOU.

XVII. CONSTRUCTION

Parties agree to exercise good faith in achieving the goals of this MOU; this means that the Government will adopt and perform the above delineated roles and responsibilities and will provide air traffic control services for the above designated Airport Sponsor at the designated location. The Airport Sponsor also agrees to adopt and perform the above delineated roles and responsibilities. Neither party is authorized or empowered to act on behalf of the other with regard to any matter, and neither party shall be bound by the acts or conduct of the other in connection with any activity under this MOU. This

provision shall survive termination of this MOU. The undersigned TOA holder affirms that this MOU is entered knowingly and voluntarily.

The FAA reserves the right to withdraw FAA funding for ATC services from Airport Sponsors that do not comply with the terms of this agreement.

AGREED:

Airport Sponsor

BY: _____

TITLE: Chairman

DATE: 1-14-2020

Federal Aviation Administration

BY: Lisa Bush-Caudle

TITLE: FCT Program Manager

DATE: 1/16/2020

AIR TRAFFIC CONTROL TOWER OPERATIONS AGREEMENT BETWEEN

FEDERAL AVIATION ADMINISTRATION (FAA)

AND

HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS

I. PARTIES

This Air Traffic Control Tower Operations Agreement (TOA) (hereinafter "Agreement"), is hereby made and entered into this _____ day of _____, 20___ by and between the Federal Aviation Administration ("FAA") and the Hernando County Board of County Commissioners ("Airport Sponsor") (collectively known as the "Parties").

II. SCOPE

The purpose of this Memorandum of Understanding (MOU) between the FAA and the Airport Sponsor is to set forth the terms under which the FAA will provide air traffic control (ATC) services to the Airport Sponsor at Brooksville-Tampa Bay Regional Airport, located in Brooksville, Florida. This Agreement replaces and supersedes any prior TOA signed by the parties.

III. ROLES AND RESPONSIBILITIES OF THE PARTIES

A. Roles and responsibilities of the FAA.

The FAA shall provide ATC services at the Airport, by way of a contractual agreement between the FAA and an air traffic control services provider of the FAA's choice, in accordance with standards established by the FAA, subject to the availability of funds.

The tower hours of operation will be 0700-2200.

The FAA reserves the right to adjust those hours in accordance with applicable FAA standards, regulations and policy.

The FAA/ATC contractor will collect hourly and daily traffic count data during tower operating hours.

The FAA will maintain all FAA-owned equipment installed in the tower.

The FAA will conduct annual occupational safety and health inspections, for any FAA Contract Tower (FCT) that is an FAA employee's duty station.

The FAA will conduct periodic security inspections based upon the criteria identified in FAA Order 1600.69, as may be amended. Relevant portions of the Order will be provided to Airport Sponsors. (A Signed Non-Disclosure Agreement (NDA) will be required to receive a copy of the Order.)

B. Roles and responsibilities of the Airport Sponsor.

The Airport Sponsor shall provide and maintain, at no expense to the FAA, an Airport Traffic Control Tower (ATCT) that meets all applicable state and local codes, standards and regulations.

In the absence of applicable state and local codes, standards, and regulations, the Airport Sponsor shall provide and maintain, at no expense to the FAA, an Airport Traffic Control Tower (ATCT) that meets all applicable Federal codes, standards and regulations.

The Airport Sponsor shall provide, maintain, and replace, at no expense to the FAA, all non-FAA-owned tower equipment required by the Minimum Equipment and Facilities List (MEL) (JO 7210.78 Appendix A).

The Airport Sponsor shall provide and continually maintain all utilities and services, including but not limited to: heating, air conditioning, electrical, water, gas and sewer. The Airport Sponsor shall maintain janitorial services (to include washing tower cab windows and shades, interior and exterior, when necessary).

The Airport Sponsor shall be responsible for the proper and continued functioning of all equipment that the FAA determines is necessary for ATC operations, including that which cannot be placed in operation or otherwise controlled from the ATCT building or that is not otherwise within the control of the FAA, its agents, representatives or contractors. Examples include, but are not limited to airport lighting, windsock, obstruction lights, rotating beacon, etc.

The Airport Sponsor is responsible for ensuring security and controlled access to the tower is established and maintained in accordance with FAA Order 1600.69, as may be amended. Relevant portions of the Order will be provided to Airport Sponsors. (A Signed NDA will be required to receive a copy of the Order.)

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set forth in this Agreement or the FAA Contract Tower (FCT) contract cannot be waived or superseded by such local agreements.

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VI. POINTS OF CONTACT

Airport Sponsor

Steve Miller, C.M.
Brooksville-Tampa Bay Regional Airport
15800 Flight Path Drive
Brooksville, FL 34446
(352) 754-4061

FCT Program Implementation Manager

FCT Program Manager

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X. DISPUTES

Where possible, disputes will be resolved by informal discussion between the parties. In the event the parties are unable to resolve any disagreement through good faith negotiations, the Director Operational Policy and Implementation Air Traffic Services - AJT-2 will resolve the dispute. The decision of the Director Operational Policy and Implementation Air Traffic Services - AJT-2 is not subject to further administrative review and, to the extent permitted by law, is final and binding.

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provision shall survive termination of this MOU. The undersigned TOA holder affirms that this MOU is entered knowingly and voluntarily.

The FAA reserves the right to withdraw FAA funding for ATC services from Airport Sponsors that do not comply with the terms of this agreement.

AGREED:

Airport Sponsor	Federal Aviation Administration
BY: _____	BY: _____
TITLE: _____	TITLE: _____
DATE: _____	DATE: _____

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
BY: _____
County Attorney's Office

AIR TRAFFIC CONTROL TOWER OPERATIONS AGREEMENT BETWEEN

FEDERAL AVIATION ADMINISTRATION (FAA)

AND

HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS

I. PARTIES

This Air Traffic Control Tower Operations Agreement (TOA) (hereinafter "Agreement"), is hereby made and entered into this 12th day of August, 2025 by and between the Federal Aviation Administration ("FAA") and the Hernando County Board of County Commissioners ("Airport Sponsor") (collectively known as the "Parties").

II. SCOPE

The purpose of this Memorandum of Understanding (MOU) between the FAA and the Airport Sponsor is to set forth the terms under which the FAA will provide air traffic control (ATC) services to the Airport Sponsor at Brooksville-Tampa Bay Regional Airport, located in Brooksville, Florida. This Agreement replaces and supersedes any prior TOA signed by the parties.

III. ROLES AND RESPONSIBILITIES OF THE PARTIES

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VI. POINTS OF CONTACT

Airport Sponsor

Steve Miller, C.M.
Brooksville-Tampa Bay Regional Airport
15800 Flight Path Drive
Brooksville, FL 34446
(352) 754-4061

FCT Program Implementation Manager

FCT Program Manager

VII. CHANGES AND/OR MODIFICATIONS

Changes and/or modifications to this Agreement shall be in writing and signed by both parties. The modification shall cite the subject Agreement, and shall state the exact nature of the modification. No oral statement by any person shall be interpreted as modifying or otherwise affecting the terms of this Agreement.

VIII. TERMINATION

The Airport Sponsor agrees that notwithstanding any other provisions of this TOA, the FAA's ability to provide contract ATC service is contingent upon the appropriation of adequate funds. If adequate annual appropriations are not provided, the FAA may terminate this Agreement without penalty.

In addition to any other termination rights provided by this Agreement, either party may terminate this Agreement at any time prior to its expiration date, with or without cause, and without incurring any liability or obligation to the terminated party (other than payment of amounts due and owing and performance of obligations accrued, in each case on or prior to the termination date) by giving the other party at least Ninety (90) days prior written notice of termination. Upon receipt of a notice of termination, the receiving party shall take immediate steps to stop the accrual of any additional obligations, which might require payment.

IX. TERM OF THE AGREEMENT

This Agreement shall automatically renew annually on the effective date unless terminated by either of the parties in writing, as provided herein.

X. DISPUTES

Where possible, disputes will be resolved by informal discussion between the parties. In the event the parties are unable to resolve any disagreement through good faith negotiations, the Director Operational Policy and Implementation Air Traffic Services - AJT-2 will resolve the dispute. The decision of the Director Operational Policy and Implementation Air Traffic Services - AJT-2 is not subject to further administrative review and, to the extent permitted by law, is final and binding.

XI. INSURANCE

The Airport Sponsor shall arrange by insurance or otherwise for the full protection of the Airport Sponsor from and against all liability to third parties arising out of, or related to, the performance of this Agreement to the extent permitted by law. *(If necessary, Airport Sponsor may insert a description of any State laws that apply here.)*

XII. LIABILITY

The FAA assumes no liability under this Agreement for any losses arising out of any action or inaction by the Airport Sponsor, its employees or contractors, or any third party acting on its behalf. The Airport Sponsor agrees to hold the FAA harmless against any claim by third persons for injury, death, or property damage arising out of or in connection with the Airport Sponsor's performance under this Agreement.

XIII. LEGAL AUTHORITY

This "other transaction" MOU is entered into under the authority of 49 U.S.C. §§ 106 (f)(2)(A) and 106(l) and (m), which authorizes agreements and other transactions on such terms and conditions as the Administrator determines necessary. This MOU is not a Memorandum of Agreement, procurement contract, grant or cooperative agreement. Nothing in this Agreement shall be construed as incorporating by reference or implication any provision of Federal acquisition law or regulation.

XIV. CIVIL RIGHTS ACT

The Airport Sponsor shall comply with Title VI of the Civil Rights Act of 1964 relating to nondiscrimination in federally assisted programs and, if requested, provide a certification to that effect.

XV. PROTECTION OF INFORMATION

The parties agree that they shall take appropriate measures to protect proprietary, privileged, or otherwise confidential information that may come into their possession as a result of this MOU.

XVI. FUNDING

No funds are obligated under this MOU. Each party shall bear the full cost it incurs in performing, managing, and administering its responsibilities under this MOU.

XVII. CONSTRUCTION

Parties agree to exercise good faith in achieving the goals of this MOU; this means that the Government will adopt and perform the above delineated roles and responsibilities and will provide air traffic control services for the above designated Airport Sponsor at the designated location. The Airport Sponsor also agrees to adopt and perform the above delineated roles and responsibilities. Neither party is authorized or empowered to act on behalf of the other with regard to any matter, and neither party shall be bound by the acts or conduct of the other in connection with any activity under this MOU. This

provision shall survive termination of this MOU. The undersigned TOA holder affirms that this MOU is entered knowingly and voluntarily.

The FAA reserves the right to withdraw FAA funding for ATC services from Airport Sponsors that do not comply with the terms of this agreement.

AGREED:

Airport Sponsor

BY: _____

TITLE: Chairman

DATE: August 12, 2025

Federal Aviation Administration

BY: _____

TITLE: _____

DATE: _____

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
BY _____
County Attorney's Office

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: BCC Records
Prepared By: Heidi Prouse
Initiator: Heidi Prouse
DOC ID: 16202
Legal Request Number:
Bid/Contract Number:

TITLE

Approval of Minutes for Regular Meeting of June 24, 2025

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Hernando County

Board of County Commissioners

Regular Meeting

Minutes

June 24, 2025

CALL TO ORDER

The meeting was called to order at 9:00 a.m. on Tuesday, June 24, 2025, in the John Law Ayers County Commission Chambers, Government Center, Brooksville, Florida.

Attendee Name	Title
Jerry Campbell	Vice Chairman
John Allocco	Second Vice Chairman
Ryan Amsler	Commissioner
Steve Champion	Commissioner
Albert Bertram	Office of Management and Budget Director
Toni Brady	Deputy County Administrator
Todd Crosby	Assistant County Engineer
Omar DePablo	Development Services Director
Scott Herring	Public Works Director/County Engineer
Jon Jouben	County Attorney
Christopher Linsbeck	Community Services Director
Jeffrey Rogers	County Administrator
Carla Rossiter-Smith	Chief Procurement Officer
James Terry	Code Enforcement Manager
Heidi Prouse	Deputy Clerk

Chairman Brian Hawkins was not present at the meeting.

Invocation

Pledge of Allegiance

AGENDA

Motion
To approve the Agenda with changes.

(Note: Item No. F-11 [Resolution Proclaiming June 27, 2025, as National Post-Traumatic Stress Disorder Awareness Day] was moved up in the Agenda to be heard after the Approval of the Agenda.)

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

Resolution Proclaiming June 27, 2025, as National Post-Traumatic Stress Disorder Awareness Day

Motion
To approve the staff recommendation (Resolution No. 2025-105).

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	John Allocco
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

ELECTED OFFICIALS

There were no Elected Officials' Comments.

CITIZENS' COMMENTS

Citizens commented on various topics and issues.

BOARD/STAFF RESPONSES

The Board and/or staff responded to questions and concerns expressed during Citizens' Comments.

CONSENT AGENDA

Notice of Termination of License Agreement With City of Brooksville for Use of Chinsegut Hill, and Transition Offer From City of Brooksville for Limited Continuation of Services at Chinsegut Hill Retreat Through August 29, 2025

Resolution as Hernando County Water and Sewer District Supporting Utility Department Local Government Water Supply and Conservation Funding Assistance Program Application to Withlacoochee Regional Water Supply Authority for Development of Countywide Water Conservation and Quality Protection Program

First Amendment to Aviation Ground Lease Agreement With Global Jetcare, Inc., for Improvements Located at 15421 Technology Drive at Brooksville-Tampa Bay Regional Airport

T-Hangar Lease Agreement With Russell Sattler for Hangar No. 9 at Brooksville-Tampa Bay Regional Airport

Approval of Minutes for Regular Meeting of June 10, 2025

Declaration of Various Tangible Property as Surplus for Disposal and Removal From Fixed Asset Inventory

Satisfactions of Second Mortgages for Anthony Belmonte and Rosemary Stackler Through Neighborhood Stabilization Program Purchase Assistance Program

Transmittal of List of Accounts Payable Disbursements for Weeks Ended May 23, 2025, and May 30, 2025

Various Satisfactions of Second Mortgages Through State Housing Initiative Partnership Down Payment Assistance Program and Emergency Roof Repair Program

Resolution Congratulating Coney Island Drive-Inn Upon Occasion of 65th Anniversary

Resolution Proclaiming June 27, 2025, as National Post-Traumatic Stress Disorder Awareness Day

This item was moved up in the Agenda and heard after Approval of the Agenda.

Resolution Recognizing and Celebrating Pasco-Hernando State College's Bobcats Baseball Team for Winning 2025 National Junior College Athletic Association Division II Baseball World Series Championship

Motion
To approve Consent Agenda Item Nos. F-1 through F-10 and F-12 (Resolution Nos. 2025-106 through 2025-108).

RESULT:	**ADOPTED**
MOVER:	John Allocco
SECONDER:	Ryan Amsler
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

CORRESPONDENCE TO NOTE

Transmittal of Rabies Surveillance Quarterly Summary Report for January 1, 2025, Through March 30, 2025

Transmittal of Somerset Bay Community Development District Annual Financial Report for FY Ended September 30, 2024

Transmittal of Sterling Hill Community Development District Proposed Budget for FY 2025-26

Transmittal of Withlacoochee Regional Water Supply Authority FY 2025-26 Budget and Work Program

RECESS/RECONVENE

The Board recessed at 11:00 a.m. and reconvened at 11:05 a.m.

COUNTY ATTORNEY JON JOUBEN

Consideration of Request to Forgive Outstanding Public Nuisance Abatement Special Assessment Lien Filed Against Parcel Located at 12403 Snowy Egret Avenue

This Item No. I-3 was moved up and heard before Item No. H.

Motion
To deny.

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	John Allocco
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

PUBLIC HEARINGS

Proof of publication of Notice of Public Hearing was noted for the scheduled public hearing.

Ordinance Amending Code Enforcement Procedures to Promote Efficiency and to Reduce Costs

The Board accepted public input on this matter.

Motion
To approve the staff recommendation (Ordinance No. 2025-06).

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	John Allocco
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

COUNTY ATTORNEY JON JOUBEN

Resolution Amending Code Enforcement Department Fee Schedule; Creating Incentives for Timely, Voluntary Code Compliance

Motion
To approve the staff recommendation (Resolution No. 2025-109).

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	Steve Champion
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

Appointment of Keith Kolasa as Member to Hernando County Delegation on Government Efficiency a/k/a DOGE

Motion
To approve the staff recommendation.

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

Consideration of Request to Forgive Outstanding Public Nuisance Abatement Special Assessment Lien Filed Against Parcel Located at 12403 Snowy Egret Avenue

This item was moved up in the Agenda and hearing before Agenda Item H.

Consideration of Settlement Offer to Compromise Outstanding Civil Restitution Lien Orders Filed Against Bobby Dwayne Graham

Motion
To approve.

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	John Allocco
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

OFFICE OF MANAGEMENT AND BUDGET DIRECTOR ALBERT BERTRAM

Budget Resolution Recognizing Fiscal Year 2025 State Aid to Libraries Grant Funding

Motion

To approve the staff recommendation (Budget Resolution No. 2025-110).

RESULT:	**ADOPTED**
MOVER:	John Allocco
SECONDER:	Steve Champion
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

CHIEF PROCUREMENT OFFICER CARLA ROSSITER-SMITH

Award of Quote and Work Authorization Agreement With Cross Construction Services, Inc., for Port Authority and Linda Pedersen Park Observation Tower Demolition and Removal Projects (Contract No. 23-RFQ00435/TPR; Amount: $67,100.00)

There was Board consensus to have a structural engineer verify that the foundation is okay and to proceed with having the Linda Pedersen Park Observation Tower repaired by community sponsorships and to continue with the demolition of Port Authority.

Increased Annual Expenditure for Utilization of Seminole County Contract With Lamphier Company d/b/a Lamphier & Company for Caulking, Coatings, Joint Sealant and Pressure Washing Services for Facilities Department (Contract No. 23-P0100/FH; Amount: $190,000.00)

Motion
To approve the staff recommendation.

RESULT:	**ADOPTED**
MOVER:	John Allocco
SECONDER:	Steve Champion
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

Utilization of Sourcewell Contract With GHD Services, Inc., a/k/a GHD Digital Limited for County Website Software Services for Public Information Department (Amount: $62,207.10)

Motion
To approve the staff recommendation.

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	John Allocco
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

PUBLIC WORKS DIRECTOR/COUNTY ENGINEER SCOTT HERRING

Ratification of Submittal of Appropriation Project Requests for Highways and Transit Subcommittee as Requested by Congressman Bilirakis' Office

Motion
To approve the staff recommendation.

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	John Allocco
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

Presentation Regarding Pavement Management and Funding by Department of Public Works

Comm. Champion temporarily left the meeting and returned shortly thereafter.

COUNTY ADMINISTRATOR JEFFREY ROGERS

Appointment of Members to Affordable Housing Advisory Committee for Two-Year Term in Accordance With State Housing Initiatives Partnership Act

Motion
To approve the staff recommendation.

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

Update Regarding Ongoing Board Directives

BOARD OF COUNTY COMMISSIONERS

The Board commented on various issues.

ADJOURNMENT

The meeting was adjourned at 1:25 p.m.

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: BCC Records
Prepared By: Heidi Prouse
Initiator: Heidi Prouse
DOC ID: 16205
Legal Request Number:
Bid/Contract Number:

TITLE

Approval of Minutes for Budget Workshop of June 24, 2025

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Hernando County

Board of County Commissioners

Budget Workshop

Budget Workshop

Minutes

June 24, 2025

CALL TO ORDER

The meeting was called to order at 1:55 p.m. on Tuesday, June 24, 2025, in the John Law Ayers County Commission Chambers, Government Center, Brooksville, Florida.

Attendee Name	Title
Jerry Campbell	Vice Chairman
John Allocco	Second Vice Chairman
Ryan Amsler	Commissioner
Steve Champion	Commissioner
Albert Bertram	Office of Management and Budget Director
Toni Brady	Deputy County Administrator
Jon Jouben	County Attorney
Douglas Livermore	Fleet Operations Manager
Gordon Onderdonk	Utilities Director
Jeffrey Rogers	County Administrator
Heidi Prouse	Deputy Clerk

Chairman Brian Hawkins was not present at the meeting.

Invocation

Pledge of Allegiance

AGENDA

Motion
To approve the Agenda.

RESULT:	**ADOPTED**
MOVER:	John Allocco
SECONDER:	Steve Champion
AYES:	Campbell, Allocco, Amsler and Champion
ABSENT:	Hawkins

COUNTY ADMINISTRATOR JEFFREY ROGERS

Proof of publication of Notice of Public Hearing was noted for the scheduled public hearing.

Review of Proposed Fiscal Year 2025-26 Budgets for Utilities Department, Solid Waste Department and Fleet Department

CITIZENS' COMMENT

There were no citizens' comments.

ADJOURNMENT

The meeting was adjourned at 3:15 p.m.

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: BCC Records
Prepared By: Heidi Prouse
Initiator: Heidi Prouse
DOC ID: 16204
Legal Request Number:
Bid/Contract Number:

TITLE

Approval of Minutes for Budget Hearing of June 24, 2025

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Hernando County

Board of County Commissioners

Budget Hearing

Budget Hearing

Minutes

June 24, 2025

CALL TO ORDER

The meeting was called to order at 1:40 p.m. on Tuesday, June 24, 2025, in the John Law Ayers County Commission Chambers, Government Center, Brooksville, Florida.

Attendee Name	Title
Jerry Campbell	Vice Chairman
John Allocco	Second Vice Chairman
Ryan Amsler	Commissioner
Steve Champion	Commissioner
Albert Bertram	Office of Management and Budget Director
Toni Brady	Deputy County Administrator
Jon Jouben	County Attorney
Jeffrey Rogers	County Administrator
Heidi Prouse	Deputy Clerk

Chairman Brian Hawkins was not present at the meeting.

Invocation

Pledge of Allegiance

AGENDA

Motion
To approve the Agenda.

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	John Allocco
AYE:	Campbell, Allocco, Champion and Amsler
ABSENT:	Hawkins

PUBLIC HEARINGS

Proof of publication of Notice of Public Hearing was noted for the scheduled public hearing.

Resolution Setting FY 2025-26 Non-Ad Valorem Assessment for Local Provider Participation Fund

There was no public input.

Motion
To approve the staff recommendation (Resolution No. 2025-111).

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYE:	Campbell, Allocco, Champion and Amsler
ABSENT:	Hawkins

ADJOURNMENT

The meeting was adjourned at 1:50 p.m.

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: BCC Records
Prepared By: Heidi Prouse
Initiator: Heidi Prouse
DOC ID: 16201
Legal Request Number:
Bid/Contract Number:

TITLE

Approval of Minutes for Regular Meeting of July 8, 2025

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Hernando County

Board of County Commissioners

Regular Meeting

Minutes

July 8, 2025

CALL TO ORDER

The meeting was called to order at 9:00 a.m. on Tuesday, July 8, 2025, in the John Law Ayers County Commission Chambers, Government Center, Brooksville, Florida.

Attendee Name	Title
Brian Hawkins	Chairman
Jerry Campbell	Vice Chairman
John Allocco	Second Vice Chairman
Ryan Amsler	Commissioner
Steve Champion	Commissioner
Toni Brady	Deputy County Administrator
Carla Burrmann	Aquatic Services Manager
Todd Crosby	Acting Public Works Director
Omar DePablo	Development Services Director
Scott Harper	Solid Waste Services Manager
Paul Hasenmeier	Public Safety Director/Fire Chief
Jon Jouben	County Attorney
Steve Miller	Airport Operations Manager
Gordon Onderdonk	Utilities Director
Veda Ramirez	Housing and Supportive Services Director
Jeffrey Rogers	County Administrator
Melissa Tartaglia	Assistant County Attorney
Heidi Prouse	Deputy Clerk

Invocation

Pledge of Allegiance

AGENDA

Motion
To approve the Agenda with changes.

(Note: Item Nos. F-12 [Ratification of Airport Grant Application With Federal Aviation Administration for Taxiway D and A1 Improvement Project at Brooksville-Tampa Bay Regional Airport] and M-3 [Review and Discussion of Interlocal Agreement for Fire Protection With City of Brooksville] were added to the Agenda.)

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

ELECTED OFFICIALS

There were no Elected Officials' Comments.

CITIZENS' COMMENTS

Citizens commented on various topics and issues.

BOARD/STAFF RESPONSES

The Board and/or staff responded to questions and concerns expressed during Citizens' Comments.

There was Board consensus to direct the Parks and Recreation Department to work with Spring Hill NFL on a proposed plan, and to bring it back to the Board for discussion on a future Agenda.

CONSENT AGENDA

Amendment to Grant Agreement With State Department of Commerce for Veterans Monument Project

Request Submitted by Library Services to Apply for Flight Path Project Funding With HHMI Tangled Bank Studios and STAR Net

Tourist Development Council Special Events Marketing Grant Award to Promote Florida's Adventure Coast Events for FY 2025

Various Community Development Block Grant Program Funding Agreements to Nonprofit Organizations

This item was pulled and voted on separately.

T-Hangar Lease Agreement With Al Nienhuis for Dome Hangar No. 5 at Brooksville-Tampa Bay Regional Airport

This item was pulled and voted on separately.

Approval of Minutes for Strategic Plan Meeting of June 18, 2025

Reimbursement to Property Owner for Overpayment of Municipal Service Benefit Unit Non-Ad Valorem Assessment for 2024

Reimbursement to Tampa General Hospital for Overpayment of Payment In Lieu of Taxes (PILOT) Payment Due to Non-profit Status

Resolution Amending Non-Ad Valorem Assessment Rates of Municipal Service Benefit Unit for Fire Rescue Services

Satisfactions of Interim Disposal Special Assessment Liens for Amie Casey and Rosie Rivera

Transmittal of List of Accounts Payable Disbursements for Weeks Ended June 6, 2025, and June 13, 2025

Ratification of Airport Grant Application With Federal Aviation Administration for Taxiway D and A1 Improvement Project at Brooksville-Tampa Bay Regional Airport

This item was added during Approval of the Agenda.

Motion
To approve Consent Item Nos. F-1 to F-3 and F-6 to F-12 (Resolution No. 2025-120).

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	John Allocco
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Various Community Development Block Grant Program Funding Agreements to Nonprofit Organizations

Motion
To approve Consent Agenda Item No. F-4 for The Arc Nature Coast and YMCA of the Suncoast for the Community Block Grant.

RESULT:	**ADOPTED**
MOVER:	John Allocco
SECONDER:	Steve Champion
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

T-Hangar Lease Agreement With Al Nienhuis for Dome Hangar No. 5 at Brooksville-Tampa Bay Regional Airport

Motion
To approve Consent Agenda Item No. F-5.

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	John Allocco
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

CORRESPONDENCE TO NOTE

Transmittal of FY 2025-26 Proposed Annual Operating Budget for Spring Ridge Community Development District

Transmittal of FY 2025-26 Proposed Budget for Somerset Bay Community Development District

Transmittal of FY 2026 Proposed Annual Operating Budget for Southern Hills Plantation II Community Development District

RECESS/RECONVENE

The Board recessed at 10:25 a.m. and reconvened at 10:35 a.m.

PUBLIC HEARINGS

Proofs of publication of Notices of Public Hearing were noted for the scheduled public hearings.

Appeal of Notice of Unsafe Building Against Property Located at 3273 Mangrove Drive

There was no public input.

Motion
To continue to a date certain of July 22, 2025.

RESULT:	**ADOPTED**
MOVER:	John Allocco
SECONDER:	Steve Champion
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Ordinance Amending Appendix A (Zoning), Article IV, Section 11 (PSF Public Service Facility Overlay District), Subsection 5, Regarding Regulations Pertaining to Construction and Demolition Debris Landfill Facility

There was no public input.

Motion
To approve the staff recommendation (Ordinance No. 2025-08).

RESULT:	**ADOPTED**
MOVER:	John Allocco
SECONDER:	Jerry Campbell
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Resolution Adopting Increased Annual Solid Waste Collection Assessments for Provision of Solid Waste Collection Services Within Boundaries of Southwest Hernando County Solid Waste Collection Municipal Service Benefit Unit

There was no public input.

Motion
To approve the staff recommendation (Resolution No. 2025-121).

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Resolution Increasing Annual Solid Waste Disposal Assessment Rates

The Board accepted public input on this matter.

Comm. Champion made the following Motion.

Motion
To keep the rates the same, charge $15.00 for convenience center trip and revisit the rates next year.

Chairman Hawkins seconded the Motion.

Comm. Champion clarified his Motion as follows:

Clarification to Motion
To have Multi-family Residential rate the same as the Single-Family Residential rate, $15.00 for convenience center, keep the rate flat, revisit the rates next year and for charging by weight at the landfill (Resolution No. 2025-122).

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Brian Hawkins
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

CHIEF PROCUREMENT OFFICER CARLA ROSSITER-SMITH

Approval of Task Order No. 5 With Kimley-Horn and Associates, Inc., for Hernando County Library Master Plan Project and Associated Budget Amendment (Contract No. 24-PG0125/EK; Amount $207,938.00)

Award of Construction Contract to Goodwin Bros. Construction, Inc., for Wiscon Facilities Improvement Project for Utilities Department (Contract No. 25-C00948/CT; Amount: $4,963,914.27)

Award of Contract and Construction Agreement With Carr & Collier, LLC, for Glen Water Reclamation Facility Denitrification and Plant Upgrade Project for Utilities Department and Associated Budget Amendment and Budget Resolution (Contract No. 24-CG00859/JG; $35,437,700.00)

Award of Sole Source Contract to Hach Company for Purchase of Lab Equipment and Supplies for Utilities Department (Contract No. 25-TSS01002/JC; Amount $150,000.00)

Change Order No. 2 to Purchase Order With Paff Tree Service, LLC, for Tree Trimming and Removal Services for Department of Public Works (Contract No. 22-TF0044; Amount: $60,000.00)

Change Order No. 3 to Purchase Order With Seggie Custom Builders, LLC, for Solid Waste Administration Building Construction Project at Main Landfill and Associated Budget Amendment (Contract No. 23-ITB200306/TC; Amount: $286,722.72)

Final Close-Out of Contract With S. Culp Enterprises d/b/a Property Services GC, for County Administration Office Renovation Phase 1 Project (Contract No. 23-T00040-Q22; Final Amount: $78,529.00)

Increased Annual Expenditure of Contract With Viking Life-Saving Equipment, Inc., for Personal Protective Equipment and Equipment Cleaning for Fire Rescue and Emergency Services (Contract No. 24-P0120T; Amount: $128,300.00)

Utilization of Hillsborough County Contract With EPR Systems USA, Inc., for Comprehensive Electronic Records Management System for Hernando County Fire and Emergency Services (Contract No. 24-P0172/FH; Amount: $189,511.38)

Utilization of Sourcewell Contract With Shi International, for Technology Products and Services for Fifth Judicial Circuit Court (Amount: $129,677.05)

Motion
To approve Item Nos. I-1 through I-10 (Budget Resolution No. 2025-123).

RESULT:	**ADOPTED**
MOVER:	John Allocco
SECONDER:	Steve Champion
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

ACTING PUBLIC WORKS DIRECTOR TODD CROSBY

Comm. Champion temporarily left the meeting.

Discussion Regarding Proposed Median Improvement to Mariner Boulevard from Landover Boulevard to Elgin Boulevard

Comm. Champion returned to the meeting.

Motion
To approve the staff recommendation.

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Brian Hawkins
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

AQUATIC SERVICES MANAGER CARLA BURRMANN

Discussion Regarding Waterways Advisory Committee

Comm. Campbell temporarily left the meeting and returned shortly thereafter.

COMMISSIONER RYAN AMSLER

Discussion Regarding Spring Hill Waterfall

Chairman Hawkins passed the gavel to Vice Chairman Campbell and temporarily left the meeting, and upon returning shortly thereafter, he resumed the Chairmanship.

Motion
To approve the chairman to sign in support of submitting for National Register of Historic Places.

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	Steve Champion
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

COUNTY ADMINISTRATOR JEFFREY ROGERS

Presentation by Mining Association Enrichment Center, Inc., Regarding Services Provided

RECESS/RECONVENE

The Board recessed at 1:40 p.m. and reconvened at 1:45 p.m.

Update Regarding Ongoing Board Directives

Review and Discussion of Interlocal Agreement for Fire Protection With City of Brooksville

This item was added during Approval of the Agenda.

County Administrator Jeffrey Rogers brought forward to the Board a request from the City of Brooksville for an Interlocal Agreement to consolidate the City of Brooksville Fire Department into Hernando County Fire and Emergency Services Department.

There was Board consensus to direct the staff to draft a proposed Interlocal Agreement with the City of Brooksville as requested, and to bring it back to the Board for discussion on a future Agenda.

Motion
To approve the staff recommendation.

RESULT:	**ADOPTED**
MOVER:	John Allocco
SECONDER:	Jerry Campbell
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

BOARD OF COUNTY COMMISSIONERS

The Board commented on various issues.

County Attorney Jon Jouben requested Board consensus to request Attorney General opinion regarding a point of law in recent statute amendments to 177.071 and 177.091 pertaining to plats being an Administrative Act. However, statute 117.081 pertaining to accepting dedications from the Developer, which requires approval of the Governing body was not amended, and, therefore, clarification is requested by the County Attorney's Office.

The Board concurred.

ADJOURNMENT

The meeting was adjourned at 3:30 p.m.

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Fleet
Prepared By: Michele Cornell
Initiator: Doug Livermore
DOC ID: 16110
Legal Request Number:
Bid/Contract Number:

TITLE

Declaration of Various Tangible Property as Surplus for Disposal and Removal From Fixed Asset Inventory

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

FY25 Surplus Vehicles and Equipment							
Asset ID	Plate number	Year	Description	Serial #	Mileage / Hours	Reason for Action	BOCC Board mtg date
15367	227437	2005	Ford Ranger	1FTYR10U25PA96651	149,912	meets replacement criteria	08/12/25
15272	227421	2005	Chevrolet Silverado	1GCEK14V15Z318532	166,831	meets replacement criteria	08/12/25
20052	TE6272	2017	Ford Escape	1FMCU0GD0HUB61720	193,054	meets replacement criteria	08/12/25
21393	TG4746	2017	Ford F250 utility body	1FTBF2A60HEE86457	106,224	meets replacement criteria	08/12/25
21395	TG4744	2017	Ford F350 utility body	1FTBF3A66HEE86467	116,934	meets replacement criteria	08/12/25
n/a	n/a	2003	HUMM Manufactured home	GMHGA6230202468A&B	n/a	obsolete	08/12/25
21364	TG0810	2017	Ford F350 utility body	1FTBF3A64HEE86466	130,736	meets replacement criteria	08/12/25
20006	TE6246	2016	Ford F250 utility body	1FTBF2A69GEA66307	107,692	meets replacement criteria	08/12/25
19493	TD9656	2016	Ford F250	1FTBF2A69GEA66310	112,787	meets replacement criteria	08/12/25
20034	n/a	2016	Bobcat T770	AT6312577	1,728	meets replacement criteria	08/12/25

HERNANDO CO BOARD OF CO COMMISSIONERS
REVENUE STATUS REPORT

SELECTION CRITERIA: orgn.fund='5081'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-5081 FLEET REPLACEMENT PROGRAM
DEPARTMENT- TITLE NOT FOUND
1ST SUBTOTAL-34 * CHARGES FOR SERVICES

ACCOUNT - - - - - TITLE - - - - -	BUDGET	PERIOD RECEIPTS	RECEIVABLES	YEAR TO DATE RECEIPTS	AVAILABLE BALANCE	YTD/ BUD
3412016 INT SVC-FLEET CAP RECOV	7,634,098.00	.00	.00	5,183,168.81	2,450,929.19	67.89
3412025 INT SVC-GPS TRACKING SYS	180,000.00	.00	.00	177,594.00	2,406.00	98.66
3412030 INT SVC-INSURANCE CHARGE	815,100.00	.00	.00	485,495.00	329,605.00	59.56
3413001 ADMINISTRATIVE FEES	230,000.00	.00	.00	189,086.43	40,913.57	82.21
TOTAL * CHARGES FOR SERVICES	8,859,198.00	.00	.00	6,035,344.24	2,823,853.76	68.13
1ST SUBTOTAL-36 * MISCELLANEOUS REVENUE						
3641064 SALE OF SURPLUS EQUIPMEN	150,000.00	.00	.00	174,500.16	-24,500.16	116.33
3699700 INSURANCE PROCEEDS	.00	.00	.00	169,751.70	-169,751.70	.00
TOTAL * MISCELLANEOUS REVENUE	150,000.00	.00	.00	344,251.86	-194,251.86	229.50
1ST SUBTOTAL-38 * OTHER SOURCES						
3840005 PROCEEDS FROM LOAN	9,627,425.00	.00	.00	.00	9,627,425.00	.00
3899010 ENCUMBRANCES	9,405,820.00	.00	.00	.00	9,405,820.00	.00
3899090 BALANCE FORWARD-CASH	68,402.00	.00	.00	.00	68,402.00	.00
TOTAL * OTHER SOURCES	19,101,647.00	.00	.00	.00	19,101,647.00	.00
TOTAL TITLE NOT FOUND	28,110,845.00	.00	.00	6,379,596.10	21,731,248.90	22.69
TOTAL FLEET REPLACEMENT PROGR	28,110,845.00	.00	.00	6,379,596.10	21,731,248.90	22.69
TOTAL REPORT	28,110,845.00	.00	.00	6,379,596.10	21,731,248.90	22.69

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: HCFRD
Prepared By: Louise Galajda
Initiator: Paul Hasenmeier
DOC ID: 16139
Legal Request Number:
Bid/Contract Number:

TITLE

Reimbursement to Property Owner for Overpayment of Municipal Service Benefit Unit Non-Ad Valorem Assessments for 2022

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

AMY L. BLACKBURN, CFC
HERNANDO COUNTY TAX COLLECTOR **352-754-4180**

2022 Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCROW CODE	MILLAGE CODE	
1664933		CWES	HERNANDO.COUNTY-TAXES.COM

Paid By 11/18/2022 Receipt # 2022814781

HERNANDO OAKS MASTER
ASSOCIATION INC
C/O MERITUS
2005 PAN AM CIR STE 300
TAMPA, FL 33607-6008

R08-223-19-2434-0000-000C
DIANTHA WAY

HERNANDO OAKS PHASE 3
TRACT C
COMMON AREA

****All ownership changes must re-file for exemptions**

AD VALOREM TAXES

TAXING AUTHORITY	TELEPHONE	MILLAGE	ASSESSED VALUE	EXEMPTION	TAXABLE VALUE	TAXES LEVIED
BCC GENERAL FUND	352-754-4004	6.9912	0	0	0	0.00
BCC TRANSPORTATION TRUST	352-754-4004	0.8091	0	0	0	0.00
BCC COUNTY HEALTH	352-754-4004	0.1102	0	0	0	0.00
HERNANDO COUNTY SCHOOL BOARD	352-797-7004	3.2770	0	0	0	0.00
BPI DISCRETIONARY	352-797-7004	0.7480	0	0	0	0.00
BPI CAPITAL OUTLAY	352-797-7004	1.5000	0	0	0	0.00
BPI OPERATIONAL VOTED	352-797-7004	1.0000	0	0	0	0.00
EMERGENCY MEDICAL SVCS MSTU	352-754-4004	0.9100	0	0	0	0.00
STORMWATER MANAGEMENT MSTU	352-754-4004	0.1139	0	0	0	0.00
SWFWMD COUNTY WIDE	352-796-7211	0.2260	0	0	0	0.00

TOTAL MILLAGE 15.6854 — AD VALOREM TAXES $0.00

NON-AD VALOREM ASSESSMENTS

LEVYING AUTHORITY	TELEPHONE	AMOUNT
36 H.C. FIRE/RESCUE DISTRICT	352-540-4353	103.29

**ALL TAXES BECOME DELINQUENT APRIL 1st — NON-AD VALOREM ASSESSMENTS $103.29

COMBINED TAXES AND ASSESSMENTS $103.29 — See reverse side for important information.

If Paid By	Nov 30, 2022				
Please Pay	$99.16	11.18.22			

$99.16

RETAIN THIS PORTION FOR YOUR RECORDS.
WALK-IN CUSTOMERS, PLEASE BRING FOR RECEIPT.

AMY L. BLACKBURN, CFC
HERNANDO COUNTY TAX COLLECTOR **352-754-4180**

2022 Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCROW CODE	MILLAGE CODE	
1664933		CWES	HERNANDO.COUNTY-TAXES.COM

HERNANDO OAKS MASTER
ASSOCIATION INC
C/O MERITUS
2005 PAN AM CIR STE 300
TAMPA, FL 33607-6008

R08-223-19-2434-0000-000C
DIANTHA WAY

HERNANDO OAKS PHASE 3
TRACT C
COMMON AREA

RETURN WITH PAYMENT.

Pay in U.S. funds to Amy L. Blackburn, Hernando County Tax Collector, 20 N. Main St. Room 112 Brooksville, FL 34601-2892

If Paid By	Nov 30, 2022				
Please Pay	$99.16				

DO NOT WRITE ON BOTTOM PORTION

1 01664933 2022 3

AMY L. BLACKBURN, CFC
HERNANDO COUNTY TAX COLLECTOR **352-754-4180**

2022 Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCROW CODE	MILLAGE CODE	
1664942		CWES	HERNANDO.COUNTY-TAXES.COM

HERNANDO OAKS MASTER
ASSOCIATION INC
2005 PAN AM CIR STE 300
TAMPA, FL 33607-6008

R08-223-19-2434-0000-000D
GARSALASO CIR

HERNANDO OAKS PHASE 3
TRACT D
COMMON AREA

Paid By
Receipt # 202282483
11/29/2022

****All ownership changes must re-file for exemptions**

AD VALOREM TAXES

TAXING AUTHORITY	TELEPHONE	MILLAGE	ASSESSED VALUE	EXEMPTION	TAXABLE VALUE	TAXES LEVIED
BCC GENERAL FUND	352-754-4004	6.9912	36	0	36	0.25
BCC TRANSPORTATION TRUST	352-754-4004	0.8091	36	0	36	0.03
BCC COUNTY HEALTH	352-754-4004	0.1102	36	0	36	0.00
HERNANDO COUNTY SCHOOL BOARD	352-797-7004	3.2770	36	0	36	0.12
BPI DISCRETIONARY	352-797-7004	0.7480	36	0	36	0.03
BPI CAPITAL OUTLAY	352-797-7004	1.5000	36	0	36	0.05
BPI OPERATIONAL VOTED	352-797-7004	1.0000	36	0	36	0.04
EMERGENCY MEDICAL SVCS MSTU	352-754-4004	0.9100	36	0	36	0.03
STORMWATER MANAGEMENT MSTU	352-754-4004	0.1139	36	0	36	0.00
SWFWMD COUNTY WIDE	352-796-7211	0.2260	36	0	36	0.01
TOTAL MILLAGE		15.6854		AD VALOREM TAXES		$0.56

NON-AD VALOREM ASSESSMENTS

LEVYING AUTHORITY	TELEPHONE	AMOUNT
36 H.C. FIRE/RESCUE DISTRICT	352-540-4353	103.29
**ALL TAXES BECOME DELINQUENT APRIL 1st	NON-AD VALOREM ASSESSMENTS	$103.29

COMBINED TAXES AND ASSESSMENTS	$103.85	See reverse side for important information.

If Paid By	Nov 30, 2022				
Please Pay	$99.70	Pd 11.29.22			

$99.70

RETAIN THIS PORTION FOR YOUR RECORDS.
WALK-IN CUSTOMERS, PLEASE BRING FOR RECEIPT.

AMY L. BLACKBURN, CFC
HERNANDO COUNTY TAX COLLECTOR **352-754-4180**

2022 Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCROW CODE	MILLAGE CODE	
1664942		CWES	HERNANDO.COUNTY-TAXES.COM

HERNANDO OAKS MASTER
ASSOCIATION INC
2005 PAN AM CIR STE 300
TAMPA, FL 33607-6008

R08-223-19-2434-0000-000D
GARSALASO CIR

HERNANDO OAKS PHASE 3
TRACT D
COMMON AREA

RETURN WITH PAYMENT.

Pay in U.S. funds to Amy L. Blackburn, Hernando County Tax Collector, 20 N. Main St. Room 112 Brooksville, FL 34601-2892

If Paid By	Nov 30, 2022				
Please Pay	$99.70				

DO NOT WRITE ON BOTTOM PORTION

1 01664942 2022 2

AMY L. BLACKBURN, CFC
HERNANDO COUNTY TAX COLLECTOR **352-754-4180**

2022 Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCROW CODE	MILLAGE CODE	
1665022		CWES	HERNANDO.COUNTY-TAXES.COM

HERNANDO OAKS MASTER
ASSOCIATION INC
C/O MERITUS
2005 PAN AM CIR STE 300
TAMPA, FL 33607-6008

R08-223-19-2434-0000-000L
CADIZ CT

HERNANDO OAKS PHASE 3
TRACT L
PRESERVATION AREA &
CONSERVATION EASMT DES IN
ORB 2694 PG

****All ownership changes must re-file for exemptions**

AD VALOREM TAXES

TAXING AUTHORITY	TELEPHONE	MILLAGE	ASSESSED VALUE	EXEMPTION	TAXABLE VALUE	TAXES LEVIED
BCC GENERAL FUND	352-754-4004	6.9912	0	0	0	0.00
BCC TRANSPORTATION TRUST	352-754-4004	0.8091	0	0	0	0.00
BCC COUNTY HEALTH	352-754-4004	0.1102	0	0	0	0.00
HERNANDO COUNTY SCHOOL BOARD	352-797-7004	3.2770	0	0	0	0.00
BPI DISCRETIONARY	352-797-7004	0.7480	0	0	0	0.00
BPI CAPITAL OUTLAY	352-797-7004	1.5000	0	0	0	0.00
BPI OPERATIONAL VOTED	352-797-7004	1.0000	0	0	0	0.00
EMERGENCY MEDICAL SVCS MSTU	352-754-4004	0.9100	0	0	0	0.00
STORMWATER MANAGEMENT MSTU	352-754-4004	0.1139	0	0	0	0.00
SWFWMD COUNTY WIDE	352-796-7211	0.2260	0	0	0	0.00
TOTAL MILLAGE		15.6854			AD VALOREM TAXES	$0.00

NON-AD VALOREM ASSESSMENTS

LEVYING AUTHORITY	TELEPHONE	AMOUNT
36 H.C. FIRE/RESCUE DISTRICT	352-540-4353	103.29
****ALL TAXES BECOME DELINQUENT APRIL 1st**	NON-AD VALOREM ASSESSMENTS	$103.29

COMBINED TAXES AND ASSESSMENTS	$103.29	See reverse side for important information.

If Paid By	Nov 30, 2022	Pd. 11.18.22			
Please Pay	$99.16				

Paid By 11/18/2022
Receipt # 2022814782
$99.16

RETAIN THIS PORTION FOR YOUR RECORDS.
WALK-IN CUSTOMERS,
PLEASE BRING FOR RECEIPT.

AMY L. BLACKBURN, CFC
HERNANDO COUNTY TAX COLLECTOR **352-754-4180**

2022 Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCROW CODE	MILLAGE CODE	
1665022		CWES	HERNANDO.COUNTY-TAXES.COM

HERNANDO OAKS MASTER
ASSOCIATION INC
C/O MERITUS
2005 PAN AM CIR STE 300
TAMPA, FL 33607-6008

R08-223-19-2434-0000-000L
CADIZ CT

HERNANDO OAKS PHASE 3
TRACT L
PRESERVATION AREA &
CONSERVATION EASMT DES IN
ORB 2694 PG
See Additional Legal on Tax Roll

RETURN WITH PAYMENT.

Pay in U.S. funds to Amy L. Blackburn, Hernando County Tax Collector, 20 N. Main St. Room 112 Brooksville, FL 34601-2892

If Paid By	Nov 30, 2022				
Please Pay	$99.16				

DO NOT WRITE ON BOTTOM PORTION

1 01665022 2022 2

AMY L. BLACKBURN, CFC
HERNANDO COUNTY TAX COLLECTOR **352-754-4180**

2022 Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCROW CODE	MILLAGE CODE	
1665031		CWES	HERNANDO.COUNTY-TAXES.COM

HERNANDO OAKS MASTER
ASSOCIATION INC
C/O MERITUS
2005 PAN AM CIR STE 300
TAMPA, FL 33607-6008

R08-223-19-2434-0000-000M
DIANTHA WAY

HERNANDO OAKS PHASE 3
TRACT M
PRESERVATION AREA

****All ownership changes must re-file for exemptions**

AD VALOREM TAXES

TAXING AUTHORITY	TELEPHONE	MILLAGE	ASSESSED VALUE	EXEMPTION	TAXABLE VALUE	TAXES LEVIED
BCC GENERAL FUND	352-754-4004	6.9912	0	0	0	0.00
BCC TRANSPORTATION TRUST	352-754-4004	0.8091	0	0	0	0.00
BCC COUNTY HEALTH	352-754-4004	0.1102	0	0	0	0.00
HERNANDO COUNTY SCHOOL BOARD	352-797-7004	3.2770	0	0	0	0.00
BPI DISCRETIONARY	352-797-7004	0.7480	0	0	0	0.00
BPI CAPITAL OUTLAY	352-797-7004	1.5000	0	0	0	0.00
BPI OPERATIONAL VOTED	352-797-7004	1.0000	0	0	0	0.00
EMERGENCY MEDICAL SVCS MSTU	352-754-4004	0.9100	0	0	0	0.00
STORMWATER MANAGEMENT MSTU	352-754-4004	0.1139	0	0	0	0.00
SWFWMD COUNTY WIDE	352-796-7211	0.2260	0	0	0	0.00

TOTAL MILLAGE	15.6854	AD VALOREM TAXES	$0.00

NON-AD VALOREM ASSESSMENTS

LEVYING AUTHORITY	TELEPHONE	AMOUNT
36 H.C. FIRE/RESCUE DISTRICT	352-540-4353	103.29

**ALL TAXES BECOME DELINQUENT APRIL 1st	NON-AD VALOREM ASSESSMENTS	$103.29

COMBINED TAXES AND ASSESSMENTS	$103.29	See reverse side for important information.

If Paid By	Nov 30, 2022				
Please Pay	$99.16	Pd. 11.18.22			

Paid By 11/18/2022 Receipt # 2022814783 $99.16

RETAIN THIS PORTION FOR YOUR RECORDS.
WALK-IN CUSTOMERS, PLEASE BRING FOR RECEIPT.

AMY L. BLACKBURN, CFC
HERNANDO COUNTY TAX COLLECTOR **352-754-4180**

2022 Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCROW CODE	MILLAGE CODE	
1665031		CWES	HERNANDO.COUNTY-TAXES.COM

HERNANDO OAKS MASTER
ASSOCIATION INC
C/O MERITUS
2005 PAN AM CIR STE 300
TAMPA, FL 33607-6008

R08-223-19-2434-0000-000M
DIANTHA WAY

HERNANDO OAKS PHASE 3
TRACT M
PRESERVATION AREA

RETURN WITH PAYMENT.

Pay in U.S. funds to Amy L. Blackburn, Hernando County Tax Collector, 20 N. Main St. Room 112 Brooksville, FL 34601-2892

If Paid By	Nov 30, 2022				
Please Pay	$99.16				

DO NOT WRITE ON BOTTOM PORTION

1 01665031 2022 1

AMY L. BLACKBURN, CFC
HERNANDO COUNTY TAX COLLECTOR **352-754-4180**

2022 Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCROW CODE	MILLAGE CODE	
1587562		CWES	HERNANDO.COUNTY-TAXES.COM

HERNANDO OAKS MASTER
ASSOCIATION INC
C/O MERITUS
2005 PAN AM CIR STE 300
TAMPA, FL 33607-6008

R08-423-19-0000-0020-0070
GRAND ENTRADA BLVD

2.8 ACRES MOL IN NE1/4 OF
SW1/4 LYING S OF GRAND
ENTRADA BLVD & N OF LOTS
211
See Additional Legal on Tax Roll

****All ownership changes must re-file for exemptions**

AD VALOREM TAXES

TAXING AUTHORITY	TELEPHONE	MILLAGE	ASSESSED VALUE	EXEMPTION	TAXABLE VALUE	TAXES LEVIED
BCC GENERAL FUND	352-754-4004	6.9912	0	0	0	0.00
BCC TRANSPORTATION TRUST	352-754-4004	0.8091	0	0	0	0.00
BCC COUNTY HEALTH	352-754-4004	0.1102	0	0	0	0.00
HERNANDO COUNTY SCHOOL BOARD	352-797-7004	3.2770	0	0	0	0.00
BPI DISCRETIONARY	352-797-7004	0.7480	0	0	0	0.00
BPI CAPITAL OUTLAY	352-797-7004	1.5000	0	0	0	0.00
BPI OPERATIONAL VOTED	352-797-7004	1.0000	0	0	0	0.00
EMERGENCY MEDICAL SVCS MSTU	352-754-4004	0.9100	0	0	0	0.00
STORMWATER MANAGEMENT MSTU	352-754-4004	0.1139	0	0	0	0.00
SWFWMD COUNTY WIDE	352-796-7211	0.2260	0	0	0	0.00
TOTAL MILLAGE		15.6854			AD VALOREM TAXES	$0.00

NON-AD VALOREM ASSESSMENTS

LEVYING AUTHORITY	TELEPHONE	AMOUNT
36 H.C. FIRE/RESCUE DISTRICT	352-540-4353	103.29
**ALL TAXES BECOME DELINQUENT APRIL 1st	NON-AD VALOREM ASSESSMENTS	$103.29

COMBINED TAXES AND ASSESSMENTS	$103.29	See reverse side for important information.

If Paid By	Nov 30, 2022				
Please Pay	~~$99.16~~ Pd 11/18/22				

Paid By
Receipt # 202281478
11/18/2022
$99.16

RETAIN THIS PORTION FOR YOUR RECORDS.
WALK-IN CUSTOMERS, PLEASE BRING FOR RECEIPT.

AMY L. BLACKBURN, CFC
HERNANDO COUNTY TAX COLLECTOR **352-754-4180**

2022 Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCROW CODE	MILLAGE CODE	
1587562		CWES	HERNANDO.COUNTY-TAXES.COM

HERNANDO OAKS MASTER
ASSOCIATION INC
C/O MERITUS
2005 PAN AM CIR STE 300
TAMPA, FL 33607-6008

R08-423-19-0000-0020-0070
GRAND ENTRADA BLVD

2.8 ACRES MOL IN NE1/4 OF
SW1/4 LYING S OF GRAND
ENTRADA BLVD & N OF LOTS
211
See Additional Legal on Tax Roll

RETURN WITH PAYMENT.

Pay in U.S. funds to Amy L. Blackburn, Hernando County Tax Collector, 20 N. Main St. Room 112 Brooksville, FL 34601-2892

If Paid By	Nov 30, 2022				
Please Pay	$99.16				

DO NOT WRITE ON BOTTOM PORTION

1 01587562 2022 4

1040

HERNANDO COUNTY, FLORIDA
PROPERTY RECORD CARD

2022 FINAL TAX ROLL RECERTIFICATION AFTER V.A.B.

KEY #	01664933	PRINTED ON	07/07/25	PAGE	1
PARCEL #	R08 223 19 2434 0000 000C	SITUS	DIANTHA WAY		
OWNER(S)	HERNANDO OAKS MASTER ASSOCIATION INC C/O QUALIFIED PROPERTY MANAGEMENT	PARCEL DESCRIPTION	HERNANDO OAKS PHASE 3 TRACT C		
MAILING ADDRESS UPDATED 06/09/25	5901 US 19 STE 7Q NEW PORT RICHEY FL 34652-2940	UPDATED 01/01/07	COMMON AREA		

MISCELLANEOUS PROPERTY INFORMATION

SQUARE FOOTAGE	65,340	
ACRES	1.50	
JURISDICTION	C	COUNTY
LEVY CODE	CWES	COUNTY WIDE EMS
NEIGHBORHOOD	2431	HERNANDO OAKS
SUBDIVISION	2434	HERNANDO OAKS PHASE 3
DOR LAND USE	96	DRA,LIFT STAT,MARSH,BORROWPIT
NON-AD VALOREM DIST1	36	H.C. FIRE/RESCUE DISTRICT

GIS AERIAL

2022-03-00 PROPERTY VALUES

		COUNTY	SCHOOL	SWFWMD	MUNICIPALITY
LAND					
BUILDINGS	+				
FEATURES AND OUT BUILDINGS	+				
JUST/MARKET VALUE	=				
VALUE PRIOR TO CAP					
ASSESSED VALUE					
EXEMPT VALUE	-				
TAXABLE VALUE	=				
CLASSIFIED LAND USE VALUE					

LAND INFORMATION

CODE	DESCRIPTION	AG	LAST UPDT	CAP YEAR	EXC CAP	GRA DE	FRON TAGE	DEPTH	UNITS	MEASURE				ADJ RATE	VALUE
96	NON-PROD AC	N	2015		Y				1.50	ACRES				150.00	225

BUSINESSES ON PROPERTY

KEY #	BUSINESS NAME	NAICS	BUSINESS TYPE

ADDRESSES ON PROPERTY

SITUS
DIANTHA WAY

PROPERTY SALES

SALE DATE	NEW OWNER	CODE	DESCRIPTION	VAC?	INST	OR BOOK	OR PAGE	SALEGRP	VALUE
07/16/19	HERNANDO OAKS MASTER ASSOCIATIO	D	DISQUALIFIED	Y	QC	3730	0336		100
11/13/13	BBX PARTNERS INC	D	DISQUALIFIED	Y	CT	3053	1610		100
01/01/07	HERNANDO OAKS MASTER ASSOC INC	S	SPLIT (REQUI	Y	WD	1984	0205		17,300,000

PROPERTY APPRAISER INSPECTIONS

INSP.DATE	ROLL	EMPL	CODE	REASON
01/05/24	2024	256	21	VACANT
04/15/20	2020	236	21	VACANT
12/18/15	2016	248	21	VACANT
09/13/11	2011	195	21	VACANT
09/12/06	2007	197	17	5 YEAR REVIEW

HERNANDO COUNTY, FLORIDA
PROPERTY RECORD CARD

2022 FINAL TAX ROLL RECERTIFICATION AFTER V.A.B.

KEY #	01664942	PRINTED ON	07/07/25	PAGE	1
PARCEL #	R08 223 19 2434 0000 000D	SITUS	GARSALASO CIR		
OWNER(S)	HERNANDO OAKS MASTER ASSOCIATION INC C/O QUALIFIED PROPERTY MANAGEMENT	PARCEL DESCRIPTION	HERNANDO OAKS PHASE 3 TRACT D		
MAILING ADDRESS UPDATED 06/09/25	5901 US 19 STE 7Q NEW PORT RICHEY FL 34652-2940	UPDATED 01/01/07	COMMON AREA		

MISCELLANEOUS PROPERTY INFORMATION

SQUARE FOOTAGE	3,611	
ACRES	0.10	
JURISDICTION	C	COUNTY
LEVY CODE	CWES	COUNTY WIDE EMS
NEIGHBORHOOD	2431	HERNANDO OAKS
SUBDIVISION	2434	HERNANDO OAKS PHASE 3
DOR LAND USE	96	DRA,LIFT STAT,MARSH,BORROWPIT
NON-AD VALOREM DIST1	36	H.C. FIRE/RESCUE DISTRICT

GIS AERIAL

2022-03-00 PROPERTY VALUES

		COUNTY	SCHOOL	SWFWMD	MUNICIPALITY
LAND		36	36	36	
BUILDINGS	+				
FEATURES AND OUT BUILDINGS	+				
JUST/MARKET VALUE	=	36	36	36	
VALUE PRIOR TO CAP		36	36	36	
ASSESSED VALUE		36	36	36	
EXEMPT VALUE	-				
TAXABLE VALUE	=	**36**	**36**	**36**	
CLASSIFIED LAND USE VALUE					

LAND INFORMATION

CODE	DESCRIPTION	AG	LAST UPDT	CAP YEAR	EXC CAP	GRA DE	FRON TAGE	DEPTH	UNITS	MEASURE				ADJ RATE	VALUE
38	DRA, NON-PROD... -	N	2015		Y				3,611.00	SQFT				.01	36

BUSINESSES ON PROPERTY

KEY #	BUSINESS NAME	NAICS	BUSINESS TYPE

ADDRESSES ON PROPERTY

SITUS
GARSALASO CIR

PROPERTY SALES

SALE DATE	NEW OWNER	CODE	DESCRIPTION	VAC?	INST	OR BOOK	OR PAGE	SALEGRP	VALUE
01/31/23	HERNANDO OAKS MASTER ASSOCIATIO	U	UNQUALIFIED	Y	QC	4264	0746		100
11/13/13	BBX PARTNERS INC	D	DISQUALIFIED	Y	CT	3053	1610		100
01/01/07	HERNANDO OAKS MASTER ASSOC INC	S	SPLIT (REQUI	Y	WD	1984	0205		17,300,000

PROPERTY APPRAISER INSPECTIONS

INSP.DATE	ROLL	EMPL	CODE	REASON
01/05/24	2024	256	21	VACANT
04/15/20	2020	236	21	VACANT
12/18/15	2016	248	21	VACANT
09/13/11	2011	195	21	VACANT
09/12/06	2007	197	17	5 YEAR REVIEW

HERNANDO COUNTY, FLORIDA
PROPERTY RECORD CARD

2022 FINAL TAX ROLL RECERTIFICATION AFTER V.A.B.

KEY #	01665022	PRINTED ON	07/07/25	PAGE	1
PARCEL #	R08 223 19 2434 0000 000L	SITUS	CADIZ CT		
OWNER(S)	HERNANDO OAKS MASTER ASSOCIATION INC C/O QUALIFIED PROPERTY MANAGEMENT	PARCEL DESCRIPTION UPDATED 11/13/09	HERNANDO OAKS PHASE 3 TRACT L PRESERVATION AREA & CONSERVATION EASMT DES IN ORB 2694 PG 889		
MAILING ADDRESS UPDATED 06/10/25	5901 US 19 STE 7Q NEW PORT RICHEY FL 34652-2940				

MISCELLANEOUS PROPERTY INFORMATION

SQUARE FOOTAGE	60,984	
ACRES	1.40	
JURISDICTION	C	COUNTY
LEVY CODE	CWES	COUNTY WIDE EMS
NEIGHBORHOOD	2431	HERNANDO OAKS
SUBDIVISION	2434	HERNANDO OAKS PHASE 3
DOR LAND USE	96	DRA/LIFT STAT,MARSH,BORROWPIT
NON-AD VALOREM DIST1	36	H.C. FIRE/RESCUE DISTRICT

GIS AERIAL

2022-03-00 PROPERTY VALUES

		COUNTY	SCHOOL	SWFWMD	MUNICIPALITY
LAND					
BUILDINGS	+				
FEATURES AND OUT BUILDINGS	+				
JUST/MARKET VALUE	=				
VALUE PRIOR TO CAP					
ASSESSED VALUE					
EXEMPT VALUE	-				
TAXABLE VALUE	=				
CLASSIFIED LAND USE VALUE					

LAND INFORMATION

CODE	DESCRIPTION	AG	LAST UPDT	CAP YEAR	EXC CAP	GRADE	FRONTAGE	DEPTH	UNITS	MEASURE				ADJ RATE	VALUE
96	NON-PROD AC	N	2014		Y				1.40	ACRES				150.00	210

BUSINESSES ON PROPERTY

KEY #	BUSINESS NAME	NAICS	BUSINESS TYPE

ADDRESSES ON PROPERTY

SITUS
CADIZ CT

PROPERTY SALES

SALE DATE	NEW OWNER	CODE	DESCRIPTION	VAC?	INST	OR BOOK	OR PAGE	SALEGRP	VALUE
07/16/19	HERNANDO OAKS MASTER ASSOCIATIO	D	DISQUALIFIED	Y	QC	3730	0336		100
11/13/13	BBX PARTNERS INC	D	DISQUALIFIED	Y	CT	3053	1610		100
01/01/07	HERNANDO OAKS MASTER ASSOC INC	S	SPLIT (REQUI	Y	WD	1984	0205		17,300,000

PROPERTY APPRAISER INSPECTIONS

INSP.DATE	ROLL	EMPL	CODE	REASON
01/05/24	2024	256	21	VACANT
04/15/20	2020	236	21	VACANT
12/18/15	2016	248	21	VACANT
09/13/11	2011	195	21	VACANT
09/12/06	2007	197	17	5 YEAR REVIEW

HERNANDO COUNTY, FLORIDA
PROPERTY RECORD CARD

2022 FINAL TAX ROLL RECERTIFICATION AFTER V.A.B.

KEY #	01665031	PRINTED ON	07/07/25	PAGE	1
PARCEL #	R08 223 19 2434 0000 000M	SITUS	DIANTHA WAY		
OWNER(S)	HERNANDO OAKS MASTER ASSOCIATION INC C/O QUALIFIED PROPERTY MANAGEMENT	PARCEL DESCRIPTION	HERNANDO OAKS PHASE 3 TRACT M		
MAILING ADDRESS UPDATED 06/10/25	5901 US 19 STE 7Q NEW PORT RICHEY FL 34652-2940	UPDATED 01/01/07	PRESERVATION AREA		

MISCELLANEOUS PROPERTY INFORMATION

SQUARE FOOTAGE	2,538	
ACRES	0.10	
JURISDICTION	C	COUNTY
LEVY CODE	CWES	COUNTY WIDE EMS
NEIGHBORHOOD	2431	HERNANDO OAKS
SUBDIVISION	2434	HERNANDO OAKS PHASE 3
DOR LAND USE	96	DRA,LIFT STAT,MARSH,BORROWPIT
NON-AD VALOREM DIST1	36	H.C. FIRE/RESCUE DISTRICT

GIS AERIAL

2022-03-00 PROPERTY VALUES

		COUNTY	SCHOOL	SWFWMD	MUNICIPALITY
LAND					
BUILDINGS	+				
FEATURES AND OUT BUILDINGS	+				
JUST/MARKET VALUE	=				
VALUE PRIOR TO CAP					
ASSESSED VALUE					
EXEMPT VALUE	-				
TAXABLE VALUE	=				
CLASSIFIED LAND USE VALUE					

LAND INFORMATION

CODE	DESCRIPTION	AG	LAST UPDT	CAP YEAR	EXC CAP	GRA DE	FRON TAGE	DEPTH	UNITS	MEASURE				ADJ RATE	VALUE
38	DRA, NON-PROD... -	N	2014		Y				2,538.00	SQFT				.01	25

BUSINESSES ON PROPERTY

KEY #	BUSINESS NAME	NAICS	BUSINESS TYPE

ADDRESSES ON PROPERTY

SITUS
DIANTHA WAY

PROPERTY SALES

SALE DATE	NEW OWNER	CODE	DESCRIPTION	VAC?	INST	OR BOOK	OR PAGE	SALEGRP	VALUE
07/16/19	HERNANDO OAKS MASTER ASSOCIATIO	D	DISQUALIFIED	Y	QC	3730	0336		100
11/13/13	BBX PARTNERS INC	D	DISQUALIFIED	Y	CT	3053	1610		100
01/01/07	HERNANDO OAKS MASTER ASSOC INC	S	SPLIT (REQUI	Y	WD	1984	0205		17,300,000

PROPERTY APPRAISER INSPECTIONS

INSP.DATE	ROLL	EMPL	CODE	REASON
01/05/24	2024	256	21	VACANT
04/15/20	2020	236	21	VACANT
12/18/15	2016	248	21	VACANT
09/13/11	2011	195	21	VACANT
09/12/06	2007	197	17	5 YEAR REVIEW

HERNANDO COUNTY, FLORIDA
PROPERTY RECORD CARD

2022 FINAL TAX ROLL RECERTIFICATION AFTER V.A.B.

KEY #	01587562	PRINTED ON	07/07/25	PAGE	1
PARCEL #	R08 423 19 0000 0020 0070	SITUS	GRAND ENTRADA BLVD		
OWNER(S)	HERNANDO OAKS MASTER ASSOCIATION INC C/O QUALIFIED PROPERTY MANAGEMEN	PARCEL DESCRIPTION UPDATED 11/13/09	2.8 ACRES MOL IN NE1/4 OF SW1/4 LYING S OF GRAND ENTRADA BLVD & N OF LOTS 211-215 OF HERNANDO OAKS EASMT DES IN ORB 2694 PG 883		
MAILING ADDRESS UPDATED 06/10/25	5901 US 19 STE 7Q NEW PORT RICHEY FL 34652-2940				

MISCELLANEOUS PROPERTY INFORMATION

SQUARE FOOTAGE	121,968	
ACRES	2.80	
JURISDICTION	C	COUNTY
LEVY CODE	CWES	COUNTY WIDE EMS
NEIGHBORHOOD	2431	HERNANDO OAKS
SUBDIVISION	0	
DOR LAND USE	96	DRA,LIFT STAT,MARSH,BORROWPIT
NON-AD VALOREM DIST1	36	H.C. FIRE/RESCUE DISTRICT

GIS AERIAL

2022-03-00 PROPERTY VALUES

		COUNTY	SCHOOL	SWFWMD	MUNICIPALITY
LAND					
BUILDINGS	+				
FEATURES AND OUT BUILDINGS	+				
JUST/MARKET VALUE	=				
VALUE PRIOR TO CAP					
ASSESSED VALUE					
EXEMPT VALUE	-				
TAXABLE VALUE	=				
CLASSIFIED LAND USE VALUE					

LAND INFORMATION

CODE	DESCRIPTION	AG	LAST UPDT	CAP YEAR	EXC CAP	GRADE	FRONTAGE	DEPTH	UNITS	MEASURE				ADJ RATE	VALUE
96	NON-PROD AC	N	2010		Y				2.80	ACRES				150.00	420

BUSINESSES ON PROPERTY

KEY #	BUSINESS NAME	NAICS	BUSINESS TYPE

ADDRESSES ON PROPERTY

SITUS
GRAND ENTRADA BLVD

PROPERTY SALES

SALE DATE	NEW OWNER	CODE	DESCRIPTION	VAC?	INST	OR BOOK	OR PAGE	SALEGRP	VALUE
07/16/19	HERNANDO OAKS MASTER ASSOCIATIO	D	DISQUALIFIED	Y	WD	3730	0336		100
11/13/13	BBX PARTNERS INC	D	DISQUALIFIED	Y	CT	3053	1610		100
01/01/05	HERNANDO OAKS LLC	S	SPLIT (REQUI	Y	WD	1310	1929		2,070,000

PROPERTY APPRAISER INSPECTIONS

INSP.DATE	ROLL	EMPL	CODE	REASON
01/18/24	2024	248	21	VACANT
05/15/20	2020	248	21	VACANT
12/18/15	2016	248	21	VACANT
09/13/11	2011	195	21	VACANT
10/24/03	2004	197	17	5 YEAR REVIEW

PROPERTY APPRAISER NOTES

August 04 2010

CONSERVATION EASEMENT IN FAVOR OF SWFWMD DATED 9/01/09
SCANNED INTO CORRESPONDENCE.
ZONED CPDP FOR 2007 FILE H-06-30

HERNANDO CO BOARD OF CO COMMISSIONERS
EXPENDITURE STATUS REPORT

SELECTION CRITERIA: expledgr.key_orgn='02261'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1661 HC FIRE RESCUE - FIRE
DEPARTMENT-02261 HC FIRE RESCUE - FIRE
1ST SUBTOTAL-510 * PERSONAL SERVICES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5101200	SALARIES & WAGES-REGULAR	13,089,118.00	450,987.93	.00	9,351,990.29	3,737,127.71	71.45
5101212	SALARY-MARKET ADJUSTMENT	129,270.00	.00	.00	.00	129,270.00	.00
5101400	SALARIES & WAGES-OVERTIM	995,000.00	38,408.94	.00	484,408.02	510,591.98	48.68
5101501	SPECIAL PAY-STIPENDS	800.00	20.00	.00	358.00	442.00	44.75
5102100	FICA TAXES-MATCHING	1,077,435.00	36,168.18	.00	728,352.00	349,083.00	67.60
5102200	RETIREMENT CONTRIBUTIONS	4,481,323.00	161,074.76	.00	3,030,707.49	1,450,615.51	67.63
5102300	LIFE & HEALTH INSURANCE	3,986,391.00	118,001.39	.00	2,496,461.31	1,489,929.69	62.62
5102400	WORKERS COMP PREMIUMS	601,955.00	20,799.98	.00	418,589.83	183,365.17	69.54
TOTAL * PERSONAL SERVICES		24,361,292.00	825,461.18	.00	16,510,866.94	7,850,425.06	67.78
1ST SUBTOTAL-530 * OPERATING EXPENSES							
5303101	PROFESSIONAL SERVICES	187,267.00	4,236.00	46,771.75	50,638.81	89,856.44	52.02
5303401	CONTRACTED SERVICES	32,380.00	.00	8,656.20	13,721.15	10,002.65	69.11
5303410	CONTR SRV-JANITORIAL/PES	4,800.00	266.14	831.72	2,628.15	1,340.13	72.08
5303413	CONTR SRV-MOWING	14,700.00	2,212.50	6,887.50	8,605.95	-793.45	105.40
5303460	CONTR SRV-DISPATCHING	203,336.00	.00	.00	.00	203,336.00	.00
5303465	CONTR SRV-EMPL PHYSICALS	84,490.00	.00	.00	.00	84,490.00	.00
5304001	TRAVEL & PER DIEM	24,915.00	.00	.00	11,411.12	13,503.88	45.80
5304004	TRAVEL & PER DIEM-CLASS	1,000.00	.00	.00	.00	1,000.00	.00
5304101	COMM SVC,DEVICES,ACCESSR	39,056.00	453.39	.00	47,889.13	-8,833.13	122.62
5304205	POSTAGE AND FREIGHT	41,500.00	.00	.00	30,020.74	11,479.26	72.34
5304302	UTILITY SRV-ELECTRIC	67,261.00	6,976.88	.00	44,239.24	23,021.76	65.77
5304303	UTILITY SRV-WTR,SWR,LPGA	14,100.00	696.22	.00	12,459.83	1,640.17	88.37
5304304	UTILITY SRV-TRASH REMOVA	16,727.00	47.22	4,041.42	10,654.60	2,030.98	87.86
5304401	RENTAL/LEASE-EQUIPMENT	19,010.00	125.57	313.93	1,192.91	17,503.16	7.93
5304403	RENTAL/LEASE-LAND	13,983.00	.00	.00	11,652.25	2,330.75	83.33
5304405	RENTAL/LEASE-BUILDINGS	600.00	.00	.00	516.67	83.33	86.11
5304501	INSURANCE & BONDS-PREMIU	825,211.00	.00	.00	811,839.90	13,371.10	98.38
5304601	REPAIR/MAINT-BLDG & GRD	995,692.00	21,330.97	108,306.81	472,777.76	414,607.43	58.36
5304602	REPAIR/MAINT-VEHICLES	685,923.00	.00	.00	429,960.80	255,962.20	62.68
5304603	REPAIR/MAINT-EQUIPMENT	136,855.00	.00	39,559.39	15,635.06	81,660.55	40.33
5304604	REPAIR/MAINT-OFFICE EQUI	650.00	.00	.00	.00	650.00	.00
5304605	REPAIR/MAINT-DP EQUIPMEN	3,870.00	.00	.00	459.76	3,410.24	11.88
5304606	REPAIR/MAINT-SOFTWARE	55,489.00	.00	.00	15,727.65	39,761.35	28.34
5304609	REPAIR/MAINT-RADIO COSTS	73,500.00	.00	.00	73,021.00	479.00	99.35
5304701	PRINTING & BINDING	10,600.00	.00	.00	4,971.00	5,629.00	46.90
5304801	PROMOTIONAL ACTIVITIES	11,500.00	.00	.00	3,058.58	8,441.42	26.60
5304901	ADVERTISING-LEGAL	100.00	.00	.00	155.62	-55.62	155.62
5304921	OPER EXP-RMB SPCL ASSESS	1,000.00	.00	.00	722.42	277.58	72.24
5304922	FEES/COSTS-OTHER	1,300.00	.00	.00	.00	1,300.00	.00
5304923	FEES/COSTS-FILING FEES	1,375.00	.00	.00	85.91	1,289.09	6.25
5304933	FEES/COSTS-CST ALLO PLN	1,057,272.00	.00	.00	1,057,272.00	.00	100.00
5304936	FEES/COSTS-TC COMMISSN	696,478.00	.00	.00	755,211.55	-58,733.55	108.43
5304937	FEES/COSTS-TC REFUNDS	2,000.00	.00	.00	.00	2,000.00	.00
5304940	FEES/COSTS-PROP APPRSR	696,478.00	.00	.00	780,199.92	-83,721.92	112.02
5304953	FEES/COSTS-FLT GPS TRCKN	11,340.00	.00	.00	10,853.00	487.00	95.71

HERNANDO CO BOARD OF CO COMMISSIONERS
EXPENDITURE STATUS REPORT

SELECTION CRITERIA: expledgr.key_orgn='02261'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1661 HC FIRE RESCUE - FIRE
DEPARTMENT-02261 HC FIRE RESCUE - FIRE
1ST SUBTOTAL-530 * OPERATING EXPENSES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5304955	FEES/COSTS-FLT CAP RECV	1,040,441.00	.00	.00	542,827.50	497,613.50	52.17
5304956	FEES/COSTS-FLT FCLTY AL	6,939.00	.00	.00	6,920.56	18.44	99.73
5304957	FEES/COSTS-FLEET/ADMIN	40,800.00	.00	.00	21,822.31	18,977.69	53.49
5304959	FEES/COSTS-BANK CHARGES	2,000.00	.00	.00	.00	2,000.00	.00
5304965	FEES / COSTS-NEW HIRES	19,000.00	.00	.00	4,071.86	14,928.14	21.43
5305101	OFFICE SUPPLIES	12,000.00	122.26	1,297.85	3,585.32	7,116.83	40.69
5305201	OPERATING SUPPLIES	148,330.00	6,670.00	10,697.22	153,782.26	-16,149.48	110.89
5305202	GAS, OIL & LUBRICANTS	386,690.00	13,249.92	.00	138,844.28	247,845.72	35.91
5305205	CLOTHING & UNIFORM APPRL	116,620.00	3,351.27	6,681.25	86,313.38	23,625.37	79.74
5305206	TOOLS & SMALL IMPLEMENTS	100,000.00	4,347.56	.00	30,894.61	69,105.39	30.89
5305207	SAFETY GEAR AND SUPPLIES	467,686.00	12,364.70	67,190.23	195,063.31	205,432.46	56.07
5305214	OPER SUPP - HYDRANTS	8,500.00	.00	.00	1,424.48	7,075.52	16.76
5305217	OPER SUPP-HCFR-MSA/SCBA	54,425.00	.00	.00	19,727.09	34,697.91	36.25
5305218	OPER SUPP-HCFR-TRT	21,500.00	.00	.00	6,770.52	14,729.48	31.49
5305219	OPER SUPP-HCFR-HAZMAT	32,380.00	4,744.19	921.47	14,104.82	17,353.71	46.41
5305221	OPER SUPP-CMPTR SOFTWARE	18,065.00	.00	.00	2,106.33	15,958.67	11.66
5305222	OPER SUPP-CMPTR HARDWARE	6,200.00	.00	.00	1,301.57	4,898.43	20.99
5305225	OPER SUPP-MEDICAL SUPL'S	750.00	.00	.00	.00	750.00	.00
5305236	OPER SUPP-COMNTY OUTREAC	30,450.00	.00	.00	21,325.02	9,124.98	70.03
5305237	OPER SUPP-DRONES	6,900.00	.00	.00	5.00	6,895.00	.07
5305246	OPER SUPP-HCFR-ARFF	11,000.00	.00	.00	.00	11,000.00	.00
5305247	OPER SUPP-HCFR-TRN OPS	17,001.00	.00	.00	99.00	16,902.00	.58
5305248	OPER SUPP-HCFR-MARINE	15,000.00	.00	.00	9,118.23	5,881.77	60.79
5305264	UNCAPITALIZED EQUIPMENT	283,375.00	.00	9,244.01	103,502.36	170,628.63	39.79
5305274	UNCAP EQUIP-TECH	56,000.00	.00	.00	1,847.18	54,152.82	3.30
5305401	BOOKS/PUBLICATIONS/SUBSC	1,250.00	.00	.00	705.99	544.01	56.48
5305402	DUES AND MEMBERSHIPS	5,718.00	.00	.00	2,286.25	3,431.75	39.98
5305420	SUBSCRIPTIONS-ELECTRONIC	42,227.00	.00	.00	38,615.71	3,611.29	91.45
5305506	EDUC-TRAINING & TUITION	151,550.00	.00	.00	57,374.58	94,175.42	37.86
5305510	EDUC-TUITION REIMBURSEMN	40,000.00	.00	.00	3,982.65	36,017.35	9.96
	TOTAL * OPERATING EXPENSES	9,174,555.00	81,194.79	311,400.75	6,146,004.65	2,717,149.60	70.38
1ST SUBTOTAL-560 * CAPITAL OUTLAY							
5606101	LAND ACQUISITION	500,000.00	.00	.00	.00	500,000.00	.00
5606233	BLDGS-HCFRD	62,002.00	.00	25.50	62,000.96	-24.46	100.04
5606401	EQUIPMENT $5,000 OR MORE	264,063.00	.00	.00	30,787.00	233,276.00	11.66
	TOTAL * CAPITAL OUTLAY	826,065.00	.00	25.50	92,787.96	733,251.54	11.24
1ST SUBTOTAL-570 * DEBT SERVICE							
5707117	PRINCIPAL-LOC	475,074.00	.00	.00	.00	475,074.00	.00
5707201	INTEREST-BONDS	202,264.00	.00	.00	.00	202,264.00	.00
5707217	INTEREST-LOC	64,527.00	.00	.00	27,376.96	37,150.04	42.43
	TOTAL * DEBT SERVICE	741,865.00	.00	.00	27,376.96	714,488.04	3.69
1ST SUBTOTAL-590 * NON-OPERATING EXPENSES							
5909501	AMORTIZATION-BOND ISS CS	35,904.00	.00	.00	.00	35,904.00	.00

SELECTION CRITERIA: expledgr.key_orgn='02261'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1661 HC FIRE RESCUE - FIRE
DEPARTMENT-02261 HC FIRE RESCUE - FIRE
1ST SUBTOTAL-590 * NON-OPERATING EXPENSES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5909910	BUDGET RES FOR CONTINGNC	14,268,494.00	.00	.00	.00	14,268,494.00	.00
5909917	BUDGET RES-CAPITAL PROJC	3,862,673.00	.00	.00	.00	3,862,673.00	.00
	TOTAL * NON-OPERATING EXPENSE	18,167,071.00	.00	.00	.00	18,167,071.00	.00
1ST SUBTOTAL-591 *TRANSFERS TO OTHER FUNDS							
5910011	TRNSF-GENERAL FUND (0011	246,808.00	.00	.00	.00	246,808.00	.00
5920830	TRNSF-NON-ADVAL REV S202	202,264.00	.00	.00	.00	202,264.00	.00
5951210	TRNSF-HLTH SELF INS(5121	317,696.00	.00	.00	.00	317,696.00	.00
	TOTAL *TRANSFERS TO OTHER FUN	766,768.00	.00	.00	.00	766,768.00	.00
1ST SUBTOTAL-599 TRNSF-TO/FROM SAME FUND							
5999078	TRNSF-GRANT MATCH	50,000.00	.00	.00	.00	50,000.00	.00
	TOTAL TRNSF-TO/FROM SAME FUND	50,000.00	.00	.00	.00	50,000.00	.00
	TOTAL HC FIRE RESCUE - FIRE	54,087,616.00	906,655.97	311,426.25	22,777,036.51	30,999,153.24	42.69
	TOTAL HC FIRE RESCUE - FIRE	54,087,616.00	906,655.97	311,426.25	22,777,036.51	30,999,153.24	42.69
TOTAL REPORT		54,087,616.00	906,655.97	311,426.25	22,777,036.51	30,999,153.24	42.69

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Health and Human Services
Prepared By: Velvet Burris
Initiator: Veda Ramirez
DOC ID: 16162
Legal Request Number: 2025 355 1
Bid/Contract Number:

TITLE

Satisfactions of Second Mortgages for Brittany C. Guarneri and Patricia A. Herzog Through State Housing Initiative Partnership Down Payment Assistance Program

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Instr #2018023320 BK: 3574 PG: 935, Filed & Recorded: 4/17/2018 4:00 PM MRF Deputy Clk, #Pgs:6
Don Barbee Jr,Clerk of the Circuit Court Hernando CO FL Rec Fees: $52.50 Mtg Stamp: $52.50 Int Tax $30.00

R-> RETURN TO:
CARTER, CLENDENIN & FOREMAN, PLLC
ATTORNEYS AT LAW
5308 SPRING HILL DRIVE
SPRING HILL, FL 34606

HERNANDO COUNTY
HOUSING AUTHORITY
621 West Jefferson St.
BROOKSVILLE, FL 34601

SECOND MORTGAGE
UNDER
HERNANDO COUNTY, FLORIDA
HOMEOWNERSHIP PROGRAM
DOWN PAYMENT ASSISTANCE PROGRAM

This is a Mortgage where the Balance is due at the time the home is sold, transferred, foreclosed upon or ceases to be the borrower/recipient's primary residence, which ever may occur first. After thirty (30) years, if the borrower/recipient continues to live in the unit the loan is forgiven.

THIS SECOND MORTGAGE is made this 6th day of April, 2018, between the Mortgagor, **Brittany C. Guarneri, (an unmarried woman),** (herein the "Borrower") and the Mortgagee, Hernando County, a political sub-division of the State of Florida whose address is 20 North Main Street, Brooksville, FL 34601-2800 (herein the "County").

WHEREAS, the Borrower has applied for a loan under the County's Down Payment Assistance Program for the purchase of the Property (as defined herein), which Mortgage Loan shall be secured by a first mortgage lien (the "First Mortgage") in favor of, **Patriot Lending Services, Inc., ISAOA/ATIMA.** The Borrower has applied to the County for a Down Payment Assistance Loan in the amount of **Fifteen Thousand Dollars and 00/100 ($15,000.00),** (the "Loan"). The Borrower, along with his/her/their family, intends to reside as a household in the Property (as defined herein), which Property is a single-family residence. The Borrower's total family income at the time of its application for the Loan is less than Eighty Percent (80%) of Hernando County's median family income. The Borrower is eligible to participate in the County's Down Payment Assistance Program, and the County has agreed to extend and has extended a loan to the Borrower pursuant to said program; and

WHEREAS, the Borrower is indebted to the County in the principal amount of **Fifteen Thousand Dollars and 00/100 ($15,000.00),** which indebtedness is evidenced by the Borrower's Promissory Note dated April 13, 2018, and extensions, additions, fees and renewals dated thereof (herein "Note"), providing for payment of the principal indebtedness. If not sooner paid, the Note is due and payable on the sale of the property or when it is no longer the Borrower's primary residence.

TO SECURE to the County the repayment of the indebtedness evidenced by the Note; the payment of all other sums, advanced in accordance herewith to protect the security of this Mortgage; and the performance of the covenants and agreements of the Borrower herein contained, the Borrower does hereby mortgage, grant and convey to the County the following described property located in the County of Hernando, State of Florida:

Lot 2, Block 383, Royal Highlands, Unit No. 6, according to the map or plat thereof, as recorded in Plat Book 12, page(s) 67 through 79, inclusive, of the Public Records of Hernando County, Florida.

which has an address of **12510 Maginn Court, Weeki Wachee, FL**
(Street) *(City)*
Florida **34614** (herein the "Property Address"); Key **# 00743976**

BK: 3574 PG: 936

TOGETHER with all the improveme
appurtenances and rents, all of which shall be d
and all of the foregoing, together with said pr
hereinafter referred to as the "Property."

BORROWER COVENANTS, repres
Borrower is lawfully seized of the estate hereby
and that the Property is unencumbered, except f
Inc., ISAOA/ATIMA and for other encumb
County and its successors and assigns that Borr
demands, subject to the mortgage lien of the Firs

BORROWER FURTHER COVENAN

1. Payment. The Borrower shall
Recipients/Borrower(s) may repay their loan at a

2. Prior Mortgages and Deeds of Tru
obligations under the First Mortgage and any otl
has priority over this Mortgage, including the E
pay or cause to be paid all taxes, assessments an
may attain a priority over this Mortgage, and lea

3. Hazard Insurance. The Borrower

Property insured against loss by fire, hazards in
the County may require and in such amounts and
The insurance carrier providing the i
County; provided, that such approval shall not
shall be in a form acceptable to the County an
acceptable to the County. The County shall hav
of the First Mortgage and any other mortgage,
over this Mortgage.
In the event of loss, the Borrower sha
County may make proof of loss if not made prom
If the Property is abandoned by the B
(30) days from the date notice is mailed by the
for insurance benefits, the County is authorized
to restoration or repair of the Property or to the s
4. Preservation and Maintenance of P
Borrower shall keep the Property in good repair
Property. If this Mortgage is on a unit in a cond
of the Borrower's obligations under the declarat
unit development, the by-laws and regulations
documents.
5. Protection of County's Security.
contained in this Mortgage, or if any action or p
interest in the Property, then the County may do
and County's rights in the Property, including pa
by this Mortgage. Pursuant thereto, the County
attorneys' fees, and take such action as is necess
required mortgage insurance as a condition of m
premiums required to maintain such insurance i
terminates in accordance with the Borrower's an
Any amounts disbursed by the County

BK: 3574 PG: 937

percent (12%) per annum, shall become additic
parties agree to other terms of payment, such a
requesting payment thereof. Nothing contained
any action hereunder.

6. Inspection. The County may ma
Property; provided that the County shall give
cause therefore related to the County's interest i

7. Condemnation. The proceeds of a
with any condemnation or other taking of the P
hereby assigned and shall be paid to the Count
agreement with a lien which has priority over th

8. Borrower Not Released; Forbeara
modification of the sums secured by this Mortg
shall not operate to release, in any manner, t
interest. The County shall not be required to co
payment or otherwise modify the sums secur
Borrower and the Borrower's successors or rem
waiver of or preclude the exercise of any such ri

9. Successors and Assigns Bound; J
herein contained shall bind, and the rights hereu
subject to the provisions of Paragraph 14 here
representations, warranties and agreements of

Mortgage, agrees that County and any other B
other accommodations with regard to the term
without releasing that Borrower or modifying thi

10. Notice. Except for any notice requ
to the Borrower provided for in this Mortgage
registered mail, postage prepaid, addressed to
Borrower may designate by notice to the Count
certified or registered mail, postage prepaid, to t
the County may designate by notice to the Borr
be deemed to have been given to the Borrower o

11. Governing Law; Severability; Cos
and, to the extent applicable hereto, the laws a
provision or clause of this Mortgage or the N
provisions of this Mortgage or the Note which c
provisions of this Mortgage and the Note are
"attorneys' fees" include all sums to the extent nc

12. Borrower's Copy. Borrower shall
time of execution or after recordation hereof.

13. Rehabilitation Loan Agreement. I
rehabilitation, improvement, repair, or other loa
County may require Borrower to execute and del
any rights, claims or defenses which Borrower
connection with improvements made to the Prop

14. Transfer of the Property. If all or a
otherwise conveyed, whether by voluntary act,
divested of title by judicial sale, levy or other pr
the Property is leased or rented, the Note secu
provided herein.

The County shall give Borrower notice
(30) days from the date the notice is given as pr

BK: 3574 PG: 938

sums secured by this Mortgage. If Borrower f
may invoke any remedies permitted by this Mor

15. Acceleration; Remedies. Except
covenant or agreement of the Borrower in this M
this Mortgage, or in the event that the Borrowe
his/her/their application for a Down Payment As
secured by this Mortgage to be immediately du
by judicial proceeding. Prior to acceleration o
Paragraph 10, thereof specifying (1) the breach
a date, not less than ten (10) days from the date
and (4) that failure to cure such breach on or bef
secured by this Mortgage, foreclosure by judici
Borrower of the right to reinstate after accelerati
of a default or any other defense of Borrower to
such proceeding all expenses of foreclosure, in
cost of documentary evidence, abstracts and title

16. Borrower's Right to Reinstate. I
Mortgage due to the Borrower's breach, the Bor
to enforce this Mortgage discontinued at any t
Borrower pays the County all sums which woul
breaches of any other covenants or agreements
reasonable expenses incurred by the County in e

Mortgage, and in enforcing the County's remec
reasonable attorneys' fees and court costs; and (
to assure that the lien of this Mortgage, the Co
Note secured by this Mortgage shall continue un
and the obligations secured hereby shall remain i

17. Release. Upon payment of all s
without charge to Borrower. Borrower shall pay

18. Attorney's Fees. As used in this M
any, incurred in connection with the collection
brought and whether incurred at trial, on appeal,

19. Refinancing of First Mortgage. In
the term of this loan, the County will only su
mortgage does not exceed the total of the remai
actually incurred refinancing costs (i.e. there ca
original first mortgage payoff and actual refinanc

20. Special Homeownership Assist
Representations. The Borrower covenants, repr
his/her/their family, intends to reside as a househ
Borrower's total family income at the time of
Hernando County's median income and (d) th
Assistance Program.

The County consents to any agreement
reduces or modifies any provisions of the Firs
repayment of money.

If any provision of the Promissory Not
First Note or the First Mortgage, the terms and pr

In the event of a foreclosure or a deed in lieu
collateral agreement restricting the use of the Prc

BK: 3574 PG: 939

no further force or effect on subsequent owners
assigns (other than the Borrower or a related en
foreclosure or deed in lieu of foreclosure of the
restrictions. Furthermore, if the First Lender ac
lien of this Second Mortgage shall automatically

NO

DO NOT SIGN THIS MORTGAGE IF I

COMPLETED BEFORE YOU SIGN.

THIS IS A MORTGAGE WHERE THE F

ACCRUED INTEREST, IF ANY, UNDER T

19

5

BK: 3574 PG: 940

Signed, sealed and delivered in the presence of:

_____

Audreylynn Mason

Witness #1

Audreylynn Mason

Name:

Witness #2

CHRISTINA A. LEHOUILLIER

Name:

STATE OF FLORIDA
COUNTY OF HERNANDO

The foregoing was acknowledged Brittany C. Gwarner, who is person identification and who did not take an oath.

PREPARED BY:
HERNANDO COUNTY HOUSING AUTHORITY
621 West Jefferson Street
BROOKSVILLE, FL 34601
(352)754-4160

SATISFACTION OF MORTGAGE

HERNANDO COUNTY, FLORIDA

State Housing Initiative Partnership (SHIP)

Down Payment Assistance Program

_____

-For Recording Use Only Above Line-

KNOWN ALL MEN BY THESE PRESENTS: That **HERNANDO COUNTY**, a political subdivision of the State of Florida, whose address is 15470 Flight Path Drive, Brooksville, Florida 34604; the owner and holder of a certain mortgage executed by **BRITTANY C. GUARNERI**, to **HERNANDO COUNTY**, bearing date of the 13th day of April, 2018 recorded in Official Records Book 3574, Page 935, in the Public Records of Hernando County, Florida, securing certain note in the principal sum of Fifteen Thousand and 00/100 Dollars ($15,000.00), and certain promises and obligations set forth in said mortgage, upon the property situated in Hernando County, Florida as follows, to wit:

Lot 2, Block 383, Royal Highlands, Unit No. 6, according to the map or plat thereof, as recorded in Plat Book 12, page(s) 67 through 79, inclusive, of the Public Records of Hernando County, Florida

Which has an address of: **12510 Maginn Ct., Weeki Wachee, Florida 34614**

hereby acknowledges satisfaction of said note and mortgage deed, and surrenders the same as canceled, and hereby directs the Clerk of the Circuit Court of Hernando County, Florida to cancel same of record.

IN WITNESS WHEREOF, Hernando County has set its hand and seal this _____ day of _____, 2025.

HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS

_____

Brian Hawkins, Chairman

ATTEST:

_____

Doug Chorvat, Jr., Clerk of the Circuit Court

Approved for Form and Legal Sufficiency:

By: _____

County Attorney's Office

STATE OF FLORIDA

COUNTY OF HERNANDO

The foregoing instrument was acknowledged before me by means of physical presence € or online notarization € this ____ day of _____, 2025, by Brian Hawkins, Chairman of the Hernando County Board of County Commissioners, who is personally known to me or who has produced _____ as identification.

_____

(Signature of person taking acknowledgment)

_____

(Name typed, printed or stamped)

_____

(Title or rank) (Serial number, if any)

Prepared By & Return To: Hernando County Housing & Supportive Services, 621 West Jefferson Street, Brooksville, FL 34601

SATISFACTION OF MORTGAGE

HERNANDO COUNTY, FLORIDA

State Housing Initiative Partnership (SHIP)

Down Payment Assistance Program

_____

-For Recording Use Only Above Line-

KNOWN ALL MEN BY THESE PRESENTS: That **HERNANDO COUNTY**, a political subdivision of the State of Florida, whose address is 15470 Flight Path Drive, Brooksville, Florida 34604; the owner and holder of a certain mortgage executed by **PATRICIA A. HERZOG**, to **HERNANDO COUNTY**, bearing date of the 12th day of March, 2015 recorded in Official Records Book 3192, Page 1688, in the Public Records of Hernando County, Florida, securing certain note in the principal sum of Nineteen Thousand Three Hundred Fifty and 00/100 Dollars ($19,350.00), and certain promises and obligations set forth in said mortgage, upon the property situated in Hernando County, Florida as follows, to wit:

Lot 15, Block 1286, SPRING HILL, UNIT 20, as per plat thereof recorded in Plat Book 9, Pages 65-80, Public Records of Hernando County, Florida

Which has an address of: **5461 Colchester Ave., Spring Hill, Florida 34608**

hereby acknowledges satisfaction of said note and mortgage deed, and surrenders the same as canceled, and hereby directs the Clerk of the Circuit Court of Hernando County, Florida to cancel same of record.

IN WITNESS WHEREOF, Hernando County has set its hand and seal this _____ day of _____, 2025.

HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS

_____

Brian Hawkins, Chairman

ATTEST:

_____

Doug Chorvat, Jr., Clerk of the Circuit Court

Approved for Form and Legal Sufficiency:

By: _____

County Attorney's Office

STATE OF FLORIDA

COUNTY OF HERNANDO

The foregoing instrument was acknowledged before me by means of physical presence € or online notarization € this ____ day of _____, 2025, by Brian Hawkins, Chairman of the Hernando County Board of County Commissioners, who is personally known to me or who has produced _____ as identification.

_____

(Signature of person taking acknowledgment)

_____

(Name typed, printed or stamped)

_____

(Title or rank) (Serial number, if any)

Prepared By & Return To: Hernando County Housing & Supportive Services, 621 West Jefferson Street, Brooksville, FL 34601

Instr #2015016591 BK: 3192 PG: 1688, Filed & Recorded: 3/19/2015 4:31 PM TLM Deputy Clk, #Pgs:9
Don Barbee Jr,Clerk of the Circuit Court Hernando CO FL Rec Fees: $78.00 Mtg Stamp: $67.90

Southeast Title Insurance
2190 Mariner Blvd.
Spring Hill, FL 34609
150132

HERNANDO COUNTY
HOUSING AUTHORITY
1661 Blaise Drive
BROOKSVILLE, FL 34601

SECOND MORTGAGE UNDER HERNANDO COUNTY, FLORIDA HOMEOWNERSHIP PROGRAM DOWN PAYMENT ASSISTANCE PROGRAM

This is a Mortgage where the Balance is due at the time the home is sold, transferred, foreclosed upon or ceases to be the borrower/recipient's primary residence, which ever may occur first. After thirty (30) years, if the borrower/recipient continues to live in the unit the loan is forgiven.

THIS SECOND MORTGAGE is made this 12th day of March, 2015, between the Mortgagor, Patricia A. Herzog, a single person (herein the "Borrower") and the Mortgagee, Hernando County, a political sub-division of the State of Florida whose address is 20 North Main Street, Brooksville, FL 34601-2800 (herein the "County").

WHEREAS, the Borrower has applied for a loan under the County's Down Payment Assistance Program for the purchase of the Property (as defined herein), which Mortgage Loan shall be secured by a first mortgage lien (the "First Mortgage") in favor of, **Patrica A. Herzog, (a single woman)**. The Borrower has applied to the County for a Down Payment Assistance Loan in the amount of **Nineteen Thousand Three Hundred Fifty Dollars and 00/100 ($19,350.00)** (the "Loan"). The Borrower, along with his/her/their family, intends to reside as a household in the Property (as defined herein), which Property is a single-family residence. The Borrower's total family income at the time of its application for the Loan is less than Eighty Percent (80%) of Hernando County's median family income. The Borrower is eligible to participate in the County's Down Payment Assistance Program, and the County has agreed to extend and has extended a loan to the Borrower pursuant to said program; and

WHEREAS, the Borrower is indebted to the County in the principal **Nineteen Thousand Three Hundred Fifty Dollars and 00/100 ($19,350.00)**, which indebtedness is evidenced by the Borrower's Promissory Note dated March 31, 2015, and extensions, additions, fees and renewals dated thereof (herein "Note"), providing for payment of the principal indebtedness. If not sooner paid, the Note is due and payable on the sale of the property or when it is no longer the Borrower's primary residence.

TO SECURE to the County the repayment of the indebtedness evidenced by the Note; the payment of all other sums, advanced in accordance herewith to protect the security of this Mortgage; and the performance of the covenants and agreements of the Borrower herein contained, the Borrower does hereby mortgage, grant and convey to the County the following described property located in the County of Hernando, State of Florida:

Lot 15, Block 1286, SPRING HILL, UNIT 20, as per plat thereof recorded in Plat Book 9, Pages 65-80, Public Records of Hernando County, Florida.

which has an address of **5461 Colchester Avenue,** (Street) **Spring Hill,** (City)
Florida **34608** (herein the "Property Address"); Key **#00690988**
(Zip Code)

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents, all of which shall be deemed to be and remain a part of the property covered by this Mortgage;

BK: 3192 PG: 1689

and all of the foregoing, together with said pr
hereinafter referred to as the "Property."

BORROWER COVENANTS, repres
Borrower is lawfully seized of the estate hereby
and that the Property is unencumbered, exce
Acceptance Corporation and/or The Secret
other encumbrances of record. Borrower cov
assigns that Borrower will defend generally th
mortgage lien of the First Mortgage and other en

BORROWER FURTHER COVENAN

1. Payment. The Borrower shal
Recipients/Borrower(s) may repay their loan at

2. Prior Mortgages and Deeds of Tr
obligations under the First Mortgage and any ot
has priority over this Mortgage, including the I
pay or cause to be paid all taxes, assessments an
may attain a priority over this Mortgage, and lea

3. Hazard Insurance. The Borrower
Property insured against loss by fire, hazards in
the County may require and in such amounts and

The insurance carrier providing the i

County; provided, that such approval shall not
shall be in a form acceptable to the County a
acceptable to the County. The County shall ha
of the First Mortgage and any other mortgage,
over this Mortgage.

In the event of loss, the Borrower sh
County may make proof of loss if not made pro
If the Property is abandoned by the E
(30) days from the date notice is mailed by the
for insurance benefits, the County is authorized
to restoration or repair of the Property or to the

4. Preservation and Maintenance of P
Borrower shall keep the Property in good repai
Property. If this Mortgage is on a unit in a con
of the Borrower's obligations under the declar
unit development, the by-laws and regulation
documents.

5. Protection of County's Security.
contained in this Mortgage, or if any action or
interest in the Property, then the County may d
and County's rights in the Property, including
by this Mortgage. Pursuant thereto, the Count
attorneys' fees, and take such action as is nece
required mortgage insurance as a condition of
premiums required to maintain such insurance
terminates in accordance with the Borrower's a

Any amounts disbursed by the County
percent (12%) per annum, shall become additic
parties agree to other terms of payment, such
requesting payment thereof. Nothing contain

2

BK: 3192 PG: 1690

any action hereunder.

6. Inspection. The County may ma
Property; provided that the County shall give
cause therefore related to the County's interest ir

7. Condemnation. The proceeds of a
with any condemnation or other taking of the P
hereby assigned and shall be paid to the Count
agreement with a lien which has priority over thi

8. Borrower Not Released; Forbeara
modification of the sums secured by this Mortg
shall not operate to release, in any manner, tl
interest. The County shall not be required to co
payment or otherwise modify the sums secur
Borrower and the Borrower's successors or ren
waiver of or preclude the exercise of any such ri

9. Successors and Assigns Bound; J
herein contained shall bind, and the rights hereu
subject to the provisions of Paragraph 14 here
representations, warranties and agreements of
Mortgage, agrees that County and any other B
other accommodations with regard to the term
without releasing that Borrower or modifying th

10. Notice. Except for any notice req
to the Borrower provided for in this Mortgage
registered mail, postage prepaid, addressed to
Borrower may designate by notice to the Count
certified or registered mail, postage prepaid, to
the County may designate by notice to the Borr
be deemed to have been given to the Borrower c

11. Governing Law; Severability; Cos
and, to the extent applicable hereto, the laws a
provision or clause of this Mortgage or the N
provisions of this Mortgage or the Note which
provisions of this Mortgage and the Note ar
"attorneys' fees" include all sums to the extent n

12. Borrower's Copy. Borrower shall
time of execution or after recordation hereof.

13. Rehabilitation Loan Agreement.
rehabilitation, improvement, repair, or other lo
County may require Borrower to execute and de
any rights, claims or defenses which Borrowe
connection with improvements made to the Prop

14. Transfer of the Property. If all or
otherwise conveyed, whether by voluntary act,
divested of title by judicial sale, levy or other p
the Property is leased or rented, the Note sec
provided herein.

The County shall give Borrower notice
(30) days from the date the notice is given as p
sums secured by this Mortgage. If Borrower f
may invoke any remedies permitted by this Mor

15. Acceleration; Remedies. Excep

3

BK: 3192 PG: 1691

covenant or agreement of the Borrower in this M
this Mortgage, or in the event that the Borrowe
his/her/their application for a Down Payment A
secured by this Mortgage to be immediately du
by judicial proceeding. Prior to acceleration o
Paragraph 10, thereof specifying (1) the breach
a date, not less than ten (10) days from the date
and (4) that failure to cure such breach on or be
secured by this Mortgage, foreclosure by judici
Borrower of the right to reinstate after accelerat
of a default or any other defense of Borrower to
such proceeding all expenses of foreclosure, in
cost of documentary evidence, abstracts and title

16. Borrower's Right to Reinstate.

Mortgage due to the Borrower's breach, the Bor
to enforce this Mortgage discontinued at any
Borrower pays the County all sums which wou
breaches of any other covenants or agreements
reasonable expenses incurred by the County in e
Mortgage, and in enforcing the County's reme
reasonable attorneys' fees and court costs; and (
to assure that the lien of this Mortgage, the Co

Note secured by this Mortgage shall continue u
and the obligations secured hereby shall remain

17. Release. Upon payment of all s
without charge to Borrower. Borrower shall pa

18. Attorney's Fees. As used in this N
any, incurred in connection with the collection
brought and whether incurred at trial, on appeal

19. Refinancing of First Mortgage. I
the term of this loan, the County will only s
mortgage does not exceed the total of the rema
actually incurred refinancing costs (i.e. there c
original first mortgage payoff and actual refinan

20. Special Homeownership Assis
Representations. The Borrower covenants, re
his/her/their family, intends to reside as a house
Borrower's total family income at the time o
Hernando County's median income and (d)
Assistance Program.

The County consents to any agreeme
reduces or modifies any provisions of the Fi
repayment of money.

If any provision of the Promissory N
First Note or the First Mortgage, the terms and

In the event of a foreclosure or a deed in lie
collateral agreement restricting the use of the P
no further force or effect on subsequent owners
assigns (other than the Borrower or a related e
foreclosure or deed in lieu of foreclosure of

52 foreclosure of deed in lieu of foreclosure of the

4

BK: 3192 PG: 1692

restrictions. Furthermore, if the First Lender ac
lien of this Second Mortgage shall automatically

NO

DO NOT SIGN THIS MORTGAGE IF I

COMPLETED BEFORE YOU SIGN.

THIS IS A MORTGAGE SECURING A PI

TOGETHER WITH FEES, EXTENTIONS,

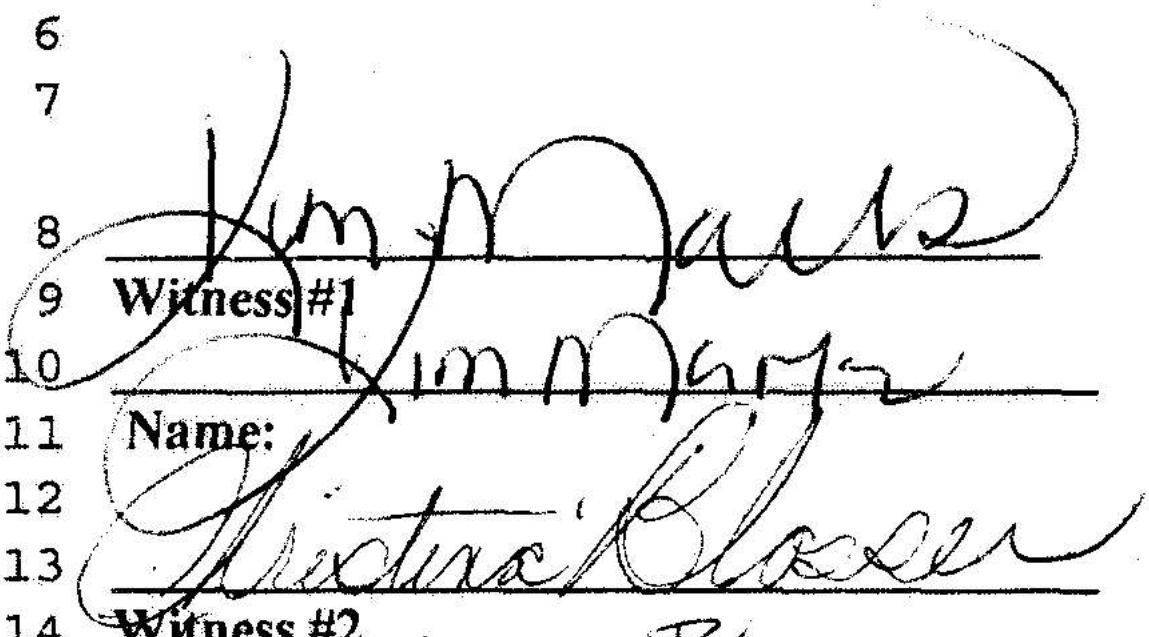
SECOND MORTGAGE.

5

BK: 3192 PG: 1693

Signed, sealed and delivered in the presence of:

_____



_____

Witness #1

_____

Name:

_____

Witness #2

_____

Name:

STATE OF FLORIDA
COUNTY OF HERNANDO

The foregoing was acknowledge
Patricia A. Herzog, who is perso
identification and who did not take an oath.

PREPARED BY:
HERNANDO COUNTY HOUSING AUTHORITY
1661 BLAISE DRIVE
BROOKSVILLE, FL 34601
(352)754-4160

6

BK: 3192 PG: 1694

Hernando County Housing Authority
1661 Blaise Drive
Brooksville, Florida 34601

PRO
HERNAND
HOMEOWNERSI
DOWN PAYM

Date: March 12, , **2015**, *Brooks*

Borrower(s): **Patricia A. Herzog (a sin**
Property Address: **5461 Colchester Av**
Property Legal Description:

Lot 15, Block 1286, SPRING HILL, U
Pages 65-80, Public Records of Herna

Parcel ID #R32 323 17 5200 1286 0150

1. BORROWERS PROMISE TO

I/We promise to pay **Nineteen Thousa**
(this amount will be called "principal")
address is 20 North Main Street, Brook
of this Note. I/We understand that the
takes this Note by transfer and who is e
"Note Holder".

2. INTEREST

Interest on this Note shall be zero perce

3. PAYMENTS

After thirty (30) years, if the recipient c
principal payments shall be deferred
accelerated, or ceases to be the recipi
event that I/We sell, transfer, or rent m
as the individual/family's primary resid
immediately pay the entire sum d
Nineteen Thousand Three Hundred

I/We will make my/our payment at Le
place if required by the Note Holder.

BK: 3192 PG: 1695

4. BORROWER'S PAYMENT BE

I/We have the right to make payment, payment is known as a "full prepaymen principal of the loan. When I/We make that I/We am/are doing so.

5. BORROWER'S FAILURE TO

A) DEFAULT:

If I/We do not pay the full amou I/We am/are in default, the Nc applicable law and require me/u B below.

B) PAYMENT OF NOTE HOL

If the Note Holder takes such a right to be paid back for all of its attorney's fees.

6. THIS NOTE SECURED BY A

In addition to the protection given to th
March 31, , 2015, protects
I/We do not keep the promises which I
how and under what conditions I/We r
amounts that I/We owe under this Note.

7. BORROWER'S WAIVERS

I/We waive my/our rights to require the
demand payment of the amount due (kr
have not been paid (known as "notice
nonpayment (known as a "protest"). A
keep the promises I/We have made th
agreement to make payments to the Nc
Note, also waives these rights.

8. GIVING NOTICE

Any notice that must be given to me/
mailing it by certified or registered m
Address above. A notice will be deliver
Notice Holder a notice of an address cha

Any notice that must be given to the N
certified or registered mail, postage pre
Section 1 above. A notice will be mail
notice of an address change.

BK: 3192 PG: 1696

9. RESPONSIBILITY OF PERSO

If more than one person signs this Note, amount owed and to keep all of the prom of this Note (as described in Section 7 at may enforce its rights under this Note a and may enforce its rights against any c required to pay all of the amounts owed u

10. NOTICES TO BORROWER(S)

This Promissory Note and the Second expressly made subject and subordina Promissory Note having an original prin 2015 , the ("First Note"), made by Bo **and/or The Secretary of Housing and** and secured by that certain Mortgage fro , recorded in Official Record Books County, Florida(the First Mortgage).

The Lender consents to any agreement o extends, reduces or modifies any provis

provision requiring the repayment of agreement.

If any provision of this Promissory No provision of the First Note or the First Note and the First Mortgage Agreement

NOTIC

DO NOT SIGN THIS N(
ALL SPACES SHOULD

PREPARED BY:

Hernando County Housing Authority
1661 Blaise Drive
Brooksville, Florida 34601
(352) 754-4160

SELECTION CRITERIA: expledgr.key_orgn='35051'
ACCOUNTING PERIOD: 11/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1271 ST HOUSING INIT PRTNRSHP
DEPARTMENT-35051 SHIP GRANT - HOUSING AUTH
1ST SUBTOTAL-510 * PERSONAL SERVICES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5101200	SALARIES & WAGES-REGULAR	44,000.00	.00	.00	.00	44,000.00	.00
5102100	FICA TAXES-MATCHING	3,500.00	.00	.00	.00	3,500.00	.00
5102200	RETIREMENT CONTRIBUTIONS	2,000.00	.00	.00	.00	2,000.00	.00
5102300	LIFE & HEALTH INSURANCE	20,200.00	.00	.00	.00	20,200.00	.00
5102400	WORKERS COMP PREMIUMS	150.00	.00	.00	.00	150.00	.00
	TOTAL * PERSONAL SERVICES	69,850.00	.00	.00	.00	69,850.00	.00
1ST SUBTOTAL-530 * OPERATING EXPENSES							
5303419	CONTR SRV-HOMEBUYER CLAS	25,000.00	.00	.00	.00	25,000.00	.00
5303420	CONTR SRV-SHIP ADMIN CHR	115,800.00	.00	12,500.00	15,084.27	88,215.73	23.82
5303421	CONTR SRV-OWNR OCC REHAB	1,205,025.00	.00	64,534.55	861,219.56	279,270.89	76.82
5303422	CONTR SRV-DPA-EXISTING	750,000.00	.00	.00	555,169.16	194,830.84	74.02
5303424	CONTR SRV-MULTI-FAM HOUS	440,000.00	.00	.00	.00	440,000.00	.00
5303482	CONTR SRV-DPA-CONSTRUCTN	440,000.00	.00	.00	166,745.00	273,255.00	37.90
5303490	CONTR SRV-EMERGENCY RPRS	550,000.00	.00	.00	393,610.00	156,390.00	71.57
5303493	CONTR SVC-SPECIAL NEEDS	350,000.00	.00	.00	.00	350,000.00	.00
5303498	CONSTR SRV-NP CONSTRUCT	275,000.00	.00	.00	50,000.00	225,000.00	18.18
5303499	CONTR SRV- DISASTER	475,500.00	.00	.00	38,801.62	436,698.38	8.16
5304001	TRAVEL & PER DIEM	500.00	.00	.00	.00	500.00	.00
5304004	TRAVEL & PER DIEM-CLASS	2,000.00	.00	.00	.00	2,000.00	.00
5304701	PRINTING & BINDING	3,000.00	.00	.00	.00	3,000.00	.00
5304902	ADVERTISING-OTHER	1,500.00	.00	.00	54.41	1,445.59	3.63
5304934	FEES/COSTS-ADMIN	500.00	.00	.00	.00	500.00	.00
5304965	FEES / COSTS-NEW HIRES	150.00	.00	.00	.00	150.00	.00
5304978	FORGIVEN DEBT ON A/R	.00	.00	.00	15.00	-15.00	.00
5305101	OFFICE SUPPLIES	750.00	.00	.00	167.58	582.42	22.34
5305201	OPERATING SUPPLIES	2,000.00	.00	.00	206.89	1,793.11	10.34
5305221	OPER SUPP-CMPTR SOFTWARE	2,000.00	.00	.00	148.86	1,851.14	7.44
5305274	UNCAP EQUIP-TECH	2,750.00	.00	.00	2,172.53	577.47	79.00
5305402	DUES AND MEMBERSHIPS	1,000.00	.00	.00	250.00	750.00	25.00
5305506	EDUC-TRAINING & TUITION	3,000.00	.00	.00	.00	3,000.00	.00
	TOTAL * OPERATING EXPENSES	4,645,475.00	.00	77,034.55	2,083,644.88	2,484,795.57	46.51
1ST SUBTOTAL-590 * NON-OPERATING EXPENSES							
5909910	BUDGET RES FOR CONTINGNC	4,526,716.00	.00	.00	.00	4,526,716.00	.00
	TOTAL * NON-OPERATING EXPENSE	4,526,716.00	.00	.00	.00	4,526,716.00	.00
1ST SUBTOTAL-591 *TRANSFERS TO OTHER FUNDS							
5910011	TRNSF-GENERAL FUND (0011	50,000.00	.00	.00	.00	50,000.00	.00
	TOTAL *TRANSFERS TO OTHER FUN	50,000.00	.00	.00	.00	50,000.00	.00
	TOTAL SHIP GRANT - HOUSING AU	9,292,041.00	.00	77,034.55	2,083,644.88	7,131,361.57	23.25
	TOTAL ST HOUSING INIT PRTNRSH	9,292,041.00	.00	77,034.55	2,083,644.88	7,131,361.57	23.25

SELECTION CRITERIA: expledgr.key_orgn='35051'
ACCOUNTING PERIOD: 11/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1271 ST HOUSING INIT PRTNRSHP
DEPARTMENT-35051 SHIP GRANT - HOUSING AUTH
1ST SUBTOTAL-591 *TRANSFERS TO OTHER FUNDS

ACCOUNT - - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
TOTAL REPORT	9,292,041.00	.00	77,034.55	2,083,644.88	7,131,361.57	23.25

HERNANDO CO BOARD OF CO COMMISSIONERS
REVENUE STATUS REPORT

SELECTION CRITERIA: revledgr.key_orgn='35051'
ACCOUNTING PERIOD: 11/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1271 ST HOUSING INIT PRTNRSHP
DEPARTMENT-35051 SHIP GRANT - HOUSING AUTH
1ST SUBTOTAL-33 * INTERGOVERNMENTAL REV

ACCOUNT - - - - - TITLE - - - - -	BUDGET	PERIOD RECEIPTS	RECEIVABLES	YEAR TO DATE RECEIPTS	AVAILABLE BALANCE	YTD/ BUD
3355005 STATE HOUSING INIT. PTNS	1,603,083.00	.00	.00	1,300,970.00	302,113.00	81.15
TOTAL * INTERGOVERNMENTAL REV	1,603,083.00	.00	.00	1,300,970.00	302,113.00	81.15
1ST SUBTOTAL-36 * MISCELLANEOUS REVENUE						
3699030 MISC REV-DOWN PYMT REIMB	200,000.00	.00	.00	349,682.74	-149,682.74	174.84
TOTAL * MISCELLANEOUS REVENUE	200,000.00	.00	.00	349,682.74	-149,682.74	174.84
1ST SUBTOTAL-361 * MISC REV-INTEREST						
3611500 INTEREST-INVESTMENTS	8,000.00	.00	.00	.00	8,000.00	.00
TOTAL * MISC REV-INTEREST	8,000.00	.00	.00	.00	8,000.00	.00
1ST SUBTOTAL-38 * OTHER SOURCES						
3899090 BALANCE FORWARD-CASH	5,377,635.00	.00	.00	.00	5,377,635.00	.00
TOTAL * OTHER SOURCES	5,377,635.00	.00	.00	.00	5,377,635.00	.00
TOTAL SHIP GRANT - HOUSING AU	7,188,718.00	.00	.00	1,650,652.74	5,538,065.26	22.96
TOTAL ST HOUSING INIT PRTNRSH	7,188,718.00	.00	.00	1,650,652.74	5,538,065.26	22.96
TOTAL REPORT	7,188,718.00	.00	.00	1,650,652.74	5,538,065.26	22.96

SATISFACTION OF MORTGAGE

HERNANDO COUNTY, FLORIDA

State Housing Initiative Partnership (SHIP)

Down Payment Assistance Program

INSTR #2025058231 BK: 4600 PG: 432 Page 1 of 1
FILED & RECORDED 8/20/2025 11:16 AM ALD Deputy Clk
Doug Chorvat, Jr., HERNANDO County Clerk of the Circuit Court
Rec Fees: $10.00

·For Recording Use Only Above Line·

KNOWN ALL MEN BY THESE PRESENTS: That HERNANDO COUNTY, a political subdivision of the State of Florida, whose address is 15470 Flight Path Drive, Brooksville, Florida 34604; the owner and holder of a certain mortgage executed by BRITTANY C. GUARNERI, to HERNANDO COUNTY, bearing date of the 13th day of April, 2018 recorded in Official Records Book 3574, Page 935, in the Public Records of Hernando County, Florida, securing certain note in the principal sum of Fifteen Thousand and 00/100 Dollars ($15,000.00), and certain promises and obligations set forth in said mortgage, upon the property situated in Hernando County, Florida as follows, to wit:

Lot 2, Block 383, Royal Highlands, Unit No. 6, according to the map or plat thereof, as recorded in Plat Book 12, page(s) 67 through 79, inclusive, of the Public Records of Hernando County, Florida

Which has an address of: **12510 Maginn Ct., Weeki Wachee, Florida 34614**

hereby acknowledges satisfaction of said note and mortgage deed, and surrenders the same as canceled, and hereby directs the Clerk of the Circuit Court of Hernando County, Florida to cancel same of record.

IN WITNESS WHEREOF, Hernando County has set its hand and seal this 12th day of August, 2025.

HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS

Brian Hawkins, Chairman

BOARD OF COUNTY COMMISSIONERS SEAL HERNANDO COUNTY, FLORIDA

ATTEST:

Heidi Prince, Deputy Clerk

Doug Chorvat, Jr., Clerk of the Circuit Court

Approved for Form and Legal Sufficiency:

By: _____

County Attorney's Office

STATE OF FLORIDA

COUNTY OF HERNANDO

The foregoing instrument was acknowledged before me by means of physical presence € or online notarization € this 12th day of August, 2025, by Brian Hawkins, Chairman of the Hernando County Board of County Commissioners, who is personally known to me or who has produced _____ as identification.

Jessica Wright

(Signature of person taking acknowledgment)

Jessica Wright

(Name typed, printed or stamped)

Executive Office Manager

(Title or rank) (Serial number, if any)

JESSICA WRIGHT
Notary Public - State of Florida
Commission # HH 206564
My Comm. Expires Dec 12, 2025
Bonded through National Notary Assn.

Prepared By & Return To: Hernando County Housing & Supportive Services, 621 West Jefferson Street, Brooksville, FL 34601

SATISFACTION OF MORTGAGE

HERNANDO COUNTY, FLORIDA

State Housing Initiative Partnership (SHIP)

Down Payment Assistance Program

INSTR #2025058232 BK: 4600 PG: 433 Page 1 of 1
FILED & RECORDED 8/20/2025 11:16 AM ALD Deputy Clk
Doug Chorvat, Jr., HERNANDO County Clerk of the Circuit Court
Rec Fees: $10.00

-For Recording Use Only Above Line-

KNOWN ALL MEN BY THESE PRESENTS: That HERNANDO COUNTY, a political subdivision of the State of Florida, whose address is 15470 Flight Path Drive, Brooksville, Florida 34604; the owner and holder of a certain mortgage executed by PATRICIA A. HERZOG, to HERNANDO COUNTY, bearing date of the 12th day of March, 2015 recorded in Official Records Book 3192, Page 1688, in the Public Records of Hernando County, Florida, securing certain note in the principal sum of Nineteen Thousand Three Hundred Fifty and 00/100 Dollars ($19,350.00), and certain promises and obligations set forth in said mortgage, upon the property situated in Hernando County, Florida as follows, to wit:

Lot 15, Block 1286, SPRING HILL, UNIT 20, as per plat thereof recorded in Plat Book 9, Pages 65-80, Public Records of Hernando County, Florida

Which has an address of: **5461 Colchester Ave., Spring Hill, Florida 34608**

hereby acknowledges satisfaction of said note and mortgage deed, and surrenders the same as canceled, and hereby directs the Clerk of the Circuit Court of Hernando County, Florida to cancel same of record.

IN WITNESS WHEREOF, Hernando County has set its hand and seal this 12th day of August, 2025.

HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS

Brian Hawkins, Chairman

BOARD OF COUNTY COMMISSIONERS SEAL HERNANDO COUNTY, FLORIDA

ATTEST:

Heidi Prose, Deputy Clerk

Doug Chorvat, Jr., Clerk of the Circuit Court

Approved for Form and Legal Sufficiency:

By: _____

County Attorney's Office

STATE OF FLORIDA

COUNTY OF HERNANDO

The foregoing instrument was acknowledged before me by means of physical presence € or online notarization € this 12th day of August, 2025, by Brian Hawkins, Chairman of the Hernando County Board of County Commissioners, who is personally known to me or who has produced _____ as identification.

Jessica Wright

(Signature of person taking acknowledgment)

Jessica Wright

(Name typed, printed or stamped)

Executive Office Manager

(Title or rank) (Serial number, if any)

JESSICA WRIGHT
Notary Public - State of Florida
Commission # HH 206564
My Comm. Expires Dec 12, 2025
Bonded through National Notary Assn.

Prepared By & Return To: Hernando County Housing & Supportive Services, 621 West Jefferson Street, Brooksville, FL 34601

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Utilities
Prepared By: Jessica Wright
Initiator: Gordon Onderdonk
DOC ID: 16280
Legal Request Number:
Bid/Contract Number:

TITLE

Signatory Authorizations to Utilities Director and Operations Manager for Permit Applications to State Agencies for Utilities Department

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

BOARD OF COUNTY COMMISSIONERS

15470 FLIGHT PATH DRIVE ◆ BROOKSVILLE, FLORIDA 34604
P 352.754.4002 ◆ F 352.754.4477 ◆ W www.HernandoCounty.us

August 12, 2025

Subject: Signature Authority for Permit Applications

To whom it may concern:

The Hernando County Board of County Commissioners hereby authorizes the Hernando County Utilities Director, Gordon Onderdonk, P.E., and Operations Manager, Ricky Leach to sign permit applications associated with projects administered through the Hernando County Utilities Department for submittal to the Southwest Florida Water Management District (SWFWMD), Florida Department of Environmental Protection (FDEP) or other regulatory agencies associated with projects administered through the Hernando County Utilities Department (HCUD). If you have any questions or require anything further, please contact our office.

Respectfully,

Brian Hawkins
Chairman
Hernando County Board of County Commissioners

BOARD OF COUNTY COMMISSIONERS

15470 FLIGHT PATH DRIVE • BROOKSVILLE, FLORIDA 34604
P 352.754.4002 • F 352.754.4477 • W www.HernandoCounty.us

August 12, 2025

Subject: Signature Authority for Permit Applications

To whom it may concern:

The Hernando County Board of County Commissioners hereby authorizes the Hernando County Utilities Director, Gordon Onderdonk, P.E., and Operations Manager, Ricky Leach to sign permit applications associated with projects administered through the Hernando County Utilities Department for submittal to the Southwest Florida Water Management District (SWFWMD), Florida Department of Environmental Protection (FDEP) or other regulatory agencies associated with projects administered through the Hernando County Utilities Department (HCUD). If you have any questions or require anything further, please contact our office.

Respectfully,

Brian Hawkins
Chairman
Hernando County Board of County Commissioners

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Finance
Prepared By: Shanon Aguayo
Initiator: Joshua Stringfellow
DOC ID: 16158
Legal Request Number:
Bid/Contract Number:

TITLE

Transmittal of List of Accounts Payable Disbursements for Weeks Ended July 4, 2025, and July 11, 2025

RESULT:	**ADOPTED**
MOVER:	Steve Champion
SECONDER:	Ryan Amsler
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Board of County Commissioners Checks Issued

Check Number	Check Date	Vendor Name	Transaction Description	Invoice Number	Transaction Amount
286027	07/02/2025	10155 CORTEZ BOULEVARD LLC	10161 CORTEZ BLVD	WV00039-01	$1,970.13
286028	07/02/2025	A BETTER PROPERTY MANAGEMENT LLC	27254 ROPER RD	HL00092-09	$88.38
286029	07/02/2025	A M WATTS LLC	10531 MARYSVILLE ST	S802745-01	$42.06
286030	07/02/2025	ABIGAIL A ROSEBERRY	12330 COMSTOCK ST	S904763-03	$34.63
286031	07/02/2025	AISHA S DUFF	5332 ABAGAIL DR	S812920-08	$107.68
286032	07/02/2025	AJAX PAVING INDUSTRIES OF FLORIDA	3207 SHOAL LINE BLVD	XX01776-00	$1,754.84
286033	07/02/2025	ALBERT J MATHEWS TRUST	3440 PLAZA AVE	S801873-07	$200.00
286034	07/02/2025	ALEXIS F ABBIATI	4545 CRESCENT RD	S607559-09	$147.29
286035	07/02/2025	ANGEL GOMES	9384 MIDWAY ST	S808281-05	$69.86
286036	07/02/2025	ANIBAL O PEREZ	9371 MALLARD ST	S606788-06	$47.07
286037	07/02/2025	ANTHONY J CONWAY & LINDSAY CATES	1209 BURGUNDY CT	EN00021-02	$9.67
286038	07/02/2025	APRIL C PEARSON	9321 REGATTA CIR	S608478-01	$141.25
286039	07/02/2025	APRIL J CIULLA	4668 CRESCENT RD	S600174-02	$80.00
286040	07/02/2025	ARRO PROPERTIES LLC	2015 BELMAR AVE	S805378-02	$41.27
286041	07/02/2025	AUDREY SHEPARD	7423 WILLOW BROOK DR	S601897-00	$242.54
286042	07/02/2025	BANDES CONST CO %M STEPHENS	7126 MARINER BLVD	XX01742-00	$1,775.52
286043	07/02/2025	BARBARA J PRICE	8421 HIGHPOINT BLVD	HI00865-03	$26.07
286044	07/02/2025	BAY TO BAY PROPERTIES LLC	10243 COUNTY LINE RD	XX01741-00	$1,503.45
286045	07/02/2025	BERNA G & KENNETH P PATE	1115 CABERNET PL	EN00054-02	$149.60
286046	07/02/2025	BIG LOTS STORE #1826	2384 COMMERCIAL WAY	TC00008-02	$2.68
286047	07/02/2025	BRADLEY P RUTLEDGE	13049 MOONSTONE WAY	SL01134-12	$214.30
286048	07/02/2025	BRENDA K & ALBERT M MAGNATTA	10478 LAVAL ST	S806678-05	$48.48
286049	07/02/2025	BRIGHTLAND HOMES OF FLORIDA LLC	10420 HORIZON DR	S814196-00	$62.60
286050	07/02/2025	BRUCE GREGORY GIPPERICH	7964 RAVENWOOD CV	BM00051-04	$731.57
286051	07/02/2025	BRW CONTRACTING INC	2561 RESCUE WAY	XX01761-00	$1,737.00
286052	07/02/2025	BRYAN L ROSS	7258 ALOE DR	RO00405-02	$86.79
286053	07/02/2025	BRYNAE M WHITE	6146 ASHLAND DR	S600704-10	$60.57
286054	07/02/2025	BUFFALO CONSTRUCTION	CORTEZ BLVD	XX01769-00	$1,814.00
286055	07/02/2025	BURGESS CIVIL LLC	12345 PINE CONE ST	XX01723-00	$1,754.92
286056	07/02/2025	CARL A RUSSELL	6291 SEBRING ST	WW01511-05	$60.39
286057	07/02/2025	CARMEN & CONTRERAS CARLOS BAEZ	4608 ELWOOD RD	S911109-05	$6.69
286058	07/02/2025	CAROLINE MORRIS	7164 TOLEDO RD	S605921-07	$29.71
286059	07/02/2025	CASSIDY JO SNYDER	2365 DOG LEG CT	RI00140-01	$233.21
286060	07/02/2025	CATONYA & MICHAEL SCHMITT	8185 OMAHA CIR	S102001-12	$122.89
286061	07/02/2025	CENTURY COMPLETE W FL 8207	5300 HANFORD AVE	S814180-00	$10.83
286062	07/02/2025	CESAR A MURPHY	5024 DIANTHA WAY	HO00440-01	$106.40
286063	07/02/2025	CHARLES W & KATHLEEN A CLARK	9111 SALISBURY DR	BK02542-01	$68.33
286064	07/02/2025	CHRIST THE SAVIOR GREEK ORTHODOX CH	2020 ESCOBAR AVE	S812108-02	$174.57
286065	07/02/2025	CHRISTOPHER BOSTICK	27111 WAKEFIELD DR	HL00190-08	$196.32
286066	07/02/2025	CHRISTY M JAMISON	9144 ALEXANDRIA DR	GL01029-03	$140.50
286067	07/02/2025	COASTAL PIONEER REALTY	1422 BERN LN	S811462-05	$53.82

Board of County Commissioners Checks Issued

Check Number	Check Date	Vendor Name	Transaction Description	Invoice Number	Transaction Amount
286068	07/02/2025	CONSTANCE PACKARD	3235 WINDJAMMER DR	WD00093-09	$288.05
286069	07/02/2025	CRYSTAL M COX	5212 KEYSVILLE AVE	S902566-15	$64.93
286070	07/02/2025	DAIMARYS RODRIGUEZ	4443 LAMSON AVE	S803777-04	$77.07
286071	07/02/2025	DALTON DEAL & MARIA GONZALEZ	3813 CROSSLINE DR	SL01186-04	$160.13
286072	07/02/2025	DAMYLIZ DIANETTE ROBLES	416 ARGYLL DR	AV00950-01	$13.66
286073	07/02/2025	DANIEL SANTANA	6416 FINANCE AVE	WW00013-17	$485.85
286074	07/02/2025	DANIEYIS RODRIGUEZ	11294 ROLAND ST	S913208-01	$24.18
286075	07/02/2025	DARLENE CROWLEY	8020 EASTERN CIRCLE DR	HI02053-02	$276.70
286076	07/02/2025	DARRELL J & NELIZ Q PATTERSON	13777 COVEY RUN PL	SL01073-06	$58.98
286077	07/02/2025	DAVE AND PAULA FLEA MARKET LLC	5235 TREIMAN BLVD	RC00005-05	$60.19
286078	07/02/2025	DAVID A GILLEO	3535 PORTILLO RD APT 26	S809708-15	$265.59
286079	07/02/2025	DAVID K CUMMINGS	5586 LEGEND HILLS LN	SI01064-07	$216.34
286080	07/02/2025	DAVID S MUENCH	4486 GASTON ST	RO00131-18	$135.87
286081	07/02/2025	DEBRA & JAMES JENKINS	12060 TOPAZ ST	S801502-01	$83.36
286082	07/02/2025	DEMETRIS RAMSEY JR &KEMANI WILLIAMS	4258 DELTONA BLVD	S606822-07	$146.85
286083	07/02/2025	DEREK PHIPPS	2467 AYERSWOOD DR	GR00032-03	$140.87
286084	07/02/2025	DEVYN LEDDY & CHRISTIAN CANDELANO	11034 LIGHTWOOD ST	S100860-04	$114.91
286085	07/02/2025	DEWEY C SENECAL	7045 FIRESIDE ST	S606346-06	$209.12
286086	07/02/2025	DIANE M MARCYES	4210 JASON RD	S810307-04	$90.68
286087	07/02/2025	DIONNE & EARL CARAWAY	3328 MONTANO AVE	S911014-05	$64.99
286088	07/02/2025	DISCOUNT TOBACCO & GROCERIES	7345 SPRING HILL DR	C603791-04	$201.84
286089	07/02/2025	DOMINO S TURNER	5296 FREEPORT DR	S600281-05	$99.45
286090	07/02/2025	DORIAN FIALLOS	11723 LAVENDER LOOP	VE00082-01	$31.77
286091	07/02/2025	DOUGLAS V & JANICE L CORIELL	4288 LANDOVER BLVD	S912457-05	$95.81
286092	07/02/2025	EARL E JAEGER	7122 BARCLAY AVE APT B	BV00006-13	$136.35
286093	07/02/2025	EDITH D MORGAN & RICHARD HUDSON	6461 BASS RD	WW00088-06	$125.71
286094	07/02/2025	ELISHA M OQUENDO	14581 NAIMISHA LOOP	S911849-22	$123.54
286095	07/02/2025	EMILY D JOHNSON	10412 VENTURA DR	S809216-15	$196.88
286096	07/02/2025	EMMA & SHAMBLIN ANTONIO DAVIS	1194 CABERNET PL	EN00073-03	$54.99
286097	07/02/2025	EVELY VASQUEZ GARCIA	10322 HEMLOCK ST	S809250-07	$129.92
286098	07/02/2025	EVIZ ORTIZ	339 SPRING HAVEN LOOP	S104240-23	$197.17
286099	07/02/2025	FANNIE CESPEDES	12444 ELGIN BLVD	S909134-05	$13.05
286100	07/02/2025	FRANK BAYONA &ELIZABETH GUTIERREZ	3189 PARKHILL AVE	S903861-13	$109.34
286101	07/02/2025	GABRIELLE MALDONADO	14399 PABLO BLVD	S911844-19	$160.13
286102	07/02/2025	GENE DOYLE	6543 BARCELONA BLVD.	RW00321-03	$140.17
286103	07/02/2025	GERALD L & ANN J LEDUC	813 OLD WINDSOR WAY	AV00898-01	$78.84
286104	07/02/2025	GERI A RENNER	11731 LINDEN DR	S808148-03	$28.27
286105	07/02/2025	GINA M PEARSON	5045 KENMORE ST	S805338-01	$55.70
286106	07/02/2025	GINA STULEC	4415 TIFFIN AVE	S902312-09	$61.74
286107	07/02/2025	GIUSEPPE & TERESITA DIDONATO	12050 LINDEN DR	S805885-00	$25.85
286108	07/02/2025	GN SYSTEMS INC	12510 ELGIN BLVD	XX01802-00	$2,623.79

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286109	07/02/2025	GREGORY J RUSSELL	5194 ROBLE AVE	S805404-18	$39.72
286110	07/02/2025	HALEIGH TEUSCHLER	322 SPRING HAVEN LOOP	S104206-26	$157.41
286111	07/02/2025	HILLPOINTE CONSTRUCTION LLC	4335 PALLAS AVE	S807337-13	$156.25
286112	07/02/2025	HILLPOINTE CONSTRUCTION LLC	4163 EVERETT AVE	S811704-08	$66.37
286113	07/02/2025	HUGH G MCNULTY	12392 KILLIAN ST	S908403-10	$382.54
286114	07/02/2025	HUSS DRILLING INC	VESPA WAY HYDRANT	XX01796-00	$2,421.39
286115	07/02/2025	IH CENTRAL FLORIDA LLC	782 HILLSHIRE PL	AV01149-00	$176.44
286116	07/02/2025	INGRID KERWIN TTEE LIFE ESTATE	14194 TROLLMAN ST	S911358-05	$53.93
286117	07/02/2025	IVAN N ZIMMERMAN	2188 CANFIELD DR	S905217-02	$59.57
286118	07/02/2025	IVETTE SUMMERS	264 GLENN IVY TER	S813322-19	$367.86
286119	07/02/2025	JAMES A SHELDON	7412 WESTERN CIRCLE DR	HI00056-06	$176.14
286120	07/02/2025	JAMES M PALERMO	13347 CECIL CT	OK00042-03	$10.76
286121	07/02/2025	JAMIE F & BRENDA MOORE	11417 CALLAGHAN AVE	S802036-02	$55.34
286122	07/02/2025	JAMIE L THOMPSON	1145 BURGUNDY CT	EN00002-02	$111.69
286123	07/02/2025	JANNINE A SAUNDERS	4581 DELTONA BLVD	S102714-16	$112.72
286124	07/02/2025	JASON DUDLEY	13073 PIRATE LN	S903794-02	$61.62
286125	07/02/2025	JASON JONES	6059 PIEDMONT DR	S605413-14	$23.36
286126	07/02/2025	JAVIER MORALES	4211 MONTANO AVE	S902305-03	$92.84
286127	07/02/2025	JAYN CONSTRUCTION INC	3392 DRISTOL AVE	S913281-00	$124.81
286128	07/02/2025	JEANNETTE M LONG	8733 SOUTHERN CHARM CIR	SJ00325-07	$139.05
286129	07/02/2025	JENAE NEWTON	6181 ISLAND DR	WW00986-02	$96.87
286130	07/02/2025	JENNIFER A RICKERT	1280 HILL FLOWER DR	TR00509-02	$51.40
286131	07/02/2025	JIMMY JOHNS COCONUT TELEGRAPH OF BR	13211 CORTEZ BLVD	CP00052-02	$5.93
286132	07/02/2025	JOHN C & SONIA H SIMPSON	4286 PARADISE CIR	HB01169-09	$16.64
286133	07/02/2025	JOHN D & JUDY A CROSS	8111 MORELLI AVE	BK00168-02	$79.65
286134	07/02/2025	JOHN KANE III	12167 PINE BLUFF ST	S910041-03	$4.09
286135	07/02/2025	JOHN W BIGGS	4225 JASON RD	S908819-06	$208.64
286136	07/02/2025	JORGE L OLMO RIVERA	1098 SHENANDOAH LN	S604022-03	$65.64
286137	07/02/2025	JOSE A RUZ POLANCO	6423 FAIRLAWN ST	S606656-08	$149.39
286138	07/02/2025	JOSHUA SANDEL	595 TIERRA DR	S912327-03	$69.03
286139	07/02/2025	JUDITH L HEIL	1299 OVERLAND DR	S812461-02	$2,215.25
286140	07/02/2025	JULIO VARGAS & ANELYN K TORRES	12101 TOPAZ ST	S808499-05	$26.04
286141	07/02/2025	KATERI CARRASQUILLO & MARI TUCKER	1239 GATEWOOD AVE	S803602-04	$180.94
286142	07/02/2025	KATHLEEN K MAHLA	13330 HAROLD AVE	S901363-02	$106.21
286143	07/02/2025	KATHY TWEED	4172 GLADE RD	FK00507-02	$205.19
286144	07/02/2025	KAYCE R LAGALA	9024 DUPONT AVE	S801826-06	$117.27
286145	07/02/2025	KAYLA M CLARK	3382 DRISTOL AVE	S809964-13	$238.01
286146	07/02/2025	KELLEY LANIER	4530 FLOUNDER DR	HB00209-04	$20.02
286147	07/02/2025	KEVIN E OMALLEY	10227 SKYLAND ST	S800765-01	$23.43
286148	07/02/2025	KRISTA L ANDERSON	7337 PRICE ST	S601973-02	$182.35
286149	07/02/2025	KRISTINA & DANIEL VERMEULEN	1416 LAUREL AVE	S606020-05	$118.09

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286150	07/02/2025	KRISTINA L LEE	1295 PILGRIM RD	S104026-09	$98.96
286151	07/02/2025	KYLE L ERICKSON	9166 SOUTHERN CHARM CIR	SJ00187-11	$121.45
286152	07/02/2025	LANDIS PROPERTIES II LLC	306 KILLINGER AVE	S602996-05	$43.79
286153	07/02/2025	LANDON J CLARK	4263 DELTONA BLVD	S602122-05	$178.54
286154	07/02/2025	LARRY KELLEY & YOLANDA MOSLEY	4394 EDENROCK PL	SL00979-10	$37.28
286155	07/02/2025	LENNAR HOMES	13677 NEWBRIDGE ST	AV01124-00	$368.92
286156	07/02/2025	LENNAR HOMES	11447 LAVENDER LOOP	VE00220-00	$9.51
286157	07/02/2025	LENNAR HOMES	11437 LAVENDER LOOP	VE00221-00	$62.46
286158	07/02/2025	LENNAR HOMES INC	13516 CHESAPEAKE PL	AV00218-00	$328.44
286159	07/02/2025	LISA A PALUMBO	13546 BANYAN RD	S910527-05	$48.45
286160	07/02/2025	LISA J & RICHARD J DOHERTY	3272 MINNOW CREEK DR	HB00513-08	$128.01
286161	07/02/2025	LISSETT BAUER	6264 DORSET RD	S801990-02	$9.57
286162	07/02/2025	LLS IMPROVEMENTS INC	4472 BAYRIDGE CT	S602381-03	$33.76
286163	07/02/2025	LOWELL JOHN SCOTT LLC	1010 ARCHWAY DR	S802396-02	$191.68
286164	07/02/2025	LUIS A GONZALEZ PEREZ	1390 FINLAND DR	S100296-03	$157.00
286165	07/02/2025	LUIS CABEZUDO & NYLDA ROMAN	8041 PAGODA DR	FK00019-02	$111.11
286166	07/02/2025	LUIS DIAZ & CIARA RODRIGUEZ	452 EDGEHILL AVE	S604576-13	$221.10
286167	07/02/2025	LUZ M FERNANDEZ	2197 ORCHARD PARK DR	S800534-06	$99.32
286168	07/02/2025	LYNN MCDADE	10435 TASSEL ST	S607224-10	$2.83
286169	07/02/2025	MAIN STREET RENEWAL LLC	3053 STANTON AVE	S905391-15	$97.66
286170	07/02/2025	MANDYLYNN JAMES	221 FAIRMONT DR	AV00027-09	$78.54
286171	07/02/2025	MARGARITA VAZQUEZ	2002 DEBORAH DR	S902872-00	$63.15
286172	07/02/2025	MARIA ARIZA & ANGEL CORTES	5333 LEATHER SADDLE LN	SI00607-04	$90.99
286173	07/02/2025	MARIA F EDOUARD	10328 HENDERSON ST	S800735-04	$167.17
286174	07/02/2025	MARIELA DEBS	1611 PIPER RD	S608432-01	$36.20
286175	07/02/2025	MARK & KELLY WINKER	299 ORIANA DR	S102629-05	$30.35
286176	07/02/2025	MARK A MILLER	9475 MELROSE ST	S808433-19	$112.32
286177	07/02/2025	MARK HALLIDAY & CAROLYN COSELMAN	12445 EVERARD DR	S906075-06	$108.50
286178	07/02/2025	MATTHEW BECKER & ABIGAIL CHEN	1002 COBBLESTONE DR	S604832-09	$71.82
286179	07/02/2025	MEGAN A BRUCE	13001 FISH COVE DR	S104324-14	$104.49
286180	07/02/2025	MELICENT & JOSEPH MERGLER	7404 ALLEN DR	RH00615-07	$65.69
286181	07/02/2025	MELISSA L BRADSHAW	17413 EAGLE TRACE DR	RI00060-09	$181.28
286182	07/02/2025	MERITAGE HOMES OF FL INC	31625 WILD GRAPE LN	BH00056-00	$37.12
286183	07/02/2025	MERITAGE HOMES OF FL INC	3652 MOSCATO DR	BH00009-00	$147.02
286184	07/02/2025	MERITAGE HOMES OF FL INC	13694 WESTBRIDGE BLVD	SL01616-00	$310.31
286185	07/02/2025	MERITAGE HOMES OF FL INC	13759 WESTBRIDGE BLVD	SL01626-00	$13.94
286186	07/02/2025	MERITAGE HOMES OF FL INC	13751 WESTBRIDGE BLVD	SL01627-00	$34.31
286187	07/02/2025	MERITAGE HOMES OF FL INC	13743 WESTBRIDGE BLVD	SL01628-00	$47.10
286188	07/02/2025	MERITAGE HOMES OF FL INC	13731 WESTBRIDGE BLVD	SL01629-00	$66.14
286189	07/02/2025	MERITAGE HOMES OF FL INC	13721 WESTBRIDGE BLVD	SL01630-00	$57.18
286190	07/02/2025	MI HOMES OF TAMPA LLC	2416 CLARY SAGE DR	AS00013-00	$176.82
286191	07/02/2025	MICHAEL & DANA SUTTON	1090 LARKIN RD	S806390-08	$259.98

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286192	07/02/2025	MICHAEL & RUDE KELLY MARR	5059 MOCKINGBIRD DR	RM00049-11	$30.79
286193	07/02/2025	MICHAEL L RILEY	13382 BANYAN RD	S908762-11	$58.12
286194	07/02/2025	MICHELLE D SAKALA	10043 HAYES ST	S810996-09	$157.97
286195	07/02/2025	MIDSOUTH INC	MANCHESTER & KIRKLAND	XX01792-00	$1,753.63
286196	07/02/2025	MITCHELL J JESSIE	424 KNIGHTS BRIDGE RD	S905590-05	$34.57
286197	07/02/2025	MYND MANAGEMENT INC	10195 HEATHCLIFF ST	S803659-06	$98.65
286198	07/02/2025	MYSTIC FROG VAPE SHOPPE LLC	2250 COMMERCIAL WAY	TC00047-07	$163.84
286199	07/02/2025	NATALIE R NARDELLO	2485 COMMERCE AVE	S903079-04	$35.93
286200	07/02/2025	NIRAL PATEL	31017 SILVER STAGE DR	SM00019-01	$137.63
286201	07/02/2025	NORA T RAMIREZ	3266 WINDJAMMER DR	WD00106-11	$252.50
286202	07/02/2025	NOVACASA LLC	4372 LAMSON AVE	S808119-13	$55.80
286203	07/02/2025	NVR INC DBA RYAN HOMES	14040 WILDE WAY	PR00088-00	$142.34
286204	07/02/2025	NVR INC DBA RYAN HOMES	14044 WILDE WAY	PR00089-00	$138.65
286205	07/02/2025	OAK PARK ESTATES FL OWNER III LLC	1687 ROOKERY RD	OP00042-00	$166.30
286206	07/02/2025	ORA A SCALAMANDRE	3390 LAMBERT AVE	S802721-01	$205.13
286207	07/02/2025	OWEN L ANDERSON	8386 GIBRALTER ST	S802934-00	$30.00
286208	07/02/2025	PARRISH T SCHNEPF	2334 GIMLET AVE	S808602-03	$28.40
286209	07/02/2025	PASCO PAVING INC	9710 SOUTHERN BELLE DR	XX01811-00	$2,569.99
286210	07/02/2025	PEDRO J COLON JR	373 SPRING HAVEN LOOP	S104257-13	$109.78
286211	07/02/2025	PERRY K SNYDER	4501 GOLF CLUB LN	SI00094-13	$169.15
286212	07/02/2025	PETER HUGHES	3231 GRAYTON DR	S804659-00	$15.32
286213	07/02/2025	PHILLIP R & COURTNEY D GRIFFIN	5440 IDLEWEISE CT	S608206-12	$100.22
286214	07/02/2025	PHYLLIS B JORDAN	10506 MADERIA ST	S805992-00	$184.22
286215	07/02/2025	PHYLLIS CLAYBROOK & GERALDINE BAKER	12296 MAYBERRY RD	S906574-09	$174.49
286216	07/02/2025	PROGRESS TAMPA 1 LLC	14148 LEMON YELLOW TREE L	SJ00125-10	$77.53
286217	07/02/2025	PULTE HOME COMPANY LLC	4127 GOLDFOIL RD	CD00058-00	$176.21
286218	07/02/2025	PULTE HOME COMPANY LLC	4264 GOLDFOIL RD	CD00059-00	$176.21
286219	07/02/2025	PULTE HOME COMPANY LLC	4095 GOLDFOIL RD	CD00076-00	$43.64
286220	07/02/2025	PULTE HOME COMPANY LLC	4100 GOLDFOIL RD	CD00079-00	$20.12
286221	07/02/2025	PULTE HOME COMPANY LLC	4154 OBSIDIAN DR	CD00105-00	$73.01
286222	07/02/2025	PULTE HOME COMPANY LLC	4144 OBSIDIAN DR	CD00112-00	$25.86
286223	07/02/2025	QUEEN E COLLINS	27055 FRAMPTON AVE	HL00095-10	$64.82
286224	07/02/2025	RACHEL VERMEULEN	9140 BLAINE RD	S812718-12	$67.58
286225	07/02/2025	RALPH W PAULSEN JR	14474 ARBORGLADES DR	SL00900-14	$235.56
286226	07/02/2025	RANDOLPH L BISHOP	7352 CONE SHELL DR	RO00179-06	$106.42
286227	07/02/2025	RANDY L RODHE	13202 DON LOOP	S907676-03	$91.67
286228	07/02/2025	RAYMOND & BARBARA FRASHEFSKI	4438 CRESCENT RD	S608062-01	$12.35
286229	07/02/2025	RCS CONSTRUCTION COMPANY INC	KETTERING RD & MORNING DO	XX01697-00	$1,714.57
286230	07/02/2025	REAL PROPERTY MANAGEMENT CONNECTION	7158 BRIERDALE ST	S602957-07	$346.81
286231	07/02/2025	RICHARD CASTILLO	3400 LAMSON AVE APT 16	S806751-01	$127.66

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286232	07/02/2025	RICHARD W THUMM	1418 MEADOW LARK RD	S800989-00	$5.63
286233	07/02/2025	RIPA & ASSOCIATES LLC	WILD GRAPE LN	XX01768-00	$1,582.27
286234	07/02/2025	ROBERT NORCROSS	4351 CASTLE AVE	S904930-02	$58.60
286235	07/02/2025	RODNEY W & CHRISTINA THOMAS	9036 CENTRAL AVE	BK00867-06	$74.64
286236	07/02/2025	RON MILLER & DENISE PLETTL	1420 MARINER BLVD	S909138-04	$8.60
286237	07/02/2025	ROSEMARY P LUND	7445 NATURE WALK DR	S601335-01	$120.54
286238	07/02/2025	RUI A SPRANGER	4219 BEAUMONT LOOP	SL01050-07	$106.01
286239	07/02/2025	SAHILY MATOS	3070 AMBASSADOR AVE	S907895-09	$115.73
286240	07/02/2025	SERVICE ELECTRIC CO	31120 CORTEZ BLVD	XX01793-00	$2,413.55
286241	07/02/2025	SFR ACQUISITIONS 1 LLC	1331 FERGASON AVE	S902767-04	$45.53
286242	07/02/2025	SFR FUND VI BORROWER LLC	13670 WESTBRIDGE BLVD	SL01588-01	$331.36
286243	07/02/2025	SFR V TRANCHE 5 BORROWER LLC	1128 BURGUNDY CT	EN00079-03	$160.47
286244	07/02/2025	SFR V TRANCHE 5 BORROWER LLC	1152 BURGUNDY CT	EN00006-05	$53.92
286245	07/02/2025	SHANNON L WALTON	6220 ISLAND DR	WW00647-10	$137.15
286246	07/02/2025	SHAUNA M THOMAS	122 GALIANO CT	S603102-06	$116.87
286247	07/02/2025	SHELBY STOFAN	11472 KERRIDALE AVE	S800037-08	$35.78
286248	07/02/2025	SHELLEY G & BRODIE S CARTER	15405 STONE HOUSE DR	TR00865-07	$132.31
286249	07/02/2025	STEPHEN & SALLY PIAGENTINI	2861 KINGSWOOD CIR	GR00701-03	$46.34
286250	07/02/2025	STEPHEN L ERWIN III	4473 BROMLEY AVE	S903291-10	$197.53
286251	07/02/2025	STEVEN & TINA MILLER	7305 SCORE ST	HI00199-02	$100.64
286252	07/02/2025	SUSAN A SPRAGUE	4441 TIFFIN AVE	S900316-02	$107.14
286253	07/02/2025	SUSAN BONNOYER INGLE	7404 PHILATELIC DR	FK00251-17	$134.60
286254	07/02/2025	SUZANNA MCGUIRE	7446 GLASGOW RD	RH00144-10	$49.67
286255	07/02/2025	TAMMY SICARI	8120 PAGODA DR	FK00175-14	$46.81
286256	07/02/2025	TARIQ FARO	12119 LANDFAIR ST	S807674-08	$3.67
286257	07/02/2025	TERRI A STRATTON	3371 CORONET CT	S901695-12	$42.14
286258	07/02/2025	THE MADCO GROUP INC	4305 LIGHTFOOT ST	S900434-01	$41.97
286259	07/02/2025	TIFFANEE RUSS	27319 WARNER AVE	HL00444-10	$3.66
286260	07/02/2025	TONI TILLMAN	12301 SHAFTON RD	S808930-08	$48.49
286261	07/02/2025	TONY REYES	1148 ALADDIN RD	S909432-03	$47.46
286262	07/02/2025	TURNPIKE NEIGHBORHOOD RESTAURANT	3435 DELTONA BLVD	C102487-06	$179.25
286263	07/02/2025	TURNPIKE NEIGHBORHOOD RESTAURANT	3429 DELTONA BLVD	C607728-09	$78.24
286264	07/02/2025	TYLER LORETTE BURRELL	12146 PITCAIRN ST	PG01016-15	$109.78
286265	07/02/2025	VAPE IT LLC	11064 SPRING HILL DR	C807649-04	$202.98
286266	07/02/2025	VIRGINIA BOTERO	9437 HORIZON DR	S804632-04	$90.38
286267	07/02/2025	VLADIMYR JEAN PIERRE	14289 PABLO BLVD	S911770-11	$149.68
286268	07/02/2025	VORTEX SERVICES ***USE 60739***	9300 CARTHAGE RD	XX01759-00	$862.03
286269	07/02/2025	WENDELL J NIEUWENDAM	35138 WHISPERING OAKS BLV	WO00103-07	$47.43
286270	07/02/2025	WILLIAM MULLIGAN	1141 CARMONA AVE	S811492-08	$57.90
286271	07/02/2025	WILLIAM T & MARGUERITE M JENKINS	4000 TREETOP CIR	FK00193-05	$38.14
286272	07/02/2025	YOSUANI CASTRO & AYLEN SAM	7447 MEAD DR	S605787-10	$152.96

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286273	07/02/2025	ZHEN LIN	2499 LAKE FOREST AVE	S903688-03	$33.28
286274	07/03/2025	AIR SOURCE COOLING AND HEATING LLC	2025-070 FY22/23 ROJA	ROJAS F	$7,065.00
286275	07/03/2025	AKCA INC	ENDSLEY RD. STRIPING	15139	$8,976.00
286275	07/03/2025	AKCA INC	SPRINGHILL ES, SCHOOL ZON	15085	$13,903.75
286276	07/03/2025	ALBERTA LOFINK	04/14/24 KL	24-36992	$114.14
286277	07/03/2025	AMAX WELDING & FABRICATION INC	EQUIP MAINTENANCE - GENER	10534	$1,050.00
286278	07/03/2025	ANDERSON MARTINEZ	REF 14900931	1490931	$1.80
286278	07/03/2025	ANDERSON MARTINEZ	REF 1490931	1490931	$153.06
286279	07/03/2025	ATLANTIC COAST THEATRE FOR YOUTH	ACT2425-07/10/2025	ACT2425	$675.00
286280	07/03/2025	AVCON INC	CONSTRUCTION ADMINISTRATI	131013	$1,822.22
286280	07/03/2025	AVCON INC	GEOTECHNICAL TESTING	131013	$776.00
286280	07/03/2025	AVCON INC	OUT OF POCKET - NOT TO EX	131013	$71.20
286280	07/03/2025	AVCON INC	PUNCH LIST AND INSPECTION	131013	$763.70
286281	07/03/2025	BLUE WATER MARINE INC	BARGE VESSEL REPAIR	5-28-25	$1,816.45
286282	07/03/2025	BOWEN & SCHROTH PA	MEDIATION LAND USE	6-18-25	$2,000.00
286283	07/03/2025	BROOKSVILLE MAIN STREET	INVERTED DUE TO PARTIAL S	24-707	$65.00
286283	07/03/2025	BROOKSVILLE MAIN STREET	JANITORIAL SERVICE	24-708	$130.00
286283	07/03/2025	BROOKSVILLE MAIN STREET	TDC SPECIAL EVENTS MARKET	24-710	$2,250.00
286283	07/03/2025	BROOKSVILLE MAIN STREET	TDC SPECIAL EVENTS MARKET	24-711	$2,025.00
286284	07/03/2025	BUCKEYE CLEANING CENTERS	SUPPLIES, JANITORIAL, ORD	90680544	$275.32
286285	07/03/2025	CAROL M MCGRANE	07/24/24 CM	24-77136	$70.00
286286	07/03/2025	CENTRALSQUARE TECHNOLOGIES LLC	LUCITY 811 INTEGRATION	438777	$315.00
286287	07/03/2025	CHARLIES PLUMBING INC	PLUMBING REPAIRS AS NEEDE	153675	$233.99
286288	07/03/2025	CIT BANK NA	6/10-7/09/25 CPR LSE	47292956	$128.23
286288	07/03/2025	CIT BANK NA	COLOR COPIES @0.4533 EACH	47292956	$0.09
286288	07/03/2025	CIT BANK NA	COPIES BLACK & WHITE COPI	47292956	$4.48
286289	07/03/2025	CITRUS COUNTY FIRE RESCUE	03/31/21 GH	21-20714	$10.00
286290	07/03/2025	CLARENCE WHITE	10/29/23 CW	23-100208	$55.73
286291	07/03/2025	CLEAR CUT LAWN CARE & LANDSCAPING	MOW 5/7,21	4232	$5,300.00
286292	07/03/2025	COMFORT PRO LLC	REF 1504343	1504343	$97.43
286293	07/03/2025	COMMUNICATIONS INTERNATIONAL INC	EMERGENCY BACKUP HANDHELD	PI180936	$406.71
286294	07/03/2025	CONCETTA WALSH	06/16/24 CW	24-62174	$50.00
286295	07/03/2025	CUMMINS INC	OUTSIDE REPAIRS AS NEEDED	B5-250649152	$2,168.73
286296	07/03/2025	DB CIVIL CONSTRUCTION LLC	24-CG00873 HAYMAN RD	PAYREQ#1	$63,100.00
286296	07/03/2025	DB CIVIL CONSTRUCTION LLC	24-CG00873 RETAINAGE	PAYREQ#1	($3,155.00)
286297	07/03/2025	DEPARTMENT OF MANAGEMENT SERVICES	AF3-3997 APR 25	2H-2991	$0.39

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286297	07/03/2025	DEPARTMENT OF MANAGEMENT SERVICES	AF3-3997 MAY 25	2H-7946	$0.04
286298	07/03/2025	DUKE ENERGY	9100 8506 8520	85068520H5	$37.67
286298	07/03/2025	DUKE ENERGY	9100 8507 0798	85070798H5	$2,537.11
286298	07/03/2025	DUKE ENERGY	9100 8511 1419	85111419H5	$30.80
286298	07/03/2025	DUKE ENERGY	9100 8511 4511	85114511H5	$964.18
286298	07/03/2025	DUKE ENERGY	9100 8551 9873	85519873H5	$100.04
286298	07/03/2025	DUKE ENERGY	9100 8552 0058	85520058H5	$30.80
286298	07/03/2025	DUKE ENERGY	9100 8552 1421	85521421H5	$431.17
286298	07/03/2025	DUKE ENERGY	9100 8601 4273	86014273I5	$95.76
286298	07/03/2025	DUKE ENERGY	9100 8601 4447	86014447I5	$60.23
286298	07/03/2025	DUKE ENERGY	9100 8662 9187	86629187H5	$30.80
286298	07/03/2025	DUKE ENERGY	9100 8815 7407	88157407H5	$282.82
286298	07/03/2025	DUKE ENERGY	9100 8819 2038	88192038H5	$1,283.33
286299	07/03/2025	ELLA L SMITH	08/28/24 ES	24-97072	$290.00
286300	07/03/2025	EVERETT WIGGINS	07/11/24 EW	24-72246	$126.98
286301	07/03/2025	FLORIDA DEPARTMENT OF ENVIRONMENTAL	OPERATION PERMIT	6-25-25	$10,000.00
286302	07/03/2025	FRIENDS OF THE LIBRARY OF HERNANDO	DED:122 LIBRARY	PAY563P	$8.00
286303	07/03/2025	GAMCO PROPERTIES III INC	MOWING, SPRING HILL RESID	39467112393	$6,200.00
286304	07/03/2025	GROWDON & ASSOCIATES PLLC	BARCODES TALK BLDG	CR052503TGG	$2,750.00
286305	07/03/2025	HERNANDO COUNTY UTILITIES DEPT	C811994-00	C8119400I5	$589.58
286305	07/03/2025	HERNANDO COUNTY UTILITIES DEPT	NW00002-00	NW0000200I5	$322.63
286305	07/03/2025	HERNANDO COUNTY UTILITIES DEPT	NW00003-00	NW0000300I5	$1,383.88
286305	07/03/2025	HERNANDO COUNTY UTILITIES DEPT	WV00048-00	WV0004800I5	$37.63
286305	07/03/2025	HERNANDO COUNTY UTILITIES DEPT	XX00609-00	XX0060900I5	$599.20
286306	07/03/2025	HOME LAND TITLE INC	OE 3449 CYCLONE DR	2025-14552	$125.00
286306	07/03/2025	HOME LAND TITLE INC	OE 3467 CYLCLONE DR	2025-14551	$125.00
286307	07/03/2025	ILLINOIS DEPARTMENT OF REVENUE	DED:041 TAX LEVY	PAY563P	$190.93
286308	07/03/2025	ITI DIGITAL LLC	AUTOMATED EVENTS CALENDAR	53473	$1,750.00
286308	07/03/2025	ITI DIGITAL LLC	BUSINESS CONCIERGE, (4) P	53473	$1,500.00
286308	07/03/2025	ITI DIGITAL LLC	BUSINESS LISTINGS, (4) PA	53473	$1,750.00
286308	07/03/2025	ITI DIGITAL LLC	INSTAGRAM USER-GENERATED	53473	$1,200.00
286308	07/03/2025	ITI DIGITAL LLC	ITINERARY LIBRARY, (4) PA	53473	$1,750.00
286308	07/03/2025	ITI DIGITAL LLC	PARTNER PORTAL, (4) PAYME	53473	$1,000.00
286308	07/03/2025	ITI DIGITAL LLC	TRIP PLANNER, (4) PAYMENT	53473	$750.00
286308	07/03/2025	ITI DIGITAL LLC	WORDPRESS HOSTING & SUPPO	53473	$3,500.00
286309	07/03/2025	JIMMY'S SANITARY SERVICE INC	SUIP-13365 KANE RD	11664	$7,500.00
286310	07/03/2025	JOHN MARTIN	PLUMBING RPR RMB	35121022	$600.00
286311	07/03/2025	KENYON & PARTNERS INC	HVAC SERVICE - PROVIDE M	21203	$2,455.83
286312	07/03/2025	LAURA MANISCALCO	TRAFFIC CONTROL	86254	$270.00

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286313	07/03/2025	LAWN MEDIC LANDSCAPING & IRRIGATION	REF 1504078	1504078	$126.27
286314	07/03/2025	LOWMAN LAW FIRM PA	07/22/24 JR	24-76399	$741.60
286315	07/03/2025	LYNCH LEATHER WORKS	BLACK RADIO STRAP, ANTI-S	857	$13,090.00
286315	07/03/2025	LYNCH LEATHER WORKS	ESTIMATED SHIPPING/HANDLI	857	$250.00
286316	07/03/2025	M CATHERINE HUDSON	09/30/24 WC	24-110043	$1,004.40
286317	07/03/2025	MARION M DOW	06/02/24 MD	24-56919	$20.00
286317	07/03/2025	MARION M DOW	08/26/24 MD	24-96537	$10.00
286318	07/03/2025	MORGAN & MORGAN	01/26/22 JM	22-8308	$477.60
286319	07/03/2025	OUTSIDEIN ARCHITECTURE LLC	HCUD ADMIN OFFICE ADDITIO	O24-003.1	$18,065.00
286320	07/03/2025	PACIN LEVINE PA	04/04/24 AM	24-32994	$766.80
286321	07/03/2025	PDQ.COM CORPORATION	DEPLOY & INVENTORY	PDQ-52438	$321.05
286322	07/03/2025	RESTORATION SPECIALISTS	CLOSE ESCROW ACCT	5-21-25	$280.50
286323	07/03/2025	ROBERT J YOUNG COMPANY LLC	5/19-6/18/25 CPR LE	INV7561190	$174.25
286323	07/03/2025	ROBERT J YOUNG COMPANY LLC	5/19-6/18/25 CPR LE	INV7561191	$174.25
286323	07/03/2025	ROBERT J YOUNG COMPANY LLC	COPY SERVICES-B & W	INV7561190	$10.44
286323	07/03/2025	ROBERT J YOUNG COMPANY LLC	COPY SERVICES-B & W	INV7561191	$8.49
286323	07/03/2025	ROBERT J YOUNG COMPANY LLC	COPY SERVICES-COLOR	INV7561190	$2.60
286323	07/03/2025	ROBERT J YOUNG COMPANY LLC	COPY SERVICES-COLOR	INV7561191	$0.59
286324	07/03/2025	ROBERT MURPHAT	PLUMBING RPR RMB	18624491629	$677.00
286325	07/03/2025	ROGER A ANDERSON	06/16/24 RA	24-62109	$150.00
286326	07/03/2025	ROLFE AND LOBELLO PA	DED: ROLFE & LOBELLO	PAY563P	$100.00
286327	07/03/2025	SAFARI MICRO INC	ESTIMATED SHIPPING/HANDLI	SM432967	$287.00
286327	07/03/2025	SAFARI MICRO INC	LIEBERT GXT5 BATTERY ENCL	SM432967	$2,575.28
286327	07/03/2025	SAFARI MICRO INC	LIEBERT GXT5 UPS (RACK-MO	SM432967	$4,271.89
286327	07/03/2025	SAFARI MICRO INC	LIEBERT INTELLISLOT COMMU	SM432967	$758.40
286327	07/03/2025	SAFARI MICRO INC	PSI5-10001U RPLMNT BATT K	SM433228	$356.16
286327	07/03/2025	SAFARI MICRO INC	VERTIV RACK MOUNTING KIT	SM432967	$285.38
286328	07/03/2025	SHAMROCK ENVIRONMENTAL CORPORATION	DISPOSAL AND TRANSPORTATI	425131	$5,986.21
286328	07/03/2025	SHAMROCK ENVIRONMENTAL CORPORATION	DISPOSAL AND TRANSPORTATI	425133	$1,493.62
286328	07/03/2025	SHAMROCK ENVIRONMENTAL CORPORATION	DISPOSAL AND TRANSPORTATI	425152	$5,989.89
286328	07/03/2025	SHAMROCK ENVIRONMENTAL CORPORATION	DISPOSAL AND TRANSPORTATI	425155	$8,480.10
286329	07/03/2025	STEPHEN RIORDAN	02/05/25 SR	25-12989	$1,139.80
286330	07/03/2025	TECO PEOPLES GAS	211010935776	6-17-25	$171.37
286331	07/03/2025	THOMAS A LAMEAU ELECTRIC LLC	2025-068 FY22/23 SADL	SADLER J	$16,200.00
286332	07/03/2025	TIERRA INC	GEO TEST 6/1-6/20/25	6111-14348	$500.00
286333	07/03/2025	TONOAH A HART	MOW/EDGE-CYP LAKES	24258	$200.00

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286333	07/03/2025	TONOAH A HART	MOW/EDGE-CYP LAKES	24259	$200.00
286333	07/03/2025	TONOAH A HART	MOW/EDGE-FIC HAMMOCK	24258	$250.00
286333	07/03/2025	TONOAH A HART	MOW/EDGE-FIC HAMMOCK	24259	$250.00
286333	07/03/2025	TONOAH A HART	MOW/EDGE-LK TWNSEND	24258	$350.00
286333	07/03/2025	TONOAH A HART	MOW/EDGE-LK TWNSEND	24259	$350.00
286333	07/03/2025	TONOAH A HART	MOW/EDGE-PECK SINK	24258	$1,500.00
286333	07/03/2025	TONOAH A HART	MOW/EDGE-PECK SINK	24259	$1,500.00
286334	07/03/2025	TRAVELERS	POL 15P64114ZLP	661389	$21,728.00
286335	07/03/2025	UNITED WAY OF HERNANDO COUNTY	DED:130 UNITED WAY	PAY563P	$54.00
286336	07/03/2025	VESTIS SERVICES LLC	CLOTHING, APPAREAL & UNIF	5630682547	$51.58
286336	07/03/2025	VESTIS SERVICES LLC	RELATED PRODUCTS AND SERV	5630682547	$27.34
286336	07/03/2025	VESTIS SERVICES LLC	WASTEWATER UNIFORM SERVIC	5630685425	$121.86
286336	07/03/2025	VESTIS SERVICES LLC	WASTEWATER UNIFORM SERVIC	5630689795	$115.44
286336	07/03/2025	VESTIS SERVICES LLC	WATER UNIFORM SERVICES: S	5630685425	$99.70
286336	07/03/2025	VESTIS SERVICES LLC	WATER UNIFORM SERVICES: S	5630689795	$94.46
286337	07/03/2025	W W GRAINGER INC	BLKCTRCVR, BLACK, HDPE, 4	9538709768	$4,303.08
286337	07/03/2025	W W GRAINGER INC	CLPS BULK CTR, BLACK, SOL	9538288862	$4,264.32
286337	07/03/2025	W W GRAINGER INC	CLPS BULK CTR, BLACK, SOL	9538709768	$2,776.20
286337	07/03/2025	W W GRAINGER INC	CLPS BULK CTR, BLACK, SOL	9538730681	$5,552.40
286337	07/03/2025	W W GRAINGER INC	CLPS BULK CTR, BLACK, SOL	9550593371	$7,375.44
286337	07/03/2025	W W GRAINGER INC	ESTIMATED SHIPPING/HANDLI	9538288862	$27.94
286337	07/03/2025	W W GRAINGER INC	ESTIMATED SHIPPING/HANDLI	9538709768	$46.38
286337	07/03/2025	W W GRAINGER INC	ESTIMATED SHIPPING/HANDLI	9538730681	$36.37
286337	07/03/2025	W W GRAINGER INC	ESTIMATED SHIPPING/HANDLI	9550593371	$48.31
286338	07/03/2025	WELLS FARGO FINANCIAL / TOSHIBA	3/25-4/25 COPIES	5034390657	$36.16
286338	07/03/2025	WELLS FARGO FINANCIAL / TOSHIBA	4/25-5/25 COPIES	5034591877	$106.66
286338	07/03/2025	WELLS FARGO FINANCIAL / TOSHIBA	4/25-5/25 COPIES	5034788780	$453.50
286338	07/03/2025	WELLS FARGO FINANCIAL / TOSHIBA	6/1-6/30/25 CPR LE	5034390657	$118.21
286338	07/03/2025	WELLS FARGO FINANCIAL / TOSHIBA	6/19-7/18/25 CPR LE	5034788780	$128.23
286338	07/03/2025	WELLS FARGO FINANCIAL / TOSHIBA	6/3-7/2/25 CPR LE	5034591877	$118.21
286339	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC COOP	1/0 UG PRIMARY	4092025	$180,525.00
286339	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC COOP	DRILL ON FOREST OAKS BLVD	4092025	$9,977.86
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1307105	1307105I5	$646.53
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1307110	1307110H5	$595.54
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1307111	1307111H5	$944.92
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1307114	1307114I5	$868.17

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286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832427	1832427H5	$2,171.99
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832481	1832481H5	$705.38
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832749	1832749H5	$41.03
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832757	1832757H5	$95.79
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832774	1832774I5	$83.41
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832776	1832776H5	$42.95
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832780	1832780I5	$2,383.50
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832781	1832781I5	$2,309.35
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832807	1832807I5	$65.66
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832814	1832814H5	$243.05
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832815	1832815H5	$580.26
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832816	1832816H5	$544.65
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832817	1832817H5	$529.47
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832818	1832818H5	$610.17
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832819	1832819H5	$339.90
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832826	1832826I5	$41.56
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832840	1832840H5	$13,117.23
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832843	1832843I5	$95.47
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832845	1832845H5	$76.75
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832848	1832848H5	$76.96
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832855	1832855H5	$40.16
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832856	1832856H5	$208.70
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832857	1832857H5	$394.07
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832859	1832859H5	$74.49
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949988	1949988H5	$152.28
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2036446	2036446H5	$82.44
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2067575	2067575H5	$100.41
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2093445	2093445I5	$40.16
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2143953	2143953H5	$40.16
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2179617	2179617I5	$370.02
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2214291	2214291I5	$102.70
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2263878	2263878H5	$771.12
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2284612	2284612I5	$377.24
286342	07/03/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2290785	2290785H5	$730.10
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854019	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854023	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854024	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854025	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854026	$88.00

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V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854029	$88.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854030	$140.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854031	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854032	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854033	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854034	$170.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854039	$98.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854040	$88.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854041	$88.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854064	$88.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854065	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854609	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854874	$88.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854882	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854883	$88.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854884	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854886	$88.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	854910	$88.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	855721	$88.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	855722	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	855731	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	855732	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	855733	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	855926	$88.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WASTEWATER LABORATORY TES	855930	$25.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WATER LABORATORY	854606	$48.00

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Check Number	Check Date	Vendor Name	Transaction Description	Invoice Number	Transaction Amount
			TESTING		
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WATER LABORATORY TESTING	854871	$72.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WATER LABORATORY TESTING	854873	$24.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WATER LABORATORY TESTING	855735	$12.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WATER LABORATORY TESTING	855741	$60.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WATER LABORATORY TESTING	855742	$24.00
V528506	07/03/2025	ADVANCED ENVIRONMENTAL LABS INC	WATER LABORATORY TESTING	855826	$24.00
V528507	07/03/2025	ALAN JAY FORD LINCOLN MERCURY INC	CO EXT, VEH ID#NEW	FSRA59640	$32,262.00
V528507	07/03/2025	ALAN JAY FORD LINCOLN MERCURY INC	FIRE, VEH ID# NEW	FSKE25336	$63,747.00
V528507	07/03/2025	ALAN JAY FORD LINCOLN MERCURY INC	FIRE, VEH ID# NEW	FSKE25338	$50,459.00
V528507	07/03/2025	ALAN JAY FORD LINCOLN MERCURY INC	FIRE, VEH ID# NEW	FSKE25339	$52,959.00
V528507	07/03/2025	ALAN JAY FORD LINCOLN MERCURY INC	MTR RDR, VEH ID#19479	FRSA63551	$36,745.00
V528508	07/03/2025	ALL AMERICAN U-CART CONCRETE	CONCRETE READY MIX FOR SI	6-10-25	$412.50
V528509	07/03/2025	BOUND TREE MEDICAL LLC	MEDICAL SUPPLIES ORDER AS	85811872	$179.76
V528509	07/03/2025	BOUND TREE MEDICAL LLC	MEDICAL SUPPLIES ORDER AS	85814974	$420.50
V528509	07/03/2025	BOUND TREE MEDICAL LLC	MEDICAL SUPPLIES ORDER AS	85819713	$32,766.49
V528509	07/03/2025	BOUND TREE MEDICAL LLC	MEDICAL SUPPLIES ORDER AS	85819714	$285.30
V528509	07/03/2025	BOUND TREE MEDICAL LLC	MEDICAL SUPPLIES ORDER AS	85821424	$28.80
V528509	07/03/2025	BOUND TREE MEDICAL LLC	MEDICAL SUPPLIES ORDER AS	85822958	$51.00
V528510	07/03/2025	BROWN AND BROWN OF FLORIDA INC	POL H8100B166052IND24	20747494	$76,829.00
V528510	07/03/2025	BROWN AND BROWN OF FLORIDA INC	POL ZLP15P6411424PB	20747833	$150,539.00
V528510	07/03/2025	BROWN AND BROWN OF FLORIDA INC	POL ZUP15P6412624PB	20747596	$17,922.00
V528511	07/03/2025	C&D INDUSTRIAL MAINTENANCE LLC	FREIGHT	20255428	$200.00
V528511	07/03/2025	C&D INDUSTRIAL MAINTENANCE LLC	FREIGHT	20255521	$20.16
V528511	07/03/2025	C&D INDUSTRIAL MAINTENANCE LLC	LABOR RATE - REGULAR BUSI	20255428	$612.50
V528511	07/03/2025	C&D INDUSTRIAL MAINTENANCE LLC	LABOR RATE - REGULAR BUSI	20255521	$700.00
V528511	07/03/2025	C&D INDUSTRIAL MAINTENANCE LLC	MATERIALS AS NEEDED FOR S	20255428	$614.64
V528511	07/03/2025	C&D INDUSTRIAL MAINTENANCE LLC	MATERIALS AS NEEDED FOR S	20255521	$95.07
V528511	07/03/2025	C&D INDUSTRIAL MAINTENANCE LLC	SERVICE CALL - REGULAR BU	20255428	$150.00
V528511	07/03/2025	C&D INDUSTRIAL MAINTENANCE LLC	SERVICE CALL - REGULAR BU	20255521	$150.00
V528512	07/03/2025	CITY OF BROOKSVILLE	7/25 LEASE	TDC-2025-10	$1.00
V528512	07/03/2025	CITY OF BROOKSVILLE	7/25 UTILITIES	TDC-2025-10	$300.00
V528513	07/03/2025	COASTAL ENGINEERING ASSOCIATES INC	PROF SVC THRU 5/31/25	358655	$2,260.50
V528513	07/03/2025	COASTAL ENGINEERING ASSOCIATES INC	PROF SVC THRU 5/31/25	358690	$1,887.50
V528514	07/03/2025	CORRECTCARE INTEGRATED HEALTH LLC	MAY 25 PROCESSING FEE	HERNANDO0525	$264.00
V528515	07/03/2025	CORRECTCARE INTEGRATED HEALTH LLC	INMATE MED BILLING	OMB127	$9,500.17
V528516	07/03/2025	CROCKETTS TOWING LLC	TOWING SERVICES AS NEEDED	673576	$727.00
V528516	07/03/2025	CROCKETTS TOWING LLC	TOWING SERVICES AS	674104	$671.00

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			NEEDED		
V528517	07/03/2025	DESIGNLAB INC	UNIFORMS	280580	$6,702.53
V528518	07/03/2025	GUARDIAN COMMUNITY RESOURCE MGMT	AGREEMENT ADMINISTRATION	M3867	$5,333.35
V528518	07/03/2025	GUARDIAN COMMUNITY RESOURCE MGMT	FINANCIAL ADMINISTRATION	M3867	$4,000.00
V528518	07/03/2025	GUARDIAN COMMUNITY RESOURCE MGMT	PROJECT DELIVERY SERVICES	M3867	$4,000.00
V528519	07/03/2025	HAGAN HOLDING COMPANY	OIL, CHEMICAL AND HAZARDO	684984	$115.00
V528519	07/03/2025	HAGAN HOLDING COMPANY	OIL, CHEMICAL AND HAZARDO	685713	$50.00
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:302 WKRCMP7380	PAY563P	$52.04
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:303 WKRCMP5509	PAY563P	$6,857.97
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:304 WKRCMP6836	PAY563P	$192.73
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:306 WKRCMP7403	PAY563P	$243.51
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:308 WRKCMP7520	PAY563P	$2,316.70
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:309 WKRCMP7580	PAY563P	$1,729.80
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:311 WKRCMP7704	PAY563P	$37,987.17
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:313 WKRCMP8380	PAY563P	$509.20
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:314 WKRCMP8601	PAY563P	$229.41
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:315 WKCMP8810	PAY563P	$28.08
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:316 WKRCMP8810	PAY563P	$698.09
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:318 WKRCMP9015	PAY563P	$1,517.76
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:319 WKRCMP9102	PAY563P	$1,623.00
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:320 WKRCMP9402	PAY563P	$448.86
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:321 WKRCMP9410	PAY563P	$2,105.46
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:323 WKRCMP9403	PAY563P	$2,680.07
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:325 WKRCMP7610	PAY563P	$8.77
V528520	07/03/2025	HC WORKERS COMPENSATION FUND	DED:326 WKRCMP6325	PAY563P	$1,119.89
V528521	07/03/2025	HDR ENGINEERING INC	PROF SVC 5/4-5/31/25	1200730771	$10,729.11
V528522	07/03/2025	HENRY SCHEIN INC	MEDICAL SUPPLIES ORDERED	42827255	$82.22
V528522	07/03/2025	HENRY SCHEIN INC	MEDICAL SUPPLIES ORDERED	43115294	$177.00
V528522	07/03/2025	HENRY SCHEIN INC	MEDICAL SUPPLIES ORDERED	43115311	$177.00
V528522	07/03/2025	HENRY SCHEIN INC	MEDICAL SUPPLIES ORDERED	43115322	$354.00
V528522	07/03/2025	HENRY SCHEIN INC	MEDICAL SUPPLIES ORDERED	43117198	$18.20
V528522	07/03/2025	HENRY SCHEIN INC	MEDICAL SUPPLIES ORDERED	43118359	$2,125.54
V528522	07/03/2025	HENRY SCHEIN INC	MEDICAL SUPPLIES ORDERED	43194837	$32.04
V528523	07/03/2025	HERNANDO COUNTY CLERK OF CIRCUIT	DARK FIBER INSTALL	IT25-061	$2,647.75
V528523	07/03/2025	HERNANDO COUNTY CLERK OF CIRCUIT	FIRSTNET ESIM 5/5-6/4	IT25-065	$10.00
V528524	07/03/2025	HERNANDO COUNTY PROFESSIONAL	DED:172 FF INS	PAY563P	$272.32
V528524	07/03/2025	HERNANDO COUNTY PROFESSIONAL	DED:175 UNION DUES	PAY563P	$6,847.50
V528524	07/03/2025	HERNANDO COUNTY PROFESSIONAL	DED:180 CHARITY	PAY563P	$7.00
V528525	07/03/2025	HERNANDO SEPTIC LLC	SUIP-9364 JENA RD	1131	$7,500.00

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V528526	07/03/2025	INTEGRITY RESOURCES STAFFING INC	360 WE 06/15/25	13-33417	$2,753.57
V528527	07/03/2025	KIMLEY-HORN AND ASSOCIATES INC	PROF SVC THRU 5/31/25	488320040525	$15,245.38
V528528	07/03/2025	LEXISNEXIS RISK DATA MANAGEMENT INC	1723577 5/1-5/31/25	20250531	$133.54
V528529	07/03/2025	LIFE INS COMPANY OF THE SOUTHWEST	DED:127 LSW - PRE	PAY563P	$698.50
V528529	07/03/2025	LIFE INS COMPANY OF THE SOUTHWEST	DED:128 LSW-POST	PAY563P	$50.00
V528530	07/03/2025	MANHATTAN CONSTRUCTION COMPANY	PERMIT REFUND 1479178	1479178	$5,480.68
V528531	07/03/2025	MEAD AND HUNT INC	PROF SVC 05/25	389299	$15,332.46
V528531	07/03/2025	MEAD AND HUNT INC	PROF SVC 05/25	389301	$15,270.47
V528531	07/03/2025	MEAD AND HUNT INC	PROF SVC 05/25	389303	$25,917.33
V528532	07/03/2025	MES SERVICE COMPANY LLC	15810002 - WYE LDR LNE 2.	IN2287130	$1,794.74
V528532	07/03/2025	MES SERVICE COMPANY LLC	21277001 - SHUTOFF NPG 1.	IN2287130	$1,054.86
V528532	07/03/2025	MES SERVICE COMPANY LLC	48664001 - ASLT TIP 1.5NH	IN2287130	$1,497.96
V528532	07/03/2025	MES SERVICE COMPANY LLC	ITEM # 337-08-2017 - 337	IN2284792	$210.00
V528532	07/03/2025	MES SERVICE COMPANY LLC	ITEM # 337-09-2017 - 337	IN2284792	$315.00
V528532	07/03/2025	MES SERVICE COMPANY LLC	ITEM # 337-10-2017 - 337	IN2284792	$630.00
V528532	07/03/2025	MES SERVICE COMPANY LLC	ITEM # 337-11-2017 - 337	IN2284792	$315.00
V528532	07/03/2025	MES SERVICE COMPANY LLC	ITEM # 337-12-2017 - 337	IN2284792	$313.86
V528532	07/03/2025	MES SERVICE COMPANY LLC	ITEM # MES-EXCALIBUR-2XLA	IN2284792	$200.00
V528532	07/03/2025	MES SERVICE COMPANY LLC	ITEM # MES-EXCALIBUR-LARG	IN2284792	$1,800.00
V528532	07/03/2025	MES SERVICE COMPANY LLC	ITEM # MES-EXCALIBUR-MEDI	IN2284792	$800.00
V528532	07/03/2025	MES SERVICE COMPANY LLC	ITEM # MES-EXCALIBUR-X- S	IN2284792	$600.00
V528532	07/03/2025	MES SERVICE COMPANY LLC	ITEM # MES-EXCALIBUR-XLAR	IN2284792	$600.00
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058274	$262.61
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058666	$47.16
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058674	$31.70
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058680	($200.00)
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058688	$31.70
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058694	$133.30
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058701	$458.44
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058703	$188.38
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058705	$305.96
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058717	$376.76
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058723	($100.00)
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058725	$528.50
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058734	$200.90
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058735	$121.32
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058747	($100.00)
V528533	07/03/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058762	$881.96
V528534	07/03/2025	OPERATION PAR INC	254351 121222-011723	6-17-25	$2,060.00
V528535	07/03/2025	PAFF TREE SERVICE LLC	TREE REMOVAL	TS-6746	$411.40
V528535	07/03/2025	PAFF TREE SERVICE LLC	TREE REMOVAL	TS-6747	$414.70

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Check Number	Check Date	Vendor Name	Transaction Description	Invoice Number	Transaction Amount
V528536	07/03/2025	PALMDALE OIL COMPANY LLC	FLEET SITE - DIESEL/U	SI-33955	$11,498.34
V528536	07/03/2025	PALMDALE OIL COMPANY LLC	FLEET SITE - DIESEL/UNLEA	SI-41319	$3,868.28
V528536	07/03/2025	PALMDALE OIL COMPANY LLC	FLEET SITE - DIESEL/UNLEA	SI-42945	$6,303.21
V528536	07/03/2025	PALMDALE OIL COMPANY LLC	FLEET SITE - DIESEL/UNLEA	SI-42946	$4,646.37
V528536	07/03/2025	PALMDALE OIL COMPANY LLC	FLEET SITE - DIESEL/UNLEA	SI-44390	$10,057.99
V528536	07/03/2025	PALMDALE OIL COMPANY LLC	FLEET SITE - DIESEL/UNLEA	SI-45365	$6,083.24
V528536	07/03/2025	PALMDALE OIL COMPANY LLC	FUEL, DIESEL CONTRACT PO	SI-11035	$9,779.58
V528536	07/03/2025	PALMDALE OIL COMPANY LLC	FUEL, DIESEL CONTRACT PO	SI-18026	$6,303.15
V528536	07/03/2025	PALMDALE OIL COMPANY LLC	FUEL, DIESEL CONTRACT PO	SI-39579	$7,945.01
V528536	07/03/2025	PALMDALE OIL COMPANY LLC	FUEL, DIESEL CONTRACT PO	SI-42944	$6,387.34
V528536	07/03/2025	PALMDALE OIL COMPANY LLC	S/B PO 25000180	SI-33955	($11,498.34)
V528536	07/03/2025	PALMDALE OIL COMPANY LLC	WISCON SITE - DIESEL/UNLE	SI-41320	$5,157.69
V528536	07/03/2025	PALMDALE OIL COMPANY LLC	WISCON SITE - DIESEL/UNLE	SI-45364	$6,709.37
V528537	07/03/2025	PRO-LINE TILE DISTRIBUTORS INC	ESTIMATED SHIPPING/HANDLI	849770	$190.00
V528537	07/03/2025	PRO-LINE TILE DISTRIBUTORS INC	LVP FLOORING FOR 7,661.40	849770	$24,899.55
V528537	07/03/2025	PRO-LINE TILE DISTRIBUTORS INC	SH6MIL-BARR 76 PIECES	849770	$1,045.00
V528538	07/03/2025	PROPERTY SERVICES GC	2025-069 FY22/23 NOWA	NOWAK M	$39,000.00
V528539	07/03/2025	PROTECH ROOFING SERVICES LLC	REF 1502314	1502314	$160.36
V528540	07/03/2025	RAFTELIS FINANCIAL CONSULTANTS INC	TASK 3 - DEVELOP WATER AN	39895	$1,303.00
V528540	07/03/2025	RAFTELIS FINANCIAL CONSULTANTS INC	TASK 4 - REVENUE REQUIREM	39895	$1,623.00
V528540	07/03/2025	RAFTELIS FINANCIAL CONSULTANTS INC	TASK 7 - BRIEFING DOCUMEN	40289	$829.50
V528540	07/03/2025	RAFTELIS FINANCIAL CONSULTANTS INC	TASK 8 - MEETINGS ON-SITE	40289	$5,956.50
V528541	07/03/2025	REDWIRE LLC	7/25 MONITORING	599143	$16.50
V528541	07/03/2025	REDWIRE LLC	7/25 MONITORING	599144	$16.50
V528541	07/03/2025	REDWIRE LLC	7/25 MONITORING	599145	$36.50
V528541	07/03/2025	REDWIRE LLC	7/25 MONITORING	599146	$46.50
V528541	07/03/2025	REDWIRE LLC	7/25 MONITORING	599147	$46.50
V528541	07/03/2025	REDWIRE LLC	7/25 MONITORING	599148	$46.50
V528541	07/03/2025	REDWIRE LLC	7/25 MONITORING	599160	$16.50
V528541	07/03/2025	REDWIRE LLC	7/25 MONITORING	599201	$52.50
V528541	07/03/2025	REDWIRE LLC	7/25 MONITORING	599202	$62.50
V528541	07/03/2025	REDWIRE LLC	7/25 MONITORING	599203	$62.50
V528541	07/03/2025	REDWIRE LLC	7/25 MONITORING	599204	$62.50
V528542	07/03/2025	REPUBLIC SERVICES OF FLORIDA LP	307620014153 3815494	762003815494	$384.12
V528542	07/03/2025	REPUBLIC SERVICES OF FLORIDA LP	307620014181 3809696	762003809696	$1,207.25
V528543	07/03/2025	ROBERT WHITMORE FUND	DED:120 WHITMORE	PAY563P	$228.07
V528544	07/03/2025	SAFETY PRODUCTS INC	SUPPLIES, HAZMAT SAFETY P	2025-064285	$4,744.19
V528545	07/03/2025	SAULNIER ENTERPRISES INC	6/25 ILS ANNUAL MAINT	6444	$1,950.00
V528545	07/03/2025	SAULNIER ENTERPRISES INC	6/25 MALSR ANNUAL FEE	6444	$200.00
V528546	07/03/2025	SJUR SOLUTIONS INC	ADDITIONAL COST OF $20 PE	1118CM	($4,000.00)
V528546	07/03/2025	SJUR SOLUTIONS INC	ADDITIONAL COST OF $20 PE	1132	$14,100.00

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V528546	07/03/2025	SJUR SOLUTIONS INC	ADDITIONAL SERVICES OF VI	1118CM	$1,400.00
V528546	07/03/2025	SJUR SOLUTIONS INC	ADDITIONAL SERVICES OF VI	1132	$6,335.00
V528546	07/03/2025	SJUR SOLUTIONS INC	MINIMUM OF 200 INSPECTION	1132	$4,000.00
V528547	07/03/2025	TYLER TECHNOLOGIES INC	IMPLEMENTATION SERVICES	45-523374	$14,800.00
V528547	07/03/2025	TYLER TECHNOLOGIES INC	IMPLEMENTATION SERVICES	45-523375	$14,800.00
V528547	07/03/2025	TYLER TECHNOLOGIES INC	IMPLEMENTATION SERVICES	45-523781	$11,200.00
V528547	07/03/2025	TYLER TECHNOLOGIES INC	IMPLEMENTATION SERVICES	45-524433	$10,200.00
V528547	07/03/2025	TYLER TECHNOLOGIES INC	IMPLEMENTATION SERVICES	45-526119	$1,600.00
V528547	07/03/2025	TYLER TECHNOLOGIES INC	IMPLEMENTATION SERVICES	45-526882	$9,600.00
V528547	07/03/2025	TYLER TECHNOLOGIES INC	TRAVEL	45-523781	$2,030.70
V528547	07/03/2025	TYLER TECHNOLOGIES INC	TRAVEL	45-524433	$907.09
V528547	07/03/2025	TYLER TECHNOLOGIES INC	TRAVEL	45-526882	$618.01
V528548	07/03/2025	UNIFIRST CORPORATION	WASTEWATER UNIFORM SERVIC	3370500979	$207.78
V528548	07/03/2025	UNIFIRST CORPORATION	WATER UNIFORM SERVICES: P	3370500979	$170.01
V528549	07/03/2025	US ECOLOGY TAMPA INC	RENEWAL PROCESS FEE	1226638	$440.00
V528550	07/03/2025	WEST FLORIDA AGGREGATES LLC	DRAINAGE	42977	$2,377.44
V528550	07/03/2025	WEST FLORIDA AGGREGATES LLC	FDOT COMPLIANT LIMEROCK S	42977	$3,813.36
V528551	07/03/2025	WHETSTONE OIL COMPANY INC	WATER OPERATIONS FUEL - D	386862	$1,372.47
V528551	07/03/2025	WHETSTONE OIL COMPANY INC	WATER OPERATIONS FUEL - D	386878	$826.59
V528551	07/03/2025	WHETSTONE OIL COMPANY INC	WATER OPERATIONS FUEL - D	386879	$728.15
V528551	07/03/2025	WHETSTONE OIL COMPANY INC	WATER OPERATIONS FUEL - D	386880	$1,579.77
V528551	07/03/2025	WHETSTONE OIL COMPANY INC	WATER OPERATIONS FUEL - D	386881	$1,316.26
V528551	07/03/2025	WHETSTONE OIL COMPANY INC	WATER OPERATIONS FUEL - D	386882	$1,451.04
V528552	07/03/2025	WSP USA INC	PROF SVC THRU 5/31/25	40207975	$10,871.08
Summary					**$1,594,315.51**

Note: If Vendor Name is "VOID-VOID-VOID", this signifies a payroll ACH Transaction
If Check Number begins with "EFT", this payment was processed electronically
If Check Number begins with "I", this payment was an internal payment within BCC departments
If Check Number begins with "V" this payment was an ACH payment to a Vendor electronically

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Check Number	Check Date	Vendor Name	Transaction Description	Invoice Number	Transaction Amount
286343	07/09/2025	ADAMS HOMES OF NW FL INC	11384 FULMAR RD	IA31810-00	$201.15
286344	07/09/2025	ADAMS HOMES OF NW FL INC	10301 NODDY TERN RD	IA31863-00	$201.15
286345	07/09/2025	ADAMS HOMES OF NW FLORIDA INC	1440 HATHAWAY AVE	S814192-00	$27.43
286346	07/09/2025	ADAMS HOMES OF NW FLORIDA INC	13221 GULF BAY LN	IA31847-00	$336.19
286347	07/09/2025	ADAMS HOMES OF NW FLORIDA INC	13213 GULF BAY LN	IA31848-00	$336.19
286348	07/09/2025	AMANDA L SPADAFORA	2069 BANBURY LN	S900042-03	$112.56
286349	07/09/2025	BRANDON NUBY	1410 MARINER BLVD	S901277-04	$108.39
286350	07/09/2025	BRANDON R VICENTE	27149 SIMONA AVE	HL00319-02	$184.42
286351	07/09/2025	CARIN BLATT	4150 PORTILLO RD APT 25	S809652-10	$163.03
286352	07/09/2025	CARMEN L SIMPSON	7544 HEATHER WALK DR	RH00316-07	$81.85
286353	07/09/2025	CHEYENNE KATSANAKIS	14128 POMONA AVE	S910864-04	$99.61
286354	07/09/2025	CODY J BOCKHORN	9263 GERONA ST	S804558-04	$117.48
286355	07/09/2025	DE YU ZHEND	10403 FAIRCHILD RD	S809907-00	$142.79
286356	07/09/2025	DEANNA & RACHEL PEEBLES	1146 CABERNET PL	EN00068-04	$265.65
286357	07/09/2025	DISCOVERY POINT SEVEN HILLS	100 SEVEN HILLS DR	C103497-01	$2,770.93
286358	07/09/2025	DONAVIN A BOHUN	9613 RIVER RD	S807188-01	$139.95
286359	07/09/2025	EDD C & CHRISTINE M TIMMONS	1011 GREENTURF RD	S800138-02	$163.40
286360	07/09/2025	FRANCISCO FLORES & AURIMAR ARTEAGA	7459 CANTERBURY ST	S908905-15	$51.45
286361	07/09/2025	GIL S CUEVAS ORTIZ	607 PAINTED LEAF DR	TR00042-04	$201.16
286362	07/09/2025	GLORYVEE ROMAN	4116 JASON RD	S800529-04	$65.84
286363	07/09/2025	GULF KEY RENTALS LLC	4732 ELWOOD RD	S807321-09	$50.42
286364	07/09/2025	IAN A TOWNSEND & KYLIE A MARSHALL	1165 FINLAND DR	S908741-01	$112.18
286365	07/09/2025	JAMES DONOVAN	9467 NORTHVALE ST	S813712-06	$108.18
286366	07/09/2025	JANETH LALLAVE	3074 DOTHAN AVE	S904783-01	$40.04
286367	07/09/2025	JENNIFER DINKELMEYER	6520 PINE MEADOWS DR	TP01100-05	$116.22
286368	07/09/2025	JENNIFER RABORN	7462 BLACKHAWK TRL	WK00238-16	$58.65
286369	07/09/2025	JERRY L BERRIOS	5240 MARINER BLVD	C908014-05	$183.21
286370	07/09/2025	JERRY L BERRIOS	5240 MARINER BLVD	C908014-05	$183.21
286371	07/09/2025	JILL KEARNEY TESKE	429 MERRIMAC LN	S605248-12	$165.38
286372	07/09/2025	JOAN & RICHARD BURMANN	8007 PICKETTS CT	RH00670-12	$112.48
286373	07/09/2025	JOELLY & JUSTIN TORRES	6245 FINE ST	WW00527-11	$45.60
286374	07/09/2025	JOHN M WHITENER	2615 SAW GRASS CIR	TP01082-02	$446.83
286375	07/09/2025	JORGE DELGADO	11264 SEDGEFIELD AVE	S802225-03	$11.12
286376	07/09/2025	JOSEPH LOMBARDO	2171 WHITEWOOD AVE	S907015-02	$43.01
286377	07/09/2025	KATHERINE E MACKAY	1452 HAULOVER AVE	S809818-04	$40.10
286378	07/09/2025	KENNETH L BODE	7385 FIRST CIRCLE DR	HI00168-07	$11.03
286379	07/09/2025	LEWIS D & KELLY ANN ACKER	14627 BROOKRIDGE BLVD	BK02633-00	$54.49
286380	07/09/2025	LINDA C LOCKWOOD	10075 HUCKLEBERRY DR	S802417-01	$169.13
286381	07/09/2025	LINDA J BAROODY	5155 KENMORE ST	S807986-05	$8.97
286382	07/09/2025	LUCAS HAWKINS & MEGAN ALASCIA	546 HARTFORD HEIGHTS ST	AV00499-01	$78.58
286383	07/09/2025	MARGARET S UMPHREY	3259 WINDJAMMER DR	WD00073-04	$204.28
286384	07/09/2025	MARK J KELLER	4150 PORTILLO RD APT 35	S811073-04	$134.94

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Check Number	Check Date	Vendor Name	Transaction Description	Invoice Number	Transaction Amount
286385	07/09/2025	MICHAEL & LAUREN E KEELER	27143 THORNCREST AVE	HL00218-05	$40.98
286386	07/09/2025	MICHAEL & RUDE KELLY MARR	5059 MOCKINGBIRD DR	RM00049-11	$50.00
286387	07/09/2025	MICHAEL & RUDE KELLY MARR	5059 MOCKINGBIRD DR	RM00049-11	$20.00
286388	07/09/2025	MICHAEL A SMEE	1057 STRATTON AVE	S911622-08	$68.19
286389	07/09/2025	MICHAEL R LUMPP	4594 ESSEX LN	S606288-15	$124.31
286390	07/09/2025	MYND MANAGEMENT INC	2201 HILLANDALE AVE	S802026-04	$85.09
286391	07/09/2025	OLIVIA M MITCHELL	11410 ELGIN BLVD	S812054-06	$54.37
286392	07/09/2025	OMAR ANDRES RAMIREZ LOPERA	8083 MONTROSE AVE	BK00162-13	$97.65
286393	07/09/2025	PAYTON ROCK	34942 LOUISE RD	TN00007-08	$83.96
286394	07/09/2025	RAMATOULAYE TRAORE	262 GLENN IVY TER	S813321-12	$160.89
286395	07/09/2025	REAL PROPERTY MANAGEMENT CONNECTION	6642 TREEHAVEN DR	S602487-10	$166.71
286396	07/09/2025	RICHARD J WHEELER	7124 BARCLAY AVE APT A	BV00051-24	$174.58
286397	07/09/2025	ROBERT & DANNA RODGERS	5179 MONTFORD CIR	S600608-05	$37.80
286398	07/09/2025	ROBERT F LOWERY	5389 MARINER BLVD	S900866-09	$11.72
286399	07/09/2025	SARAH F TOMASELLO	6623 FREEPORT DR	S806873-13	$45.71
286400	07/09/2025	SHERRY L KRAUS	10274 BEDFORD RD	S813909-01	$43.19
286401	07/09/2025	STEPHANIE B ROSENBERGER	7425 BAYWOOD FOREST CIR	TB00206-04	$116.24
286402	07/09/2025	STEPHEN G TATE	8445 GALLUP RD	S801345-01	$107.08
286403	07/09/2025	SUMMER JONES	183 HAGUE CT	S600620-01	$22.88
286404	07/09/2025	TAELA L MOBLEY	6168 MARINER BLVD	S910075-12	$11.70
286405	07/09/2025	THE JOSEPH & LORETTA BRUNO REVOC TR	1038 GREENTURF RD	S801712-04	$171.87
286406	07/09/2025	TRADE IN HOLDINGS LLC	10169 HOLLY BERRY DR	GL01092-07	$130.64
286407	07/09/2025	TYLER KALLAI	1217 BURGUNDY CT	EN00022-03	$119.80
286408	07/09/2025	WAISANEN MANAGEMENT LLC	7367 CANTERBURY ST	S608646-02	$36.00
286409	07/09/2025	WAYNE A VERSCHUERE	7015 AMBER RIDGE DR	RW00365-06	$147.68
286410	07/09/2025	WILLIAM C MAMMEN	8070 HIDDEN HILLS DR	TB00885-04	$1.00
286411	07/09/2025	WILLIAM F ULTCH	3036 GLORIA AVE	S910098-05	$40.46
286412	07/11/2025	ALICE LERO	10/13/24 AL	24-114703	$102.36
286413	07/11/2025	ANGELA ANGLIN-PORTERFIELD	08/20/24 AA	24-94115	$97.48
286414	07/11/2025	BRIJBAG LAW	04/28/24 TS	24-42674	$963.86
286415	07/11/2025	CASEY PHILLIPS	PETTY CASH-HOME DEPOT	7-7-25	$38.30
286415	07/11/2025	CASEY PHILLIPS	PETTY CASH-UPS STORE	7-7-25	$30.14
286415	07/11/2025	CASEY PHILLIPS	PETTY CASH-WALMART	7-7-25	$52.71
286416	07/11/2025	CENTURYLINK	311272835 06/16-07/15	311272835I5	$71.12
286417	07/11/2025	CHARTER COMMUNICATIONS	169290201 6/21-7/20	169290201I5	$115.00
286418	07/11/2025	CHARTER COMMUNICATIONS	169292101 6/13-7/12	169292101H5	$209.99
286419	07/11/2025	CHARTER COMMUNICATIONS	248545301 6/21-7/20	248545301J5	$269.99
286420	07/11/2025	CHRISTOPHER CALDERON	TRAFFIC CONTROL	86203	$405.00
286421	07/11/2025	CHRISTOPHER MORITO	TRAFFIC CONTROL	86194	$405.00
286422	07/11/2025	CIT BANK NA	06/10-07-09 CPR LS	47292955	$113.90
286423	07/11/2025	CITY ELECTRIC SUPPLY CO	SIGNAL MATERIALS	BRV-191931	$58.40

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Check Number	Check Date	Vendor Name	Transaction Description	Invoice Number	Transaction Amount
286424	07/11/2025	CLEAR CUT LAWN CARE & LANDSCAPING	6/25 MOW/GRND MNT	4266	$7,150.00
286425	07/11/2025	COLE ALLERS	WL DEPOSIT	BKVAP-2507	$200.00
286426	07/11/2025	CORE & MAIN LP	WATERLINES MATERIALS, PAR	W860298	$43,752.30
286426	07/11/2025	CORE & MAIN LP	WATERLINES MATERIALS, PAR	W964469	$2,023.20
286427	07/11/2025	DANIEL & PIERRETTE GERVAIS	REISSUE CK 282466	BK02071-04R	$153.82
286428	07/11/2025	DAVID P MAHON	10/13/24 PM	24-114616	$70.00
286429	07/11/2025	DUKE ENERGY	9100 8194 7724	81947724I5	$946.01
286429	07/11/2025	DUKE ENERGY	9100 8502 2245	8502245I5	$1,121.02
286429	07/11/2025	DUKE ENERGY	9100 8502 2419	8502419I5	$39.71
286429	07/11/2025	DUKE ENERGY	9100 8506 7462	85067462H5	$30.80
286429	07/11/2025	DUKE ENERGY	9100 8506 9604	85069604I5	$68.99
286429	07/11/2025	DUKE ENERGY	9100 8507 0962	85070962I5	$424.70
286429	07/11/2025	DUKE ENERGY	9100 8552 1934	85521934I5	$79.98
286429	07/11/2025	DUKE ENERGY	9100 8552 2092	8552092I5	$153.28
286429	07/11/2025	DUKE ENERGY	9100 8605 5321	86055321I5	$88.07
286429	07/11/2025	DUKE ENERGY	9101 7087 5508	70875508I5	$11.30
286430	07/11/2025	ESTATE OF KATHRYN VADARIE REEVES	REISSUE CK 284951	GL00437-04R	$15.60
286431	07/11/2025	FIRE-DEX GW LLC	ADVANCED CLEANING - COAT	1-3029	$40.40
286431	07/11/2025	FIRE-DEX GW LLC	ADVANCED CLEANING - COAT	1-3037	$404.00
286431	07/11/2025	FIRE-DEX GW LLC	ADVANCED CLEANING - COAT	1-3054	$383.80
286431	07/11/2025	FIRE-DEX GW LLC	ADVANCED INSPECTION - COA	1-3029	$20.20
286431	07/11/2025	FIRE-DEX GW LLC	ADVANCED INSPECTION - COA	1-3037	$404.00
286431	07/11/2025	FIRE-DEX GW LLC	ADVANCED INSPECTION - COA	1-3054	$363.60
286431	07/11/2025	FIRE-DEX GW LLC	REPAIRS OF COAT & PANT AS	1-3029	$391.07
286431	07/11/2025	FIRE-DEX GW LLC	REPAIRS OF COAT & PANT AS	1-3037	$3,752.05
286431	07/11/2025	FIRE-DEX GW LLC	REPAIRS OF COAT & PANT AS	1-3054	$2,777.65
286432	07/11/2025	FORTILINE INC	SEWER LINES MATERIALS, PA	6919388	$4,196.00
286432	07/11/2025	FORTILINE INC	SEWER LINES MATERIALS, PA	6947469	$777.15
286432	07/11/2025	FORTILINE INC	SEWER LINES,SEWER PLANTS,	6946373	$120.00
286432	07/11/2025	FORTILINE INC	WATERLINES MATERIALS, PAR	6947469	$777.15
286432	07/11/2025	FORTILINE INC	WATERLINES MATERIALS, PAR	6949881	$116.70
286432	07/11/2025	FORTILINE INC	WATERLINES MATERIALS, PAR	6952396	$607.80
286432	07/11/2025	FORTILINE INC	WATERLINES MATERIALS, PAR	6953817	$420.00
286432	07/11/2025	FORTILINE INC	WATERLINES, WATERPLANTS,	6946373	$120.00
286432	07/11/2025	FORTILINE INC	WATERLINES, WATERPLANTS,	6953817	$50.00
286433	07/11/2025	FRIENDS RECYCLING LLC	RECYCLABLE PROCESSING	6-2025	$17,951.87
286434	07/11/2025	FRONTIER TITLE GROUP LLC	2025-072 FY22/23 CARR	CARROLL S	$20,000.00
286435	07/11/2025	GAS SOUTH LLC	2758676865 4/11-5/16	275287885487	$5,381.27
286435	07/11/2025	GAS SOUTH LLC	2758676865 5/17-6/17	275829186703	$2,705.16
286436	07/11/2025	GIVING TREE MUSIC INC	6307	6307	$475.00
286437	07/11/2025	HACH COMPANY	MATERIALS, SEWER LAB TEST	14548424	$300.75
286438	07/11/2025	HARVEY L PRINGLE	07/28/24 HP	24-79047	$34.64

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Check Number	Check Date	Vendor Name	Transaction Description	Invoice Number	Transaction Amount
286439	07/11/2025	HCUD-SOLID WASTE DIVISION	ACCT 285 JUN 25	JUN25285	$94.44
286439	07/11/2025	HCUD-SOLID WASTE DIVISION	ACCT 460 JUN 25	JUN25460	$6.66
286440	07/11/2025	HEALTHCARE CORRECTIONS X-RAY LLC	6/25 XRAYS	30364	$1,050.00
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	AC00024-02	AC0002402I5	$10.25
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	AC00097-00	AC0009700I5	$468.49
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	AC00101-00	AC0010100I5	$67.09
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	AC00152-01	AC0015201I5	$76.70
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	AC00176-00	AC0017600I5	$11.05
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	AC00188-00	AC0018800I5	$24.63
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	AC00195-00	AC0019500I5	$20.05
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	C100033-00	C10003300I5	$95.40
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	C101197-00	C10119700I5	$82.05
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	C602104-00	C60210400I5	$1,245.34
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	C811961-00	C8119610015	$34.83
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	HC00088-00	HC0008800H5	$59.08
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	MC00028-01	MC00028I5	$115.26
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	RS00003-00	RS0000300I5	$634.33
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	RS00018-00	RS0001800I5	$9.85
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	RZ00036-00	RZ0003600I5	$105.65
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	RZ00037-00	RZ0003700I5	$61.85
286441	07/11/2025	HERNANDO COUNTY UTILITIES DEPT	WV00047-00	WV0004700I5	$31.83
286442	07/11/2025	JANICE RODGERS	09/27/24 JR	24-108844	$155.00
286443	07/11/2025	JOSHUA DAVID RODRIGUEZ	TRAFFIC CONTROL	86200	$405.00
286444	07/11/2025	JUYE RICHARDSON	REIMB PLUMBING SVC	186-24526071	$530.00
286445	07/11/2025	KAREN PLOTKIN	03/08/24 MP	24-105271	$1,158.20
286446	07/11/2025	KENNETH W BEEKER	TRAFFIC CONTROL	86211	$270.00
286447	07/11/2025	LIFTNOW AUTOMOTIVE EQUIPMENT CORP	CHALLENGER LIFTS CL16-2-3	25000514	$92,104.20
286447	07/11/2025	LIFTNOW AUTOMOTIVE EQUIPMENT CORP	LIFT INSTALL	25000514 BAL	$15,796.00
286447	07/11/2025	LIFTNOW AUTOMOTIVE EQUIPMENT CORP	OLD POST REMOVAL	25000514 BAL	$5,396.00
286447	07/11/2025	LIFTNOW AUTOMOTIVE EQUIPMENT CORP	POST INSPECTION	25000514 BAL	$1,516.00
286447	07/11/2025	LIFTNOW AUTOMOTIVE EQUIPMENT CORP	TRAVEL	25000514 BAL	$720.00
286448	07/11/2025	LSC ENVIRONMENTAL PRODUCTS LLC	SERVICES UNDER CONTRACT N	INV0006524	$19,242.00
286448	07/11/2025	LSC ENVIRONMENTAL PRODUCTS LLC	SERVICES UNDER CONTRACT N	INV0006545	$25,253.00
286448	07/11/2025	LSC ENVIRONMENTAL PRODUCTS LLC	SERVICES UNDER CONTRACT N	INV0006553	$25,253.00
286449	07/11/2025	LUCIA CEVALLOS	02/09/24 LC	24-12882	$150.00
286450	07/11/2025	MASON BLAU & ASSOCIATES INC	PHASE, PROJECT COMPLETION	20015-41	$4,245.86
286451	07/11/2025	MCKIM & CREED INC	CSAP AND POCP DEVELOPMENT	235161	$572.36
286451	07/11/2025	MCKIM & CREED INC	PROJECT MANAGEMENT, ADMIN	235161	$308.69

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Check Number	Check Date	Vendor Name	Transaction Description	Invoice Number	Transaction Amount
286451	07/11/2025	MCKIM & CREED INC	RESPONDING TO FDEP COMMEN	235161	$141.16
286451	07/11/2025	MCKIM & CREED INC	RESPONDING TO FDEP COMMEN	238508	$2,677.96
286452	07/11/2025	MICHAEL P BROWN	TRAFFIC CONTROL	86199	$405.00
286453	07/11/2025	MILLER STRUCTURAL ENGINEERING INC	ANALYSIS OF EXISTING ROOF	910	$4,590.00
286454	07/11/2025	MORGAN & MORGAN	02/14/23 MH	23-15833	$548.00
286455	07/11/2025	NEXTRAN TRUCK CENTERS	MACK TRUCK OUTSIDE REPAIR	3W48860	$1,085.14
286455	07/11/2025	NEXTRAN TRUCK CENTERS	MACK TRUCK OUTSIDE REPAIR	3W48862	$664.18
286455	07/11/2025	NEXTRAN TRUCK CENTERS	MACK TRUCK OUTSIDE REPAIR	3W48865	$1,004.75
286456	07/11/2025	ODYSSEY MANUFACTURING CO	CHLORINE LIQUID, CHLORINE	86229	$1,750.00
286456	07/11/2025	ODYSSEY MANUFACTURING CO	CHLORINE LIQUID, CHLORINE	86876	$1,618.75
286456	07/11/2025	ODYSSEY MANUFACTURING CO	CHLORINE LIQUID, PURCHASE	85565	$3,206.00
286456	07/11/2025	ODYSSEY MANUFACTURING CO	CHLORINE LIQUID, PURCHASE	85567	$3,762.50
286456	07/11/2025	ODYSSEY MANUFACTURING CO	CHLORINE LIQUID, PURCHASE	85994	$8,750.00
286456	07/11/2025	ODYSSEY MANUFACTURING CO	CHLORINE LIQUID, PURCHASE	86227	$1,443.75
286456	07/11/2025	ODYSSEY MANUFACTURING CO	CHLORINE LIQUID, PURCHASE	86228	$3,206.00
286456	07/11/2025	ODYSSEY MANUFACTURING CO	CHLORINE LIQUID, PURCHASE	86230	$2,275.00
286456	07/11/2025	ODYSSEY MANUFACTURING CO	CHLORINE LIQUID, PURCHASE	86875	$3,251.50
286457	07/11/2025	PHILIP SCHIFANO	06/19/24 PS	24-63359	$150.00
286457	07/11/2025	PHILIP SCHIFANO	08/12/24 PS	24-91319	$150.00
286458	07/11/2025	PREMIER COMMUNITY HEALTHCARE GROUP	DENTAL SVC 6/2025	2	$5,000.00
286459	07/11/2025	PUBLIC DEFENDER 5TH JUDICIAL CIRC	4TH QTR IT PERSONNEL	JUL-SEP 25	$32,604.25
286460	07/11/2025	REBECCA GARRETT	PETTY CASH	7-1-25	$123.33
286461	07/11/2025	RICHARD KLOS	01/19/24 RK	24-7524	$150.00
286461	07/11/2025	RICHARD KLOS	02/19/24 RK	24-16461	$150.00
286461	07/11/2025	RICHARD KLOS	03/17/24 RK	24-25719	$150.00
286462	07/11/2025	RICHARD SCILEX	SECURITY DEP REFUND	BKVAP-2506	$234.20
286463	07/11/2025	THE RIGHT EQUIP CO OF TAMPA BAY LLC	6/8-7/7/25 CPR LE	AR38756	$244.95
286464	07/11/2025	ROBERT CAVALLUCCI	#CS31-8022 LULLWATER	696	$400.00
286465	07/11/2025	ROSE DORLINE	10/12/24 IJ	24-114412	$300.00
286466	07/11/2025	SANDRA ROMAINE	02/14/23 SR	23-15951	$312.00
286467	07/11/2025	STANTEC CONSULTING SERVICES INC	CONSULT-P/E 06/25/25	2415735	$4,812.50
286468	07/11/2025	STEPHANIE SNOEK	TRAFFIC CONTROL	86205	$405.00
286469	07/11/2025	TEXT EM ALL LLC	854758 JUN 25	107621	$139.38
286470	07/11/2025	THOMAS J SPADE	REISSUE CK 285005	KW00010-01R	$99.44
286471	07/11/2025	TIME SAVERS LANDSCAPING INC	ROW MOWING HBEACH	1663	$6,150.00
286472	07/11/2025	TONOAH A HART	MOW/EDGE-CYP LAKES	242510	$200.00
286472	07/11/2025	TONOAH A HART	MOW/EDGE-FIC HAMMOCK	242510	$250.00
286472	07/11/2025	TONOAH A HART	MOW/EDGE-LAKE TWNSND	242510	$350.00

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286472	07/11/2025	TONOAH A HART	MOW/EDGE-PECK SINK	242510	$1,500.00
286473	07/11/2025	TRAVELERS	POL 15P64114ZLP	662714	$3,772.50
286474	07/11/2025	TRI COUNTY LOCKSMITH	EMERGENCY LOCKSMITH SERVI	79018	$1,028.00
286475	07/11/2025	TYLER FERRO	TRAFFIC CONTROL	86221	$270.00
286476	07/11/2025	VESTIS SERVICES LLC	SOLID WASTE UNIFORM SERVI	27321719	$127.07
286477	07/11/2025	WATER AND AIR RESEARCH INC	PROF SVC 4/05-5/31/25	30747	$12,205.76
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	4/25-6/25 COPIES	5034788356	$172.58
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	4/25-6/25 COPIES	5034788778	$51.14
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	4/25-6/25 COPIES	5034788779	$243.72
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	5/25-6/25 COPIES	5034847503	$66.99
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	5/25-6/25 COPIES	5034856426	$46.73
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	5/25-6/25 COPIES	5034856428	$197.78
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	6/18-7/17/25 CPR LE	5034792604	$164.78
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	6/20-7/19/25 CPR LE	5034856428	$125.57
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	6/5-7/4/25 CPR LE	5034752878	$149.17
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	6/6-7/5/25 CPR LE	5034689012	$149.17
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	7/3-8/2/25 CPR LE	5034788356	$128.23
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	7/3-8/2/25 CPR LE	5034788778	$128.23
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	7/3-8/2/25 CPR LE	5034788779	$128.23
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	7/5-8/4/25 CPR LE	5034834597	$149.17
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	7/6-8/5/25 CPR LE	5034834598	$149.17
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	7/8-8/7/25 CPR LE	5034847503	$139.86
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	7/9-8/8/25 CPR LE	5034856426	$125.57
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	DOCUMENTATION FEE	5034689012	$75.00
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	DOCUMENTATION FEE	5034752878	$75.00
286479	07/11/2025	WELLS FARGO FINANCIAL / TOSHIBA	DOCUMENTATION FEE	5034792604	$75.00
286480	07/11/2025	WILLIAM KELLEY	TRAFFIC CONTROL	86196	$405.00
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1307104	1307104I5	$491.13
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1307117	1307117I5	$709.15
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693893	6092025P1	$2,439.78
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693894	6092025P1	$294.31
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693895	6092025P1	$974.46
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693896	6092025P1	$258.97
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693897	6092025P1	$370.91
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693898	6092025P1	$285.33
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693899	6092025P1	$1,368.01
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693900	6092025P1	$1,808.77
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693901	6092025P1	$77.96
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693902	6092025P1	$56.95
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693903	6092025P1	$786.76
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693904	6092025P1	$127.96

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286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693905	6092025P1	$301.44
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693906	6092025P1	$2,367.91
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693907	6092025P1	$113.89
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693908	6092025P1	$104.49
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693909	6092025P1	$301.85
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693910	6092025P1	$271.10
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693911	6092025P1	$89.58
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693912	6092025P1	$77.96
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693913	6092025P1	$407.23
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693914	6092025P1	$729.34
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693915	6092025P1	$416.35
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693916	6092025P1	$410.66
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693917	6092025P1	$156.35
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693918	6092025P1	$38.38
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693919	6092025P1	$181.52
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1693920	6092025P1	$373.97
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832256	6162025P15B	$58.15
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832265	61625P9-13	$41.77
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832269	61625P9-13	$46.08
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832270	61625P9-13	$48.45
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832275	61625P9-13	$48.55
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832284	1832284I5	$504.51
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832287	61625P9-13	$58.99
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832292	6162025P19	$214.02
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832297	6162025P20	$40.16
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832329	6162025P1	$255.56
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832330	61625P9-13	$48.45
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832331	61625P9-13	$48.87
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832332	61625P9-13	$65.23
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832333	61625P9-13	$249.53
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832334	6162025P2	$536.68
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832335	6162025P1	$48.02
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832336	61625P9-13	$49.21
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832337	61625P9-13	$71.36
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832338	61625P9-13	$54.37
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832339	61625P9-13	$72.22
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832340	6162025P1	$59.53
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832363	6162025P1	$48.24
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832364	6162025P1	$66.84
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832371	61625P9-13	$52.43
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832374	61625P9-13	$137.53
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832375	61625P9-13	$119.78

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286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832376	61625P9-13	$69.75
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832377	61625P9-13	$72.44
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832378	61625P9-13	$87.18
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832379	61625P9-13	$123.65
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832380	61625P9-13	$46.61
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832381	61625P9-13	$69.21
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832383	61625P9-13	$65.99
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832384	61625P9-13	$44.25
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832385	6162025P14	$1,697.36
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832387	61625P9-13	$65.45
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832395	6162025P14	$40,630.25
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832396	6162025P5	$349.16
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832397	6162025P5	$756.06
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832398	6162025P14	$186.35
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832399	61625P9-13	$47.59
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832400	61625P9-13	$51.35
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832401	61625P9-13	$97.09
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832402	61625P9-13	$48.02
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832404	61625P9-13	$47.06
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832405	61625P9-13	$54.05
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832406	61625P9-13	$60.39
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832410	61625P9-13	$42.95
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832416	61625P9-13	$58.13
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832417	61625P9-13	$44.37
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832418	61625P9-13	$55.55
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832421	6162025P14	$144.82
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832423	61625P9-13	$68.36
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832424	61625P9-13	$214.46
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832425	61625P9-13	$45.11
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832428	61625P9-13	$52.43
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832429	61625P9-13	$46.72
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832432	61625P9-13	$50.16
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832433	61625P9-13	$40.92
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832434	61625P9-13	$52.21
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832435	61625P9-13	$41.88
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832436	61625P9-13	$50.49
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832437	61625P9-13	$43.83
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832438	61625P9-13	$42.64
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832439	61625P9-13	$46.72
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832440	61625P9-13	$44.25
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832441	61625P9-13	$44.90
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832442	61625P9-13	$65.55

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286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832443	61625P9-13	$49.41
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832444	61625P9-13	$44.69
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832445	61625P9-13	$45.87
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832449	61625P9-13	$42.42
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832450	61625P9-13	$50.06
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832451	61625P9-13	$43.18
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832452	61625P9-13	$45.32
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832454	6162025P14	$171.36
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832455	6162025P14	$1,245.31
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832456	61625P9-13	$83.20
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832457	61625P9-13	$60.71
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832458	61625P9-13	$55.55
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832459	61625P9-13	$52.64
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832460	61625P9-13	$47.59
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832461	61625P9-13	$46.84
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832462	61625P9-13	$44.90
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832463	61625P9-13	$41.88
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832464	61625P9-13	$42.64
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832465	61625P9-13	$45.55
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832467	61625P9-13	$43.71
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832473	61625P9-13	$66.20
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832474	6162025P17B	$302.46
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832475	6162025P17B	$196.49
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832476	6162025P4	$335.81
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832477	6162025P18	$230.81
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832480	61625P9-13	$48.87
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832482	6162025P8	$165.94
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832483	61625P9-13	$56.08
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832484	61625P9-13	$51.03
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832485	6162025P20	$68.13
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832488	61625P9-13	$48.98
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832489	61625P9-13	$60.29
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832490	6162025P14	$1,447.96
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832491	6162025P14	$139.66
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832492	6162025P14	$1,627.25
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832494	6162025P14	$1,494.78
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832498	1832498H5	$361.01
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832504	6162025P15B	$47.48
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832509	6162025P20	$78.99
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832511	61625P9-13	$252.44
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832512	61625P9-13	$106.66
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832513	61625P9-13	$66.20

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286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832514	61625P9-13	$55.13
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832515	61625P9-13	$64.70
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832516	61625P9-13	$102.56
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832518	61625P9-13	$180.24
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832520	61625P9-13	$63.08
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832521	61625P9-13	$61.68
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832525	6162025P20	$42.32
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832530	6162025P15B	$40.59
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832536	6162025P8	$131.18
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832540	6162025P14	$256.55
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832541	6162025P14	$314.24
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832542	6162025P14	$3,606.06
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832544	6162025P6	$41.56
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832550	6162025P20	$87.40
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832551	6162025P6	$531.09
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832552	6162025P16	$429.74
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832560	61625P9-13	$45.76
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832561	61625P9-13	$86.86
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832562	61625P9-13	$98.48
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832564	61625P9-13	$92.78
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832565	61625P9-13	$67.70
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832567	6162025P20	$68.13
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832568	6162025P15B	$507.34
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832572	6162025P15B	$205.21
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832575	6162025P15B	$60.50
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832577	61625P9-13	$136.78
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832582	6162025P15B	$99.38
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832583	61625P9-13	$42.21
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832584	6162025P15B	$67.11
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832587	6162025P14	$284.15
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832589	6162025P20	$72.54
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832590	6162025P15B	$135.70
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832591	61625P9-13	$47.59
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832592	61625P9-13	$45.65
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832598	61625P9-13	$146.78
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832601	61625P9-13	$87.72
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832604	6162025P16	$42.32
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832612	61625P9-13	$107.40
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832613	61625P9-13	$64.47
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832614	61625P9-13	$69.31
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832615	6162025P3	$546.26
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832616	6162025P14	$1,330.26

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Check Number	Check Date	Vendor Name	Transaction Description	Invoice Number	Transaction Amount
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832621	6162025P16	$220.48
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832622	6162025P16	$386.50
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832627	6162025P20	$42.75
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832628	6162025P15B	$188.63
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832630	61625P9-13	$56.08
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832631	61625P9-13	$47.69
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832635	6162025P15B	$56.08
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832637	6162025P14	$334.73
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832639	6162025P20	$73.95
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832644	6162025P15B	$44.25
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832645	6162025P15B	$48.98
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832646	6162025P15B	$40.27
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832649	6162025P14	$143.40
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832652	6162025P6	$52.88
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832655	6162025P20	$70.83
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832662	6162025P14	$6,389.81
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832663	6162025P20	$107.40
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832664	6162025P14	$86.33
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832667	61625P9-13	$155.72
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832668	6162025P5	$353.46
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832669	6162025P5	$323.98
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832671	6162025P5	$580.36
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832676	61625P9-13	$162.92
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832677	61625P9-13	$634.92
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832678	61625P9-13	$77.82
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832680	6162025P20	$76.42
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832681	6162025P20	$81.19
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832682	61625P9-13	$51.78
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832683	61625P9-13	$53.08
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832685	6162025P15B	$388.38
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832687	6162025P4	$48.13
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832690	61625P9-13	$44.79
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832691	61625P9-13	$43.83
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832694	6162025P14	$43.71
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832695	6162025P14	$60.17
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832699	6162025P6	$40.16
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832700	61625P9-13	$62.00
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832704	6162025P17	$78.04
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832706	6162025P6	$47.16
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832707	6162025P6	$48.45
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832712	6162025P16	$216.72
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832717	61625P9-13	$62.11

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286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832718	6162025P19	$1,517.14
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832728	6162025P20	$77.93
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832729	6162025P20	$72.97
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832730	6162025P20	$83.85
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832731	6162025P20	$79.54
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832733	6162025P5	$154.10
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832740	61625P9-13	$63.19
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832744	61625P9-13	$44.47
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832746	61625P9-13	$157.86
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832750	61625P9-13	$81.49
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832753	6162025P20	$69.65
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832754	6162025P20	$40.16
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832755	61625P9-13	$63.84
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832756	61625P9-13	$51.24
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832758	6162025P15	$560.79
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832762	61625P9-13	$214.02
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832767	1832767I5	$40.16
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832778	1832778I5	$64.15
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832786	1832786I5	$456.88
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832790	61625P9-13	$55.76
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832798	1832798I5	$91.37
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832801	1832801I5	$1,064.70
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832808	1832808H5	$62.66
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832809	1832809I5	$43.07
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832812	61625P9-13	$74.59
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832822	1832822I5	$77.60
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832823	1832823I5	$78.99
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832824	1832824I5	$82.88
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832828	1832828I5	$241.21
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832841	1832841I5	$83.10
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832842	1832842I5	$76.42
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832850	1832850I5	$66.09
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832853	1832853I5	$158.94
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832869	1832869I5	$88.36
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832873	1832873I5	$470.73
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832874	1832874I5	$443.30
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832875	1832875I5	$689.03
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832876	1832876I5	$872.36
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832878	1832878I5	$4,545.17
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1832880	1832880I5	$205.31
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949884	1949884H5	$54.26
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949886	1949886I5	$158.85

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286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949888	1949888H5	$50.32
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949892	1949892I5	$4.68
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949900	1949900H5	$4.15
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949901	1949901H5	$517.17
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949910	1949910I5	$47.91
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949912	1949912I5	$3.66
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949914	1949914I5	$37.26
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949915	1949915I5	$11.71
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949916	1949916I5	$34.43
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949920	1949920H5	$43.38
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949922	1949922H5	$2.10
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949923	1949923H5	$56.01
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949924	1949924H5	$0.37
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949928	1949928H5	$5.51
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949929	1949929I5	$226.11
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949930	1949930H5	$13.30
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949931	1949931H5	$45.71
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949932	1949932H5	$0.30
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949935	1949935H5	$45.65
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949936	1949936H5	$86.76
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949948	1949948I5	$187.41
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949957	1949957H5	$40.16
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949958	1949958H5	$116.29
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949959	1949959H5	$2,370.06
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949966	1949966H5	$48.02
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949967	1949967H5	$55.13
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949969	1949969H5	$55.00
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949980	1949980I5	$3,000.63
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949981	1949981H5	$3,938.41
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949982	1949982H5	$1,783.00
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949985	1949985I5	$89.55
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949989	1949989I5	$97.51
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	1949990	1949990I5	$43.93
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2025073	6162025P7	$152.38
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2046474	6162025P17	$97.72
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2104698	2104698I5	$561.21
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2133301	2133301I5	$30.88
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2134152	2134152I5	$137.64
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2137278	2137278I5	$91.70
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2139821	2139821I5	$2.41
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2147885	2147885I5	$91.80
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2151784	2151784I5	$1.23

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286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2186374	2186374I5	$43.50
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2197363	2197363H5	$12.42
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2210486	2210486H5	$2.88
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2234712	2234712I5	$108.27
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2235915	2235915I5	$55.23
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2242791	2242791I5	$61.04
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2248562	2248562H5	$26.53
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2276894	2276894I5	$60.29
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2279232	2279232I5	$227.37
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2279839	2279839I5	$1,815.59
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2290780	2290780I5	$806.27
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2290786	2290786I5	$680.10
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2309999	2309999I5	$104.18
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2331523	2331523I5	$80.73
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2333084	2333084I5	$1,752.96
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2333914	6162025P7B	$649.72
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2338089	2338089I5	$1,231.91
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2340483	2340483I5	$66.09
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2345853	2345853I5	$2,667.29
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2350563	2350563I5	$80.07
286487	07/11/2025	WITHLACOOCHEE RIVER ELECTRIC CO-OP	2352821	2352821H5	$47.32
286488	07/11/2025	WRIGHT NATIONAL FLOOD INSURANCE CO	POL# 091152596043	1152596043	$2,205.00
V528553	07/09/2025	BANK OF AMERICA	BOA PCARD 6/5-7/4	0625VS	$488,402.21
V528554	07/11/2025	AB5 ENTERPRISES	MOW 5/19-6/19	100031	$3,000.00
V528554	07/11/2025	AB5 ENTERPRISES	MOW 5/19-6/19/25	267023	$13,265.00
V528555	07/11/2025	ALAN JAY FORD LINCOLN MERCURY INC	FIRE, VEH ID# 17769	FSED55826	$62,076.00
V528555	07/11/2025	ALAN JAY FORD LINCOLN MERCURY INC	FIRE, VEH ID#17593	FSED55827	$62,076.00
V528555	07/11/2025	ALAN JAY FORD LINCOLN MERCURY INC	LIBRARY, VEH ID# NEW	FSGC10668	$40,376.00
V528556	07/11/2025	AMERICAN TRACK GENERATIONS LLC	6/25 CROSS SGNL MNT	ATS2503619	$1,476.00
V528556	07/11/2025	AMERICAN TRACK GENERATIONS LLC	6/25 TRACK INSPECTN	ATS2503619	$956.00
V528557	07/11/2025	ARCHER WESTERN CONSTRUCTION LLC	21-R00077 LKHRT WTP	PAYREQ#26	$90,750.00
V528557	07/11/2025	ARCHER WESTERN CONSTRUCTION LLC	21-R00077 RETAINAGE	PAYREQ#26	($4,537.50)
V528558	07/11/2025	ASPHALT PAVING SYSTEMS INC	ASPHALT CONCRETE TYPE SP-	212735	$128.79
V528559	07/11/2025	BOUND TREE MEDICAL LLC	MEDICAL SUPPLIES ORDER WH	85828051	$1,846.20
V528559	07/11/2025	BOUND TREE MEDICAL LLC	MEDICAL SUPPLIES ORDER WH	85828052	$271.80
V528560	07/11/2025	BROWN AND BROWN OF FLORIDA INC	POL H6304D024658TXS24	21088676	$111.00
V528560	07/11/2025	BROWN AND BROWN OF FLORIDA INC	POL H6304D024658TXS24	21088677	$209.00
V528560	07/11/2025	BROWN AND BROWN OF FLORIDA INC	POL TULIP LAKEHOUSE	21104975	$3,166.00
V528561	07/11/2025	BRW CONTRACTING INC	23-C00489 MSW CELL 4	PAYREQ#5	$1,334,253.03
V528561	07/11/2025	BRW CONTRACTING INC	23-C00489 RETAINAGE	PAYREQ#5	($66,712.65)

Board of County Commissioners Checks Issued

Check Number	Check Date	Vendor Name	Transaction Description	Invoice Number	Transaction Amount
V528562	07/11/2025	C&D INDUSTRIAL MAINTENANCE LLC	LABOR RATE - REGULAR BUSI	20255660	$175.00
V528562	07/11/2025	C&D INDUSTRIAL MAINTENANCE LLC	SERVICE CALL - REGULAR BU	20255660	$150.00
V528563	07/11/2025	CATHEDRAL CORPORATION	JUN CYCLE #1 750097	347218	$2,060.53
V528563	07/11/2025	CATHEDRAL CORPORATION	JUN CYCLE #1 750097	618960	$4,360.72
V528563	07/11/2025	CATHEDRAL CORPORATION	JUN CYCLE #2 750097	347482	$1,953.89
V528563	07/11/2025	CATHEDRAL CORPORATION	JUN CYCLE #2 750097	618954	$4,268.70
V528564	07/11/2025	COASTAL ENGINEERING ASSOCIATES INC	PROF SVC THRU 5/30/25	358753	$51,723.45
V528564	07/11/2025	COASTAL ENGINEERING ASSOCIATES INC	PROF SVC THRU 6/30/25	358905	$1,612.50
V528564	07/11/2025	COASTAL ENGINEERING ASSOCIATES INC	PROF SVC THRU 6/30/25	358928	$18,525.75
V528565	07/11/2025	CORRECTCARE INTEGRATED HEALTH LLC	INMATE MED BILLING	OMB128	$4,824.87
V528566	07/11/2025	CROCKETTS TOWING LLC	TOWING SERVICES AS NEEDED	677266	$140.00
V528567	07/11/2025	GMR FENCE LAND SERVICES	PART (1) MOWING SPRING HI	1065	$16,860.00
V528568	07/11/2025	GORDON B LINK INDUSTRIES INC	ACCT SA04 3203-01	457187	$662.19
V528569	07/11/2025	HAGAN HOLDING COMPANY	REMOVAL OF OIL AND PETROL	690316	$305.00
V528570	07/11/2025	HAWKINS INC	CHLORINE, LIQUID: SMALL Q	7101996	$1,715.00
V528570	07/11/2025	HAWKINS INC	CHLORINE, LIQUID: SMALL Q	7101997	$1,837.50
V528570	07/11/2025	HAWKINS INC	CHLORINE, LIQUID: SMALL Q	7103376	$612.50
V528570	07/11/2025	HAWKINS INC	CHLORINE, LIQUID: SMALL Q	7103377	$1,837.50
V528570	07/11/2025	HAWKINS INC	CHLORINE, LIQUID: SMALL Q	7103378	$661.50
V528570	07/11/2025	HAWKINS INC	CHLORINE, LIQUID: SMALL Q	7104927	$367.50
V528570	07/11/2025	HAWKINS INC	CHLORINE, LIQUID: SMALL Q	7104928	$122.50
V528570	07/11/2025	HAWKINS INC	CHLORINE, LIQUID: SMALL Q	7109070	$1,837.50
V528570	07/11/2025	HAWKINS INC	CHLORINE, LIQUID: SMALL Q	7109071	$882.00
V528570	07/11/2025	HAWKINS INC	CHLORINE, LIQUID: SMALL Q	7109075	$1,592.50
V528570	07/11/2025	HAWKINS INC	CHLORINE, LIQUID: SMALL Q	7109077	$649.25
V528571	07/11/2025	HEATHER PROPERTY OWNERS	QTR1 25 MSBU LNDSCP	23517	$700.00
V528571	07/11/2025	HEATHER PROPERTY OWNERS	QTR2 25 MSBU LNDSCP	25527	$700.00
V528571	07/11/2025	HEATHER PROPERTY OWNERS	QTR3 25 MSBU LNDSCP	28452	$700.00
V528572	07/11/2025	HERNANDO COUNTY CLERK OF CIRCUIT	04/25 BOCC ESCROW	566876	$10.00
V528572	07/11/2025	HERNANDO COUNTY CLERK OF CIRCUIT	04/25 BOCC ESCROW	567137	$35.50
V528572	07/11/2025	HERNANDO COUNTY CLERK OF CIRCUIT	04/25 BOCC ESCROW	567160	$185.00
V528572	07/11/2025	HERNANDO COUNTY CLERK OF CIRCUIT	04/25 BOCC ESCROW	567165	$542.00
V528572	07/11/2025	HERNANDO COUNTY CLERK OF CIRCUIT	04/25 BOCC ESCROW	568369	$428.00
V528572	07/11/2025	HERNANDO COUNTY CLERK OF CIRCUIT	04/25 BOCC ESCROW	569438	$392.50
V528572	07/11/2025	HERNANDO COUNTY CLERK OF CIRCUIT	04/25 BOCC ESCROW	569481	$50.00
V528572	07/11/2025	HERNANDO COUNTY CLERK OF CIRCUIT	04/25 BOCC ESCROW	570288	$10.00
V528573	07/11/2025	HERNANDO COUNTY CLERK OF CIRCUIT	ANDERSON SNOW SPLASH	IT25-058	$19,558.20
V528573	07/11/2025	HERNANDO COUNTY CLERK OF CIRCUIT	FIRSTNET ESIM 5/5-6/4	IT25-063	$791.78
V528574	07/11/2025	HERNANDO COUNTY SCHOOL DISTRICT	JUN 25 IMPACT FEES	JUNE 25	$406,353.64
V528575	07/11/2025	HERNANDO COUNTY SHERIFFS OFFICE	ANNUAL RADIO FY24/25	2-24-25EMG	$2,132.00
V528576	07/11/2025	HERNANDO COUNTY SHERIFFS OFFICE	IN-CAR CAMERA REIMB	8282097828	$48,060.00

Board of County Commissioners Checks Issued

Check Number	Check Date	Vendor Name	Transaction Description	Invoice Number	Transaction Amount
V528577	07/11/2025	INGENUITY ENGINEERS INC	REVIEW EXISTING DRAWINGS/	I25284.0-01	$2,075.00
V528578	07/11/2025	INTEGRITY RESOURCES STAFFING INC	272 WE 06/15/25	13-33415	$4,137.60
V528578	07/11/2025	INTEGRITY RESOURCES STAFFING INC	272 WE 06/22/25	13-33438	$3,103.20
V528578	07/11/2025	INTEGRITY RESOURCES STAFFING INC	323 WE 06/08/25	13-33393	$2,068.80
V528578	07/11/2025	INTEGRITY RESOURCES STAFFING INC	323 WE 06/15/25	13-33416	$1,861.92
V528578	07/11/2025	INTEGRITY RESOURCES STAFFING INC	323 WE 06/22/25	13-33439	$1,861.92
V528578	07/11/2025	INTEGRITY RESOURCES STAFFING INC	360 WE 06/22/25	13-33440	$2,396.82
V528579	07/11/2025	JONES EDMUNDS & ASSOCIATES INC	PROF SVC 4/28-5/25/25	256536	$245,805.38
V528579	07/11/2025	JONES EDMUNDS & ASSOCIATES INC	RFQ FOR THE GLEN WRF ENGI	255589	$19,070.01
V528580	07/11/2025	LAWN SPA LLC	MOWING, STATION NO. 1 - 1	5152	$300.00
V528580	07/11/2025	LAWN SPA LLC	MOWING, STATION NO. 11 -	5152	$375.00
V528580	07/11/2025	LAWN SPA LLC	MOWING, STATION NO. 12 -	5152	$375.00
V528580	07/11/2025	LAWN SPA LLC	MOWING, STATION NO. 13 -	5152	$300.00
V528580	07/11/2025	LAWN SPA LLC	MOWING, STATION NO. 2 - 3	5152	$375.00
V528580	07/11/2025	LAWN SPA LLC	MOWING, STATION NO. 3 - 1	5152	$300.00
V528580	07/11/2025	LAWN SPA LLC	MOWING, STATION NO. 4 - 5	5152	$300.00
V528580	07/11/2025	LAWN SPA LLC	MOWING, STATION NO. 5 - 9	5152	$375.00
V528580	07/11/2025	LAWN SPA LLC	MOWING, STATION NO. 7 - 2	5152	$375.00
V528580	07/11/2025	LAWN SPA LLC	MOWING, STATION NO. 8 - 3	5152	$300.00
V528580	07/11/2025	LAWN SPA LLC	MOWING, STATION NO. 9 - 2	5152	$300.00
V528580	07/11/2025	LAWN SPA LLC	NEW LOCATION 7300 WINTER	5152	$450.00
V528580	07/11/2025	LAWN SPA LLC	NEW LOCATION: 3001 BROAD	5152	$300.00
V528581	07/11/2025	MES SERVICE COMPANY LLC	ITEM # LXFB10-R - PREMIUM	IN2290173	$936.00
V528581	07/11/2025	MES SERVICE COMPANY LLC	ITEM # LXFB10-R - PREMIUM	IN2290177	$936.00
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRE, REPAIR AND REPLACE,	10058776	$146.42
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRE, REPAIR AND REPLACE,	10058884	$1,859.51
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058695	$134.30
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058737	$541.88
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058779	$175.24
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058809	$863.92
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058816	$181.96
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058820	$42.18
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058823	$35.68
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058824	$752.84
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058828	$753.52
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058829	$129.06
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058831	$357.32
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058833	$535.98
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058835	$535.98
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058839	$619.92
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058855	$31.70

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Check Number	Check Date	Vendor Name	Transaction Description	Invoice Number	Transaction Amount
V528582	07/11/2025	MILLER BROS GIANT TIRE SERVICE INC	TIRES, PURCHASE & REPAIRS	10058876	($200.00)
V528583	07/11/2025	OPERATION PAR INC	254351 121222-011723	7-2-25	$2,168.00
V528584	07/11/2025	PACE ANALYTICAL SERVICES LLC	TESTING, LAB TESTING SERV	2535673415	$1,251.00
V528585	07/11/2025	PALMDALE OIL COMPANY LLC	FLEET SITE - DIESEL/UNLEA	SI-49422	$9,601.26
V528585	07/11/2025	PALMDALE OIL COMPANY LLC	FLEET SITE - DIESEL/UNLEA	SI-49608	$5,588.09
V528585	07/11/2025	PALMDALE OIL COMPANY LLC	FUEL, DIESEL CONTRACT PO	SI-49364	$1,411.23
V528585	07/11/2025	PALMDALE OIL COMPANY LLC	FUEL, DIESEL CONTRACT PO	SI-49365	$5,022.09
V528585	07/11/2025	PALMDALE OIL COMPANY LLC	WISCON SITE - DIESEL/UNLE	SI-49294	$7,300.50
V528585	07/11/2025	PALMDALE OIL COMPANY LLC	WISCON SITE - DIESEL/UNLE	SI-49295	$962.30
V528586	07/11/2025	PRISTINE SERVICES LLC	JANITORIAL SVC 6/25	25160	$862.60
V528586	07/11/2025	PRISTINE SERVICES LLC	JANITORIAL SVC 6/25	25161	$532.28
V528586	07/11/2025	PRISTINE SERVICES LLC	JANITORIAL SVC 6/25	25163	$2,279.28
V528586	07/11/2025	PRISTINE SERVICES LLC	JANITORIAL SVCS 6/25	25162	$992.86
V528587	07/11/2025	RATP DEV USA INC	TRANSIT MANAGEMENT AND OP	6OHE25	$250,410.63
V528588	07/11/2025	REDWIRE LLC	7/25 MONITORING	599142	$268.50
V528588	07/11/2025	REDWIRE LLC	7/25 MONITORING	599168	$33.00
V528588	07/11/2025	REDWIRE LLC	7/25 MONITORING	599191	$26.50
V528588	07/11/2025	REDWIRE LLC	REPAIR SERVICES AS NEEDED	586870	$567.91
V528588	07/11/2025	REDWIRE LLC	REPAIR SERVICES, AS NEEDE	599862	$212.81
V528588	07/11/2025	REDWIRE LLC	W4M110809S SAO 7/25	599140	$16.50
V528589	07/11/2025	RELX INC	42543M65X 6/1-6/30	3095882040	$405.68
V528590	07/11/2025	REPUBLIC SERVICES OF FLORIDA LP	307620000965 3810957	762003810957	$27.44
V528591	07/11/2025	SEGGIE CUSTOM BUILDERS LLC	23-T00040 FS4 PKG LOT	PAYREQ#5R1	$13,660.00
V528591	07/11/2025	SEGGIE CUSTOM BUILDERS LLC	23-T00040 RETAINAGE	PAYREQ#5R1	($683.00)
V528592	07/11/2025	SHI INTERNATIONAL CORP	CUSTOM FORERUNNER LICENSE	B19953458	$49,500.00
V528593	07/11/2025	SJUR SOLUTIONS INC	ADDITIONAL COST OF $20 PE	1135	$12,360.00
V528593	07/11/2025	SJUR SOLUTIONS INC	ADDITIONAL SERVICES OF VI	1135	$5,726.00
V528593	07/11/2025	SJUR SOLUTIONS INC	MINIMUM OF 200 INSPECTION	1135	$4,000.00
V528594	07/11/2025	SUPERIOR ASPHALT INC	SUPPLY AND DELIVERY OF PR	252044-02	$101,107.64
V528595	07/11/2025	TETRA TECH INC	DEBRI - HURR DEBBY	52353221	$2,771.08
V528595	07/11/2025	TETRA TECH INC	EPO - SUBSTANTIAL DAMAGE	25000372	$196,636.03
V528596	07/11/2025	THOMAS HOWELL FERGUSON PA	EPO-HURR CONSULT 4/25	147687-A	$18,354.00
V528597	07/11/2025	US ECOLOGY TAMPA INC	RENEWAL PROCESS FEE	1230682	$40.00
V528598	07/11/2025	VECTOR FLEET MANAGEMENT LLC	AUTOMOTIVE PARTS AND SUPP	296540	$112,581.62
V528598	07/11/2025	VECTOR FLEET MANAGEMENT LLC	MANAGEMENT FEE	296540	$7,901.73
V528599	07/11/2025	WEX BANK	0496001443936	105756996	$44,788.80
V528599	07/11/2025	WEX BANK	0496005041520	105767983	$396.01
V528600	07/11/2025	WSP USA INC	PROF SVC THRU 5/31/25	40207977	$2,350.70
Summary					**$4,371,584.65**

Note: If Vendor Name is "VOID-VOID-VOID", this signifies a payroll ACH Transaction
If Check Number begins with "EFT", this payment was processed electronically

Board of County Commissioners Checks Issued

If Check Number begins with "I", this payment was an internal payment within BCC departments
If Check Number begins with "V" this payment was an ACH payment to a Vendor electronically

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Transit
Prepared By: Georgia Lim
Initiator: Darlene Lollie
DOC ID: 16167
Legal Request Number: LR25-356
Bid/Contract Number:

TITLE

Submittal of Updated Transit Operations 2025 Title VI Plan to Federal Transit Administration

AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

From: Victoria Anderson
To: Georgia Lim; Darlene Lollie
Cc: Pamela Hare; Lisa Morgan
Subject: RE: Title VI Plan for Transit (LR 25-356)
Date: Friday, July 18, 2025 11:26:39 AM
Attachments: image002.png
2025-07-18 Hernando County - Title VI Plan with Board Date 081225.pdf
image001.png

Good morning,

Regarding the above LR, the Hernando County Title VI Plan is in compliance with the Federal Transit Administration (FTA) requirements as follows:

1. Title VI Notice to the Public, including a list of locations where the notice is posted __√__
2. Title VI Complaint Procedures (i.e., instructions to the public regarding how to file a Title VI discrimination complaint__√__
3. Title VI Complaint Form __√__
4. List of transit-related Title VI investigations, complaints, and lawsuits __√__
5. Public Participation Plan__√__
6. Language Assistance Plan for providing language assistance to persons with limited English proficiency (LEP)__√__
7. A table depicting the membership of non-elected committees and councils, the membership of which is selected by the recipient, broken down by race, and a description of the process the agency uses to encourage the participation of minorities on such committees __√__*Table not available, but Plan has a plan to cure deficiency.
8. Primary recipients shall include a description of how the agency monitors its subrecipients for compliance with Title VI, and a schedule of subrecipient Title VI Program submissions __√__
9. A Title VI equity analysis if the recipient has constructed a facility, such as a vehicle storage facility, maintenance facility, operation center, etc. __√__
10. A copy of board meeting minutes, resolution, or other appropriate documentation showing the board of directors or appropriate governing entity or official(s) responsible for policy decisions reviewed and approved the Title VI Program. For State DOT's, the appropriate governing entity is the State's Secretary of Transportation or equivalent. The approval must occur prior to submission to FTA. __√__*Not included for this review but a place is reserved for its inclusion for the final plan
11. Additional information as specified in chapters IV, V, and VI, depending on whether the recipient is a transit provider, a State, or a planning entity (see below).
    a. Service standards__√__

b. Service policies__√__

12. Demographic profile of the metropolitan area__√__
13. A description of the procedures by which the mobility needs of minority populations are identified and considered within the planning process__√__
14. Demographic maps that show the impacts of the distribution of State and Federal funds in the aggregate for public transportation projects __√__
15. Analysis of the MPO's transportation system investments that identifies and addresses any disparate impacts __√__
16. Description of the procedures the agency uses to ensure nondiscriminatory pass-through of FTA financial assistance (if requested) __√__
17. Description of the procedures the agency uses to provide assistance to potential subrecipients in a nondiscriminatory manner (if requested)__√__
18. Appendix J are not referenced in the Plan. Generally, just attaching an appendix without referencing it in the main plan is usually insufficient to make it an enforceable part of that plan. __√__

The attached Plan is approved as to form and legal sufficiency.

Note: In the event the BOCC date changes, you may revise the date in the Final stamped version of the Plan without resubmitting it for additional review. However, prior to making the change, please notify the CAO and provide the updated copy.

Thank you and have a safe day.

Victoria

Victoria Anderson
Assistant County Attorney
Hernando County Attorney's Office
20 North Main Street, Suite 462
Brooksville, FL 34601-2850
P 352-754-4122 Ext. 20134
F 352-754-4001
Email: vanderson@co.hernando.fl.us

From: Georgia Lim <glim@co.hernando.fl.us>
Sent: Monday, July 14, 2025 8:25 AM
To: Lisa Morgan <LMorgan@co.hernando.fl.us>
Cc: Darlene Lollie <DLollie@co.hernando.fl.us>; Pamela Hare <phare@co.hernando.fl.us>; Georgia Lim <glim@co.hernando.fl.us>
Subject: RE: Title VI Plan for Transit (LR 25-356)
Importance: High

Good morning,

Attached is the updated Title VI Plan with corrected date to reflect 7/22/2025.

Thank you,

Georgia Lim | Transit Financial Specialist
Hernando Department of Public Works
Transit Division
1525 E. Jefferson St. Brooksville, FL. 34601
Office: (352) 754-4060
Direct: (352) 540-6963
Email:glim@hernandocounty.us
Website:http://www.hernandobus.com
Office Hours: Monday-Friday, 7:00 AM – 4:00 PM

From: Lisa Morgan <LMorgan@co.hernando.fl.us>
Sent: Friday, July 11, 2025 3:26 PM
To: Georgia Lim <glim@co.hernando.fl.us>
Cc: Darlene Lollie <DLollie@co.hernando.fl.us>; Pamela Hare <phare@co.hernando.fl.us>
Subject: Re: Title VI Plan for Transit (LR 25-356)

Hi Georgia, this legal request h as been assigned to Victoria Anderson.

Kind regards,

Lisa Morgan
Paralegal
Hernando County Attorney's Office
20 North Main Street, Suite 462
Brooksville, FL 34601-2850
P 352-754-4122 Ext. 20132
F 352-754-4001

Email: lmorgan@co.hernando.fl.us

From: Georgia Lim <glim@co.hernando.fl.us>
Sent: Friday, July 11, 2025 9:40 AM
To: Pamela Hare <phare@co.hernando.fl.us>
Cc: Darlene Lollie <DLollie@co.hernando.fl.us>; Georgia Lim <glim@co.hernando.fl.us>
Subject: Legal Review Request (LR25-356) - Title VI Plan
Importance: High

Good morning,

Attached is legal review request for our Title VI Plan 2025.

This is our copy but making correction to date to reflect 7/22/2025. Right now, it is reflected in 6/18/2025 several places.

Thank you,

Georgia Lim | Transit Financial Specialist
Hernando Department of Public Works
Transit Division
1525 E. Jefferson St. Brooksville, FL. 34601
Office: (352) 754-4060
Direct: (352) 540-6963
Email:glim@hernandocounty.us
Website:http://www.hernandobus.com
Office Hours: Monday-Friday, 7:00 AM – 4:00 PM

Hernando County
Board of County Commissioners

Hernando County Transit – Title VI Plan

August 12, 2025

(pending BoCC approval)

Approved As To Form
And Legal Sufficiency

By *Victoria Anderson*
County Attorney's Office

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Date	Activity (Review/Update/Addendum/ Adoption/Distribution)	Concerned Person (Signature)	Remarks
5/10/2022	Title VI Plan updated and submitted for Board approval - approved		
8/12/2025	Title VI Plan updated and submitted for Board approval - approved		

INTRODUCTION

The Hernando County Board of County Commissioners (BoCC) is submitting this Title VI report to the Federal Transit Administration (FTA) on behalf of the Hernando County Transit Division (TheBus), the public transportation provider for Hernando County, Florida. This update includes the level and quality of transit service provided for minority and low-income areas and system-wide environmental justice policies and procedures, pursuant, as amended Title VI of the Civil Rights Act of 1964 and FTA Circular 4702.1B, 'Title VI Requirements and Guidelines for Federal transit Administration Recipients,' published October 1, 2012.

The objectives of FTA's Title VI Program are to:

- Ensure that the level and quality of public transportation service are provided in a nondiscriminatory manner.
- Promote full and fair participation in public transportation decision-making without regard to race, color, or national origin.
- Ensure meaningful access to transit-related programs and activities by persons with limited English proficiency.

This report is submitted to the FTA every three years and is intended to demonstrate compliance with Title VI. This report will detail policies and procedures for ensuring Title VI compliance, including key contacts, policies, and procedures.

TheBus works to continually provide the best transit service possible to Hernando County in a fair and equitable manner. As new services are added in the future, this plan provides sound guidance on serving all communities and needs in the Hernando County service area.

Title VI Program Checklist

Table 1 identities the Title VI Program reporting requirements described in FTA Circular 4702.1B and notes the associated page numbers in this report. The checklist follows the outline found in the circular and includes general requirements for all recipients of Federal funding assistance and all fixed-route transit and paratransit providers.

Table 1: Federal Title VI Program Requirements

	Requirement	Page # or Appendix
General Requirements		
1	Title VI Notice to the Public (English and Spanish)	Appendix D
2	Title VI Complaint Procedures	8/Appendix E
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Source: Federal Transit Administration (FTA) Circular 4702, chapters III and IV.

Board of County Commissioners- Hernando County, Florida

Title VI / Nondiscrimination Policy Statement & Management Commitment to the Title VI Plan

The Hernando County Transit Division (TheBus), as the designated public transportation provider for Hernando County, Florida, operates under the direction of the Hernando County Board of County Commissioners (BoCC). TheBus is committed to providing safe, reliable, and equitable transit service to all members of the public and recognizes its responsibility to the diverse community it serves.

Title VI of the Civil Rights Act of 1964

Title VI of the Civil Rights Act of 1964 prohibits discrimination based on race, color, or national origin in any program or activity receiving federal financial assistance. Specifically, Title VI states:

"No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." — 42 U.S.C. § 2000d

Environmental Justice and Limited English Proficiency

In alignment with federal guidance, including Executive Order 12898 on Environmental Justice and Executive Order 13166 on Limited English Proficiency (LEP**)**, TheBus is committed to ensuring:

- Fair treatment and meaningful involvement of all people—regardless of race, color, national origin, or income level—in transportation decisions.
- Proactive identification and mitigation of disproportionately high and adverse human health or environmental effects on low-income and minority communities.
- Meaningful access to transit-related programs and information for LEP populations through appropriate language assistance services.

Core Environmental Justice (EJ) Principles

TheBus adheres to the following EJ principles:

- To avoid, minimize, or mitigate disproportionately high and adverse effects on minority and low-income populations.
- To ensure full and fair participation by all potentially affected communities in the transit decision-making process.

- To prevent the denial of, reduction in, or significant delay in the receipt of benefits by minority and low-income populations.

Title VI Coordinator Designation and Management Commitment to Title VI

Hernando County Transit (TheBus)

TheBus does not currently have a designated Civil Rights Officer. In the absence of this position, the Transit Administrator is responsible for ensuring compliance with all Title VI requirements as set forth by the Federal Transit Administration (FTA).

The Transit Administrator holds primary responsibility for the implementation, monitoring, and enforcement of the Title VI Program. This includes:

- Ensuring nondiscrimination in all transit services and activities.
- Managing complaints related to Title VI and Equal Employment Opportunity (EEO) compliance.
- Overseeing program reporting and submissions.
- Monitoring compliance among contractors or subrecipients (if applicable); and
- Supporting internal staff in understanding and fulfilling civil rights obligations.

The Transit Administrator and supporting staff actively participate in Title VI implementation and uphold nondiscrimination as a central principle - equal in importance to all other obligations under federal financial assistance agreements with the U.S. Department of Transportation.

This designation and commitment affirm that TheBus will continue to operate all programs and services in a nondiscriminatory manner, ensuring equitable access and inclusion for all populations served.

Signed: _____ **Date:** 07/18/2025

Darlene Lollie
Transit Administrator

SECTION 1: GENERAL REQUIREMENTS

The following information addresses Title VI general reporting requirements, as described in in FTA Circular 4702.1B.

1. Title VI Notice to the Public

> *FTA Circular 4702.1B, Chapter III, Paragraph 5: Title 49 CFR 21.9(d) requires recipients to provide information to the public regarding the recipient's obligations under DOT's Title VI regulations and apprise members of the public of the protections against discrimination afforded to them by Title VI.*

A Title VI Notice to the Public must be displayed to inform a recipient's customers of their rights under Title VI. At a minimum, recipients must post the notice on the agency's website and in the public areas of the agency's office(s), including the reception desk, meeting rooms, website, etc.

In accordance with 49 CFR 21.9(d) and guidance provided in FTA Circular 4702.1B Chapter III-5, Hernando County Transit (TheBus) Title VI Notice of Rights (Notice) includes:

1. A statement that TheBus operates programs without regard to race, color, and national origin.
2. A description of the procedures members of the public should follow to request additional information on TheBus nondiscrimination obligations.
3. A description of the procedure members of the public should follow to file a discrimination complaint against TheBus.

Notice Posting Locations

The Notice to the Public will be posted at many locations to apprise the public of TheBus's obligations under Title VI and to inform them of the protections afforded them under Title VI. At a minimum, the notice will be posted in public areas of Hernando County Operations Facility's office including the reception area and in meeting rooms at the 700 Aeriform Drive, Brooksville, FL. TheBus has a Title VI Notice to the Public on its website (www.hernandobus.com), and on transit vehicles.

The Title VI notice is posted in English and Spanish. The notice also states that complaints may be filed directly with the Federal Transit Administration/Office of Civil Rights. A copy of that notice, in English and Spanish, is provided in **Appendix D**.

2. Hernando County Transit Division (TheBus) Discrimination Complaint Procedures

The following English and Spanish versions of the Hernando County Transit Division's Title VI complaint procedures are posted on TheBus website and are following Title VI Requirements.

FTA Circular 4702.1B, Chapter III, Paragraph 6: All recipients shall develop procedures for investigating and tracking Title VI complaints filed against them and make their procedures for filing a complaint available to members of the public.

Title VI Complaint Procedure

Hernando County Transit Division (TheBus) operates its programs and services without regard to race, color or national origin. To request a copy of this agency's Title VI program contact Hernando Transit Division.

Hernando County Transit Division's Title VI Complaint Procedures

Any person who believes she or he has been discriminated against on the basis of race, color, or national origin by the Hernando County Transit Division (hereinafter referred to as "the County") may file a Title VI complaint by completing and submitting the agency's Title VI Complaint Form (**Appendix E**). The following procedures will be followed to investigate formal Title VI complaints:

1. Filing of Title VI Complaints of Discrimination

Complaints can be submitted in person, postal mail, or received by email, with contact information. The County investigates complaints received no more than 180 days after the alleged incident. The County will only process complaints that are complete. To be considered, complainants must, at a minimum, include their name, contact information, date of the alleged incident, and a description.

Complaints should be in writing, signed by the complainant or his/her representative(s), and must include the complainant(s) name, address, and telephone number. Allegations of discrimination received via email will be acknowledged and processed. The complaint form can be accessed on TheBus website:

https://www.hernandocounty.us/home/showpublisheddocument/2220/637104450013730000 or the complainant may call (352) 540-6567 to obtain a complaint form.

Signed complaint forms should be submitted to:

Transit Administrator/Title VI Liaison
Hernando County Department of Public Works - Transit Division
1525 E. Jefferson St
Brooksville, FL 34601
Phone: (352) 540-6567
Email: thebus@hernandocounty.us

2. Complaint Investigation

Once the complaint is received, The County will review it to determine if our office has jurisdiction. The complainant will receive an acknowledgement letter within five (5) working days, informing him/her whether our office will investigate the complaint.

The County has ninety (90) days to investigate the complaint. If more information is needed to resolve the case, The County may contact the complainant. The complainant has ten (10) business days from the date of the letter to send the requested information to the Investigator assigned to the case. If the investigator is not contacted by the complainant or does not receive the additional information within ten (10) business days, The County can administratively close the case. A case can also be administratively closed if the complainant no longer wishes to pursue their case.

3. Disposition

After the investigator reviews the complaint, she/he will issue one of two letters to the complainant: a closure letter or a Letter of Findings (LOF). A closure letter summarizes the allegations and states that there was no Title VI violation and that the case will be closed. A LOF summarizes the allegations and the interviews regarding the alleged incident, and explains whether any disciplinary action, additional training of the staff member or other action will occur. If the complainant wishes to appeal the decision, she/he has seven (7) days to do so from the time he/she receives the closure letter or the LOF.

The complaint procedure is available to the public on Hernando County Transit (TheBus) website: www.hernandobus.com, and at the Hernando County Transit Division administrative facility.

A person may also file a complaint directly with the Federal Transit Administration, at FTA Office of Civil Rights, 1200 New Jersey Avenue SE, Washington, DC 20590.

4. Retaliation

Retaliation is prohibited under Title VI of the Civil Rights Act of 1964, as amended. It is the policy of Hernando County Government that persons filing a complaint of discrimination should have the right to do so without interference, intimidation, coercion, or fear of reprisal. If a person believes he or she has been discriminated against by any other branch of the Hernando County Government, they are directed to contact the Hernando County Office of Health and Human Services at (352) 540-4338

The Hernando County Transit complaint forms and associated procedures are available in English and Spanish in **Appendix E** of this plan and on TheBus website (www.hernandobus.com).

Si necesita información en otro idioma o necesita los documentos en otros formatos, por favor contactese con nosotros al número telefónico ya mencionado y se le prestará asistencia.

Procedimiento para Presentar Quejas del Título VI

La División de Tránsito del Condado de Hernando (TheBus) opera sus programas y servicios sin distinción de raza, color u origen nacional. Para solicitar una copia del programa del Título VI de esta agencia, comuníquese con la División de Tránsito de Hernando.

Procedimientos para Presentar una Queja según el Título VI

Cualquier persona que crea que ha sido discriminada por motivos de raza, color u origen nacional por la División de Tránsito del Condado de Hernando (en adelante, "el Condado") puede presentar una queja del Título VI completando y enviando el Formulario de Queja del Título VI de la agencia (**Apéndice E**). Se seguirán los siguientes procedimientos para investigar las quejas formales del Título VI:

1. Presentación de Quejas por Discriminación según el Título VI

Las quejas pueden presentarse en persona, por correo postal o por correo electrónico, incluyendo la información de contacto. El Condado investiga las quejas recibidas dentro de los 180 días posteriores al supuesto incidente. El Condado solo procesará las quejas que estén completas. Para ser consideradas, las quejas deben incluir, como mínimo, el nombre del denunciante, su información de contacto, la fecha del incidente alegado y una descripción de los hechos.

Las quejas deben presentarse por escrito, firmadas por el denunciante o su(s) representante(s), e incluir el nombre, dirección y número de teléfono del denunciante. Las alegaciones de discriminación recibidas por correo electrónico serán reconocidas y procesadas. El formulario de queja puede encontrarse en el sitio web de TheBus: https://www.hernandocounty.us/home/showpublisheddocument/5903/638618337752370000

También puede llamar al (352) 540-6567 para solicitar un formulario de queja.

El formulario debe ser completado, firmado y enviado a:
Administrador de Tránsito / Enlace del Título VI
Departamento de Obras Públicas del Condado de Hernando - División de Tránsito
1525 E. Jefferson St.
Brooksville, FL 34601
Teléfono: (352) 540-6567
Correo electrónico: thebus@hernandocounty.us

2. Investigación de la Queja

Una vez recibida la queja, el Condado la revisará para determinar si tiene jurisdicción. El denunciante recibirá una carta de acuse de recibo dentro de cinco (5) días hábiles, informándole si nuestra oficina investigará la queja.

El Condado tiene noventa (90) días para investigar la queja. Si se necesita más información para resolver el caso, el Condado puede comunicarse con el denunciante. El denunciante tiene diez (10) días hábiles desde la fecha de la carta para enviar la información solicitada al investigador asignado al caso. Si el investigador no es contactado por el denunciante o no recibe la información adicional dentro de los diez (10) días hábiles, el Condado podrá cerrar el caso administrativamente. Un caso también puede cerrarse administrativamente si el denunciante decide no continuar con el proceso.

3. Resolución

Después de que el investigador revise la queja, emitirá una de dos cartas al denunciante: una carta de cierre o una carta de determinación (LOF, por sus siglas en inglés). Una carta de cierre resume las alegaciones e indica que no hubo violación del Título VI y que el caso se cerrará. Una carta de determinación resume las alegaciones y entrevistas relacionadas con el incidente, y explica si se tomarán medidas disciplinarias, capacitación adicional del personal u otras acciones.

Si el denunciante desea apelar la decisión, tiene siete (7) días desde la recepción de la carta de cierre o la carta de determinación para hacerlo.

El procedimiento para presentar quejas está disponible al público en el sitio web de Hernando County Transit (TheBus): **www.hernandobus.com** y en la oficina de la División de Tránsito del Condado de Hernando.

También se puede presentar una queja directamente a la Administración Federal de Tránsito (FTA) en: FTA Office of Civil Rights**,** 1200 New Jersey Avenue SE, Washington, DC 20590

4. Represalias

Las represalias están prohibidas bajo el Título VI de la Ley de Derechos Civiles de 1964, según enmiendas posteriores. Es política del Gobierno del Condado de Hernando que las personas que presenten una queja de discriminación tengan el derecho de hacerlo sin interferencia, intimidación, coerción ni temor a represalias. Si una persona cree que ha sido objeto de discriminación por parte de otra dependencia del Gobierno del Condado de Hernando, debe comunicarse con la Oficina de Salud y Servicios Humanos del Condado de Hernando al (352) 540-4338.

Los formularios de queja y los procedimientos relacionados del Tránsito del Condado de Hernando están disponibles en inglés y español en el **Apéndice E** de este plan y en el sitio web del Tránsito del Condado de Hernando: **www.hernandobus.com**

3. Title VI Complaint Form

The Hernando County Transit complaint forms and associated procedures are available in English and Spanish in **Appendix E** of this plan and on the Hernando County Transit website (www.hernandobus.com).

4. List of Title VI Investigations, Complaints, and Lawsuits

> *FTA Circular 4702.1B, Chapter III, Paragraph 7: In order to comply with the reporting requirements of 49 CFR 21.9(b), FTA requires all recipients to prepare and maintain a list of any of the following that allege discrimination on the basis of race, color, or national origin: active investigations….; lawsuits, and complaints naming the recipient.*

In accordance with 49 CFR 21.9(b), Hernando County Transit must record and report any investigations, complaints, or lawsuits involving allegations of discrimination. The records of these events shall include the date the investigation, lawsuit, or complaint was filed; a summary of the allegations; the status of the investigation, lawsuit, or complaint; and actions taken by Hernando County Transit in response; and final findings related to the investigation, lawsuit, or complaint. The records for the previous three (3) years shall be included in the Title VI Plan when it is submitted to FDOT and FTA.

Hernando County Transit has had **no** investigations, complaints, or lawsuits involving allegations of discrimination on the basis of race, color, or national origin over the past three (3) years. A summary of these incidents is recorded in Table 2.

Table 2. Summary of Investigations, Lawsuits, and Complaints

	Date (Month, Day, Year)	Summary (include basis of complaint: race color or origin)	Status	Action(s) Taken
Investigations				
1.				
2.				
Lawsuits				
1.				
2.				
Complaints				
1)				
2)				

5. Public Participation Plan

FTA Circular 4702.1B, Chapter III, Paragraph 4.a.4: Every Title VI Plan shall include the following information: A public participation plan that includes an outreach plan to engage minority and limited English proficient populations, as well as a summary of outreach efforts made since the last Titel VI Plan submission. A recipient's targeted public participation plan of minority populations may be part of efforts that extend more broadly into include constituencies that are traditionally underserved, such as people with disabilities, low-income populations, and others.

The Public Participation Plan (PPP) for Hernando County Transit Division was developed and is implemented to ensure that all members of the public, including minorities, persons with disabilities, and individuals with Limited English Proficiency (LEP), are encouraged to participate in the decision-making process for Hernando County Transit (TheBus).

The activities identified in the PPP (see **Appendix F**) include a planned series of outreach efforts designed to engage a broad spectrum of the community. These efforts are specifically structured to ensure that low-income populations, minority groups, elderly, individuals with disabilities, LEP persons, and various ethnic and religious communities have equitable opportunities to participate and provide input on transportation services, planning initiatives, and programs developments.

TheBus seeks public input in all transit planning and decision-making activities. Updates to the Transit Division's portion of the County website provide current information on activities, including, but not limited to:

- Proposed service or fare changes
- Upcoming public meetings or workshops
- Transit Development Plan (TDP) updates
- Title VI and ADA-related notices and documents
- Public surveys and opportunities for feedback, and
- Language assistance and translated materials.

Additionally, outreach strategies may include attending community events and using social media to broaden engagement. Feedback collected through these efforts.

Recent Public Involvement Activities

The Hernando County Transit Division most recently implemented a successful PPP for the Hernando County FY 2025-34 Transit Development Plan (TDP) effort in calendar year 2024. This plan (see **Appendix J**)encouraged active participation from all community members, particularly Title VI-protected populations. Many of the PPP activities from the TDP are outlined in this section (see below). In addition, the TDP will be updated

annually, and may include some similar public participation activities that help inform updates to the plan.

The following is a summary of recent public outreach efforts:

- Public Meetings/Workshops/Open House:
  - Public Workshops/Open House at West Hernando and Spring Hill Libraries
  - Board of County Commissioners (BOCC)
  - Hernando/Citrus Metropolitan Planning Organization (MPO) Board
  - MPO Technical Advisory Committee (TAC)
  - MPO Citizens Advisory Committee (CAC)
  - MPO Transportation Disadvantaged Local Coordinating Board (TDLCB)
  - Hernando Chamber of Commerce Advocacy Committee Meeting
- Community Stakeholder Meeting and Interviews:
  - You Thrive Florida (Community Transportation Coordinator – CTC)
  - Pasco-Hernando State College
  - Hernando/Citrus MPO
  - United Way of Hernando County
  - Jericho Road Ministries
  - GOPASCO (Pasco County Public Transportation)
  - Citrus County Transit
  - Adventure Coast Visitors Bureau
  - City of Brooksville – Community Development Dept.
  - Hernando County – Dept. of Health & Human Services
- On-board and On-line Surveys
  - See Figure 1 and Figure 2 below for examples.

Figure 1. Hernando County Transit Surveys (On-board)

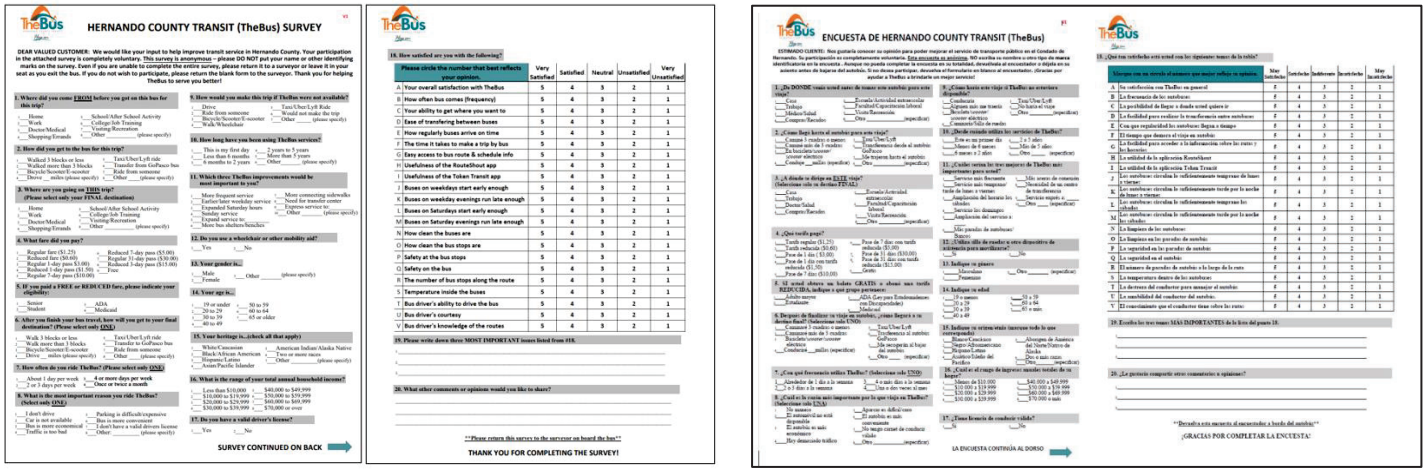


Figure 2. Hernando County Transit Online Survey Announcement

6. Meaningful Access to LEP Persons

Hernando County Transit Division operates a public transit system that serves residents and visitors throughout Hernando County, Florida. To ensure equitable access to services, the Division has developed this Language Assistance Plan (LAP) in accordance with federal regulations addressing the needs of individuals with Limited English Proficiency (LEP)—those who have a limited ability to read, write, speak, or understand English.

According to the U.S. Census Bureau, approximately 7,643 residents, or 3.97% of the Transit Division's service area population, report that they do not speak English "very well" (see Table 3). These individuals may encounter language-related barriers when attempting to access essential transit programs, services, or information.

In compliance with Executive Order 13166, Hernando County Transit Division is required to take reasonable steps to ensure that LEP individuals have meaningful access to the benefits, services, and information it provides. This includes offering language assistance and making key communications accessible to all users, regardless of their English language proficiency.

To support this mandate, the Transit Division utilized the U.S. Department of Transportation's LEP Guidance Handbook and conducted a comprehensive Four-Factor Analysis to evaluate language access needs and inform the development of this LAP. The analysis considers the following four factors:

1. The number or proportion of LEP persons in the service area who are eligible to be served or likely to encounter transit programs, services, or activities.
2. The frequency of contact LEP persons have with the Transit Division's programs, services, or staff.
3. The nature and importance of the programs, services, or activities provided by the Transit Division to the LEP population.
4. The resources available to the Transit Division and the associated costs of providing language assistance services.

The findings of this Four-Factor Analysis serve as the foundation of the County's Language Assistance Plan. The complete LAP, detailing language assistance strategies and implementation measures, is included in **Appendix G** of this Title VI Program.

Table 3. Limited English-Speaking Population - Hernando County, FL

Lanaguage Spoken	Esimated Population	Estimated Population Speaking English Less Than "Very Well"	Estimated Population Speaking English Less Than "Very Well"
English	168,589	N/A	N/A
Spanish	18,514	5,759	2.99%
French, Haitian, or Cajun	705	297	0.15%
German or other west Germanic Languages	994	106	0.05%
Russian, Polish, or other Slavic languages	726	241	0.13%
Other Indo-European languages	1,148	407	0.21%
Korean	50	23	0.01%
Chinese (incl. Mandarin, Cantonese)	336	191	0.10%
Vietnamese	338	201	0.10%
Tagalog (incl. Filipino)	360	70	0.04%
Other Asian and Pacific Island languages	576	302	0.16%
Arabic	201	24	0.01%
Other and unspecified languages	215	22	0.01%
Total	192,752	7,643	3.97%

7. Minority Representation on Non-elected Committees and Councils

FTA Circular 4702.1B, Chapter III, Paragraph 10: Recipients that have transit-related, non-elected planning boards, advisory councils or committees, or similar committees, the membership of which is selected by the recipient, must provide a table depicting the racial breakdown of the membership of those committees, and a description of efforts made to encourage the participation of minorities on such committees.

The Hernando County Transit Division (TheBus) ensures representation in regional planning and decision-making processes through staff participation in non-elected committees and councils. The following staff members are actively involved:

- Hernando/Citrus Metropolitan Planning Organization (MPO) Technical Advisory Committee (TAC)
- Hernando/Citrus Metropolitan Planning Organization (MPO) Transportation Disadvantaged Local Coordinating Board (TDLCB)

Transit-Related Advisory Committees

Several transit-related advisory committees that inform Hernando County Transit Division (TheBus) are administered by the Hernando/Citrus Metropolitan Planning Organization (MPO). These committees provide input on public transportation services, planning activities, and funding priorities.

Currently, the MPO does not request or collect racial or ethnic demographic data from applicants on volunteer interest forms, nor is such data utilized in the composition of these committees. As a result, a racial breakdown of advisory committee membership is unavailable and, therefore, is not included in this Title VI Program.

TheBus recognizes the importance of evaluating the diversity and representativeness of advisory committees as part of its ongoing commitment to equity and nondiscrimination. To that end, TheBus will collaborate with the MPO to explore the feasibility of collecting voluntary demographic data in the future, consistent with FTA Circular 4702.1B and best practices in inclusive public participation.

While committee appointments are not based on race, ethnicity, or national origin, the Hernando County Transit Division supports inclusive representation and encourages participation from individuals with diverse perspectives in all transit-related planning and advisory processes.

8. Sub-Recipient Compliance with Title VI

At this time, the Hernando County Transit Division does not have any sub-recipients receiving federal funding through its programs. However, in alignment with FTA Circular 4702.1B, the County has established monitoring mechanisms that would be applied should sub-recipients be designated in the future.

Although the County currently contracts with RATP Dev to operate and manage transit services, this entity is not classified as a sub-recipient. The Hernando County Transit Division remains the direct recipient and assumes full responsibility for Title VI compliance. The following oversight measures are in place to ensure all operations, including contracted services, comply with Title VI requirements:

- Periodic service surveys to assess service equity and customer experience.
- Unannounced inspections of vehicles, service facilities, and operations.
- Review of the contractor's Title VI policy, which is integrated into and consistent with Hernando County Transit's Title VI Plan.
- Review and follow-up on citizen complaints to ensure resolution and corrective action where applicable.

These monitoring activities help maintain accountability and ensure that all aspects of Hernando County Transit Division operations are in full compliance with Title VI of the Civil Rights Act of 1964.

Sub-Recipient Assistance and Monitoring

The Hernando County Transit Division currently has no sub-recipients that meet this requirement. If/when this changes, the Hernando County Transit Division will monitor any sub-recipient to ensure it meets all applicable Federal and State regulations. As a sub-recipient to FDOT, the Hernando County Transit Division utilizes the sub-recipient assistance and monitoring provided by FDOT, as needed.

Contractors and Subcontractors

The Hernando County Transit Division is responsible for ensuring that contractors are in compliance with Title VI requirements. Contractors may not discriminate in the selection and retention of any subcontractors. Subcontractors also may not discriminate against the selection and retention of any subcontractors. Hernando County Transit, contractors, and subcontractors may not discriminate against their employment practices in connection with federally assisted projects. Contractors and subcontractors are not required to prepare or submit a Title VI Plan.

Nondiscrimination Clauses

During the performance of a contract, the contractor, for itself, its assignees and successors in interest (hereinafter referred to as the 'Contractor") must agree to the following clauses:

1) **Compliance with Regulations:** The Contractor shall comply with the regulations relative to nondiscrimination in federally assisted programs of the U.S.

Department of Transportation (USDOT), as set forth in Title 49, Code of Federal Regulations (CFR), Part 21, as amended (hereinafter referred to as the "Regulations"), which are hereby incorporated by reference and made a part of this Agreement.

2) **Nondiscrimination**: The Contractor, with regard to the work performed under this contract, shall not discriminate on the basis of race, color, national origin, sex, age, disability, religion, or family status in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor shall not participate, either directly or indirectly, in the discrimination prohibited by 49 CFR §21.5, including employment practices where the contract covers a program set forth in Appendix B of the Regulations.

3) **Solicitations for Subcontractors, including Procurements of Materials and Equipment:** In all solicitations made by the Contractor, whether by competitive bidding or negotiation, for work to be performed under a subcontract—including procurement of materials or leases of equipment—each potential subcontractor or supplier shall be notified by the Contractor of its obligations under this contract and the Regulations regarding nondiscrimination.

4) **Information and Reports**: The Contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto. The Contractor shall permit access to its books, records, accounts, other sources of information, and its facilities, as may be determined by Hernando County Transit, the Florida Department of Transportation (FDOT), the Federal Transit Administration (FTA), the Federal Highway Administration (FHWA), the Federal Aviation Administration (FAA), and/or the Federal Motor Carrier Safety Administration (FMCSA), to be pertinent to ascertain compliance with such Regulations, orders, and instructions.

   Where any information required of the Contractor is in exclusive possession of another entity and that entity fails or refuses to furnish the information, the Contractor shall certify this to Hernando County Transit, FDOT, FTA, FHWA, FAA, and/or FMCSA as appropriate, and shall set forth the efforts made to obtain the information.

5) **Sanctions for Noncompliance:** In the event of the Contractor's noncompliance with the nondiscrimination provisions of this contract, Hernando County Transit may impose such contract sanctions as it deems appropriate, including, but not limited to:

   - Withholding payments until compliance is achieved; and/or
   - Cancellation, termination, or suspension of the contract, in whole or in part.

6) **Incorporation of Provisions**: The Contractor shall include the provisions of paragraphs (1) through (6) of this clause in every subcontract, including procurement of materials and leases of equipment, unless exempt by the

Regulations or directives issued pursuant thereto. The Contractor shall take such action with respect to any subcontract or procurement as Hernando County Transit, FDOT, FTA, FHWA, FAA, and/or FMCSA may direct as a means of enforcing such provisions, including sanctions for noncompliance.

Disadvantaged Business Enterprise (DBE) Policy

Federal Transit Administration (FTA) grant recipients must comply with Title 49 of the Code of Federal Regulations (CFR) Part 26 to ensure nondiscrimination in the award and administration of US Department of Transportation (US DOT)-assisted contracts. Recipients also must create a level playing field on which DBEs can compete fairly for US DOT-assisted contracts.

To that end, the Hernando County Transit Division (TheBus) staff developed and regularly updates a DBE Policy that outlines steps to ensure nondiscrimination in the award and administration of DOT-assisted contracts, remove barriers to the participation of DBEs in DOT-assisted contracts, and assist the development of firms, if possible, that can compete successfully in the marketplace outside of the DBE program. The activities defined in TheBus's DBE Policy are delegated to the Transit Financial Specialist who serves as the DBE Liaison Officer (DBELO) and is responsible for implementing all aspects of the DBE program.

9. Transit Equity Analysis

FTA Circular 4702.1B, Chapter III, Paragraph 4.a.8: If the recipient has constructed a facility, such as vehicle storage, maintenance facility, operation center, etc., the recipient shall include a copy of the Title VI equity analysis conducted during the planning stage with regard to the location of the facility.

Title 49 CFR, Appendix C, Section (3)(iv) requires that "the location of projects requiring land acquisition and the displacement of persons from their residences and business may not be determined on the basis of race, color, or national origin." For purposes of this requirement, "facilities" does not include bus shelters, as they are considered transit amenities. It also does not include transit stations, power substations, or any other project evaluated by the National Environmental Policy Act (NEPA) process. Facilities included in the provision include, but are not limited to, storage facilities, maintenance facilities, operations centers, etc. In order to comply with the regulations, the Hernando County Transit Division will ensure the following:

1. **Equity Analysis During Planning Stage**

   The Hernando County Transit Division will complete a Title VI equity analysis for any facility during the planning stage regarding where a project is located or sited to ensure the location is selected without regard to race, color, or national origin. The Hernando County Transit Division will engage in outreach to persons potentially impacted by the siting of the facility. The Title VI equity analysis must compare the equity impacts of various siting alternatives, and the analysis must occur before the selection of the preferred site.

2. **Assessment of Cumulative Impacts**

   When evaluating locations of facilities, the Hernando County Transit Division will give attention to other facilities with similar impacts in the area to determine if any cumulative adverse impacts might result. Analysis should be done at the Census tract or block group level where appropriate to ensure that proper perspective is given to localized impacts.

3. **Addressing Potential Disparate Impacts**

   If it is determined that locating the facility at a proposed site would result in a disparate impact based on race, color, or national origin, the Hernando County Transit Division will: 1) demonstrate a substantial legitimate justification for selecting that site, and 2) demonstrate that there is no less discriminatory alternative available.

   In such cases, the Transit Division will document how both tests are satisfied and show that alternative locations were considered and analyzed.

Current status

The Hernando County Transit Division has not constructed any new facilities in the past three years using federal funding that would have triggered a Title VI equity analysis. No such projects are currently in the planning phase. Therefore, there are no Title VI Equity Analysis reports to include in this submission.

Hernando County Transit Division will utilize the demographic maps and data provided in Appendix I for all future Title VI facility site assessments.

10. Approval of Title VI Documentation

The Title VI Program was approved and adopted by Hernando County Board of County Commissioners, Florida during a meeting held on August 12, 2025. A copy of the meeting minutes and FDOT concurrence letter, and FTA concurrence letter, will be included in Appendix C of this document, after they are received.

SECTION 2: PROGRAM SPECIFIC REQUIREMENTS

Chapter IV of FTA Circular 4702.1B provides program-specific guidance for all transit providers that operate fixed-route services.

Service Standards (for Systems under 50 Vehicles)

> *FTA Circular 4702.1B, Chapter III, Paragraph 10: All fixed route transit providers shall set service standards and policies for each specific fixed route mode of the service they provide.*

FTA Circular 4702.1B requires that all fixed route service providers prepare and submit system-wide service standards and service policies as a part of their Title VI Plan. These and policies must address how service is distributed across to these assets.

The Hernando County Transit Division (TheBus) has established service standards and policies for each mode of service operated, which includes the local fixed-route bus, as well as ADA-accessible cutaway vehicles. These standards serve as a guide to ensure quality service delivery and compliance with Title VI requirements. The Vehicle Load Standards outlined below are a critical component of these policies.

1. Vehicle Load Standards

TheBus uses a combination of heavy-duty fixed-route buses and ADA-accessible cutaway vehicles to provide public transportation services. The table below outlines the key parameters related to the vehicle types used for fixed-route service, including seating capacity, standing capacity (if applicable), wheelchair accommodations, and maximum load ratios for peak and off-peak times, and the maximum load factor during peak service. See Table 4 below.

Table 4. Hernando County Bus Vehicle Load

Hernando The Bus Vehicle Load							
Vehicle Type	**Seated capacity**	**Standing capacity Off-Peak**	**Standing capacity peak**	**Max vehicle load Off peak**	**Max vehicle load peak**	**Wheelchair capacity**	**Max load factor-peak**
Gillig 30'	23	0	8	23	31	2	1:3
ADA Cutaway	14	0	0	14	14	3	1:0
ADA small Cutaway	11	0	0	11	11	2	1:0

Definitions & Notes:

- Max Load Factor (Peak) refers to the ratio of all passengers (seated + standing) to seated passengers during peak service.
- Standing capacity is not applicable on cutaway vehicles due to size and ADA compliance considerations.
- Vehicle load standards are used to monitor passenger comfort and service efficiency and are reviewed annually as part of performance evaluation.

These standards ensure that Hernando County Transit provides equitable and accessible service while adhering to safety and comfort thresholds.

2. Vehicle Headway Standards

Hernando County Transit (TheBus) operates fixed-route service on a consistent headway schedule to ensure reliable and accessible public transportation throughout the service area.

Table 5. Vehicle Headway Standards

Vehicle Headway Standards	
Detail	**Description**
Standard Headway	60-minute headways
Days of Operation	Monday through Saturday
Service Hours	5:30 a.m. to 8:30 p.m.
Routes Affected	All 8 fixed routes & 1 microtransit route
Adjustment Criteria	Ridership data, public input, or operational capacity

This headway standard of 60 minutes applies directly to seven fixed routes (Routes 1, 2, 3, 4, 5, 7, & 8). Route 9, which will operate as a fixed route once initiated (see Appendix B), will likely have a travel time that will be less than 60 minutes in one direction. In addition, the lone microtransit route (Route 6) operates within a designated zone, which allows for shorter headways depending on the trip scheduled.

Service schedules are reviewed regularly to assess performance, on-time reliability, and demand fluctuations. Adjustments to headways may be made based on ridership data, public input, or operational capacity.

3. On-Time Performance

The Hernando County Transit Division defines on-time performance as follows:

- Fixed Route Service: A vehicle is considered "on time" if it departs from a scheduled timepoint no more than one (1) minute early and no more than five (5) minutes late. The Division has established a performance objective of 85% on-time or greater system-wide.
- Paratransit Service: A vehicle is considered "on time" if it arrives at the scheduled drop-off location no more than five (5) minutes past the scheduled time. The performance target for paratransit on-time arrivals is 90% or greater.

To ensure compliance with Title VI Equity standards and to support continuous service improvement, the Transit Division utilizes real-time data monitoring tools to track vehicle performance. Monthly performance reports are generated and reviewed, covering all fixed-route services. These published, covering on-time performance across all fixed routes, and are made available to the public via the Transit Division's website and internal reporting channels. This monitoring helps guide service improvements and ensures equity across the system.

Table 6. Fixed Route and Paratransit/ADA On-Time Performance Standards

Fixed Route and Paratransit On-Time Performance Standards		
Mode	**On-Time Performance Goal (%)**	**On-Time Performance Result (FY 2024)**
Fixed-route	85%	91.87%
Paratransit – ADA	90%	99.41%
Microtransit	85%	100%

4. Service Availability

The Hernando County Transit Division will continue to distribute transit service so that a minimum of 61.6% of all residents in the service area are within a 3/4-mile walk of fixed route bus service. To ensure equitable access under Title VI, Hernando County Transit will monitor the share of the minority population within ¾ mile of fixed-route transit. The minority percentage served should meet or exceed the percentage of the total population served. As of the latest analysis, 66.0% of the county's minority population is within the service buffer compared to 61.6% of the total population, meeting the Title VI threshold for equitable service distribution.

Table 7. Total Service Area and Minority Populations Within ¾ Mile Buffer

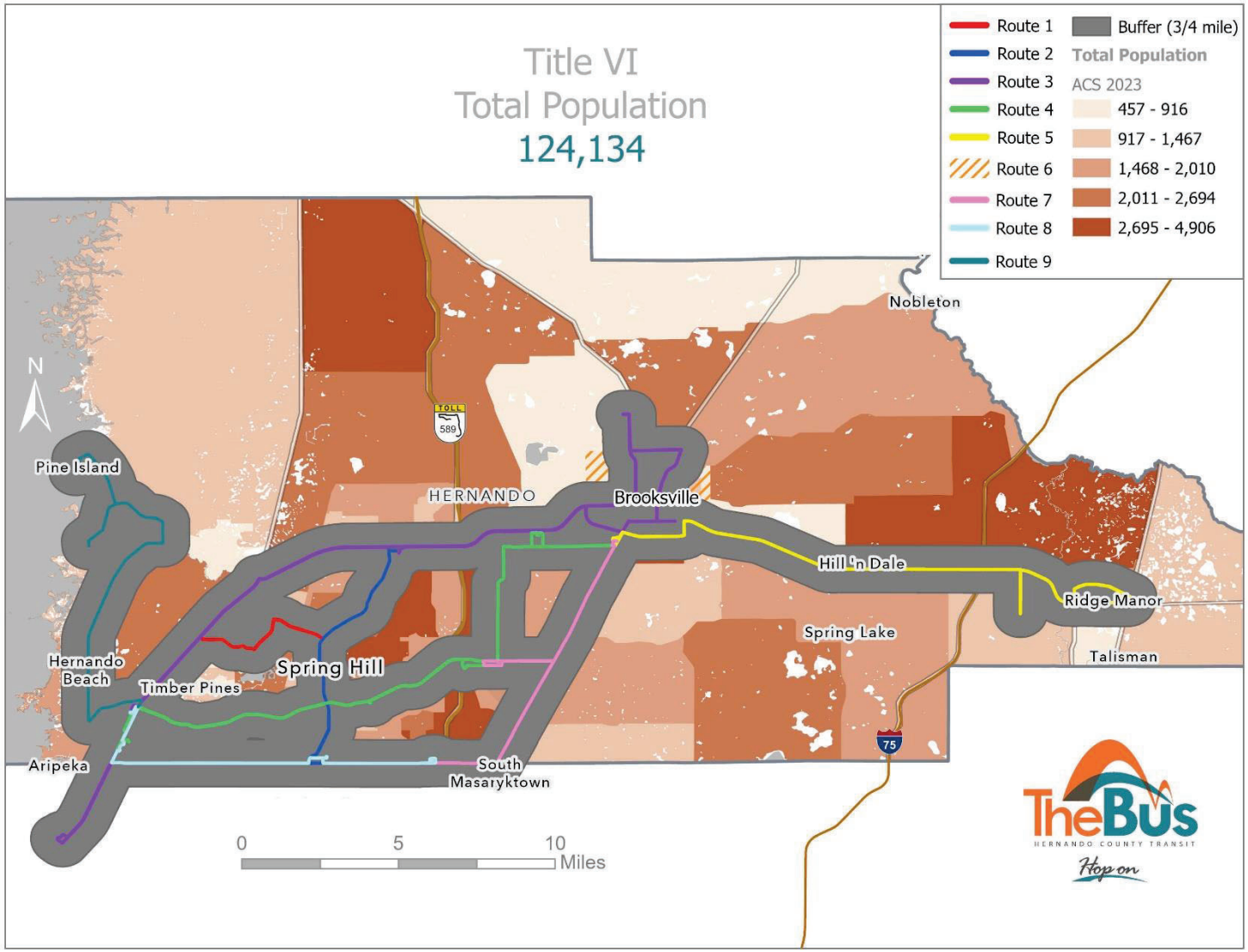
Category	Total	Within ¾ Mile Buffer	% Within ¾ Mile Buffer
*Total Population	*201,512*	124,134	*61.6%*
Minority Population	*53,561*	*35,327*	*66.0%*
Total Area (sq mi)	*472.5*	*144.5*	30.6%

Bus Stop Spacing

The Hernando County Transit Division (TheBus) does not have a formally adopted bus stop spacing policy due to the nature of the current Small Urban and Rural service area. In general, TheBus places stops in locations with higher residential and commercial densities, or locations that are key trip generators like colleges, hospitals, and public/government facilities. Stop frequency and locations will also vary depending on land use, ridership demand, pedestrian accessibility, roadway characteristics favorable for safe pedestrian and bus movement, and right-of-way availability.

The system currently maintains 244 unduplicated stops across approximately 79.29 directional route miles, which reflects a moderate to high level of service coverage (see Map 2 below). In more densely developed or high-ridership areas, bus stops may be spaced more closely to accommodate passenger needs.

Map 1. Title VI Total Population (with 3/4-mile Buffer)



Population Coverage

As noted above, 61.6% of Hernando County's total population and 66% of the total Title VI populations resides within ¾-mile of a fixed-route transit line. This reflects a commitment to providing broad accessibility across urban and semi-rural areas of the county.

Service Policies

The Federal Transit Administration (FTA) requires fixed route transit providers to develop a policy for service indicators. The Hernando County Transit Division has prepared the following additional service policies for TheBus transit system.

1. Transit Amenities Distribution

Installation of transit amenities along bus routes will be based on the number of passengers boarding at stops along those routes. Currently, TheBus has a total of 244 bus stops throughout the system. Forty percent (40%) of the bus stop locations have been improved to comply with ADA accessibility requirements. Approximately 48% of these bus stops have some type of transit amenities (bench, shelter, or garbage container). On an annual basis, bus stop locations are reviewed for necessary amenity and pedestrian connectivity improvements.

2. Vehicle Assignments

All fixed route vehicles that are 29' feet in length are rotated among the following fixed routes (1, 2, 3, 4, 5, 7, 8) on a daily basis. These low-floor buses are also equipped with air conditioning and automated stop announcement systems. In addition, smaller cutaway vehicles or vans are utilized on the other fixed or micro transit routes (6 & 9). These vehicles are also rotated daily. Route rotations help the Hernando County Transit Division (TheBus) maintain optimal mileage and maintenance schedules, which is beneficial to the users of the system and to the minimizing operational and cost factors involved with the maintenance and operability of the system.

3. Major Service and Fare Modifications

FTA Title VI implementing regulations require agencies with more than 50 vehicles in peak fixed route service to adopt a numerical standard defining what constitutes a "major" service modification. Despite its small size, Hernando County Transit Division's TheBus public transportation system has chosen to adopt elements of such a service and fare modification standards normally required of larger transit systems. This supports the effort to ensure minority and low-income communities in the TheBus service area are not disproportionately impacted by major service or fare modifications.

For the Hernando County Transit Division, a major service and fare modification is defined as:

- Any action that reduces service by more than 20% of an individual route's total service hours.
- Any action that eliminates a route in its entirety (unless the route was originally stipulated for a limited timeframe as a pilot project or due to a time limit on funding, such as a three-year limit on operational funding from a Florida Department of Transportation (FDOT) Service Development grant).
- Any increase to a fixed route fare category and resulting increase in paratransit fare.

If any of the above major service or fare modifications are proposed by the Hernando County Transit Division, then the following will occur:

- The Hernando County Transit Division will provide an impact analysis that details how the major service and/or fare medication does not impact Title VI populations negatively; and
- A Public Participation (see Section 1 and Appendix F) Process will be initiated that facilitates all populations (including Title VI) the ability to review and comment on the proposed changes and the impact analysis provided.

Map 2. Hernando County Bus Stops

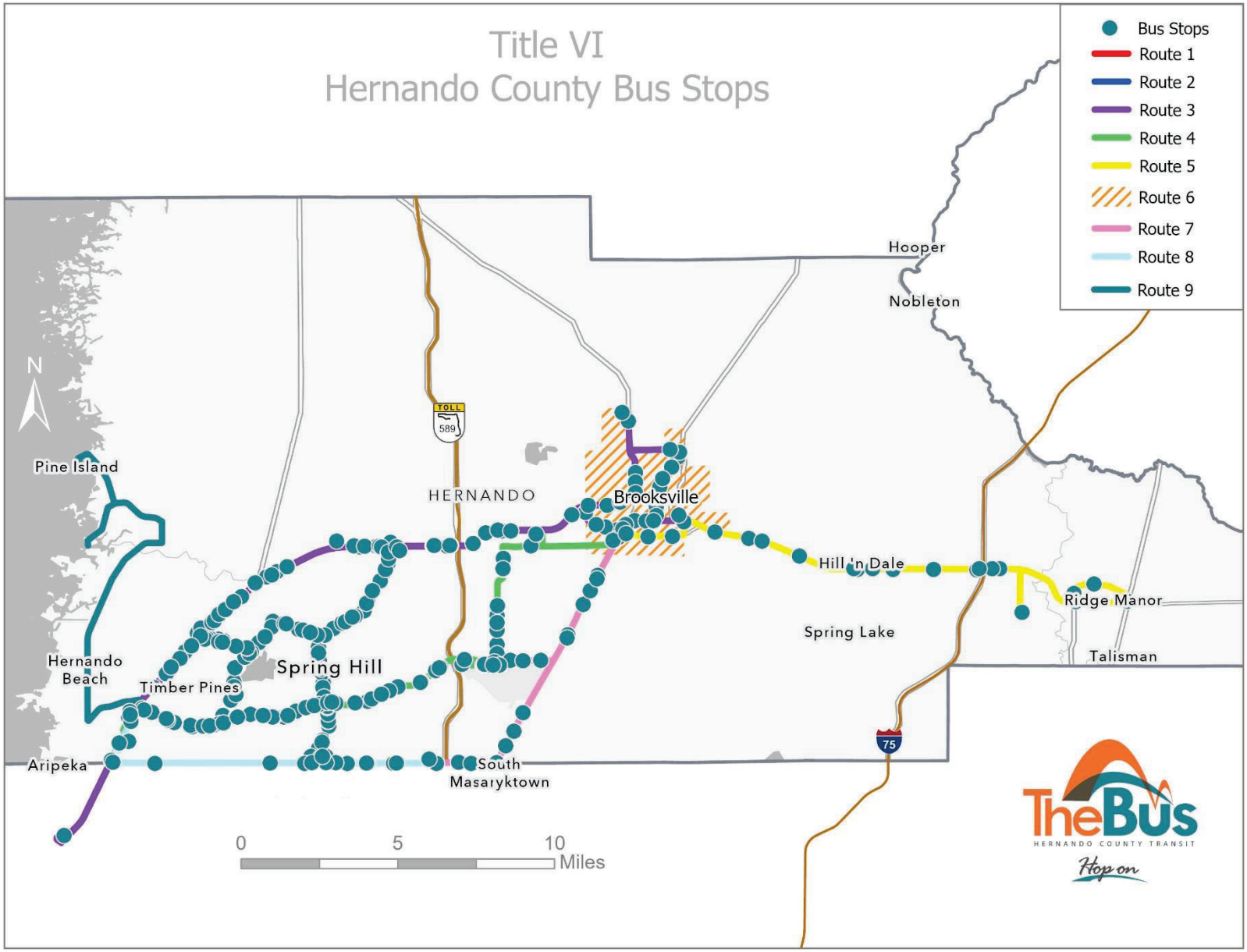


Table 8. Transit Bus PM Tracking Schedule with Assigned Vehicle Type

EQ #	EQ Desc	Year	Make	Model ID	VIN	Date Last PM Performed	Current Life Meter	Last PM Performed	Next PM Mileage Due	PM Mileage Remaining	Grant #	Dept #	GMS #	Service
19429	GILLIG LOW FLOOR	2015	GILLIG	29' Low Floor	15GGE271XF1092952	1/6/2025	509,003	504,104	510,104	1101	FL-90-X864	34041	114	Fixed Route
20038	FORD E450	2016	GLAVAL	CUTAWAY	1FDFE4FS6HDC01266	3/13/2025	188,924	187,604	193,604	4680	Insurance proceeds/surplus	Replacement of Asset 15219	Destroyed by fire	ADA/Fixed/Micro
20041	GILLIG LOW FLOOR	2016	GILLIG	29' Low Floor	15GGE2719G1093155	2/25/2025	452,387	446,894	452,894	507	FL-90-X865	34041	143	Fixed Route
20042	GILLIG LOW FLOOR	2016	GILLIG	29'Low Floor	15GGE2710G1093156	3/1/2025	437,442	433,675	439,675	2233	FL-90-X865	34041	143	Fixed Route
20054	FORD E450	2016	GLAVAL	UNIVERSAL 23'	1FDFE4FS5HDC01288	2/7/2025	216,202	212,765	218,765	2563	FL-90-X776	34041	108	ADA/Fixed/Micro
20055	FORD E450	2016	GLAVAL	UNIVERSAL 23'	1FDFE4FS3HDC01287	2/20/2025	153,917	153,596	159,596	5679	FL-90-X776	34041	108	ADA/Fixed/Micro
20056	FORD E450	2016	GLAVAL	UNIVERSAL 23'	1FDFE4FS5HDC01260	10/21/2024	122,947	117,641	123,641	694	FL-90-X776	34041	108	ADA/Fixed/Micro
20079	GILLIG LOW FLOOR	2017	GILLIG	29' LOW FLOOR	15GGE2711H3093205	3/12/2025	410,678	407,430	413,430	2752	G0956	34043	109	Fixed Route
20828	TRANSIT CUTAWAY	2017	GLAVAL	CUTAWAY	1FDFE4FS3HOC75941	2/4/2025	173,948	170,698	176,698	2750	FL-2017-062	34005	181	ADA/Fixed/Micro
21367	GILLIG LOW FLOOR	2018	GILLIG	29' LOW FLOOR	15GGE2712J3093350	2/14/2025	401,628	396,175	402,175	547	FL-2014-094	34006	221	Fixed Route
22093	FORD E450	2019	Champion	CUTAWAY	1FDFE4FSXKDC14092	2/18/2025	134,116	132,751	138,751	4635	FL-2018-031	34007	239	ADA/Fixed/Micro
22136	GILLIG LOW FLOOR	2019	GILLIG	29'Low Floor	15GGE2711K3093289	3/20/2025	362,667	361,561	367,561	4894	FL-2018-031	34007	239	Fixed Route
22137	GILLIG LOW FLOOR	2019	GILLIG	29'Low Floor	15GGE2718K3093290	3/11/2025	334,169	330,288	336,288	2119	FL-2018-031	34007	239	Fixed Route
22256	CHEVROLET	2019	EQUINOX	SUV	3GNAXHEV8KS640835	6/5/2024	31,984	27,666	33,666	1682	FL-2018-105	34008	280	Non-Revenue
22363	GILLIG LOW FLOOR	2019	GILLIG	29'Low Floor	15GGE2718K3093595	3/27/2025	304,833	304,833	310,833	6000	FL-2018-105	34008	280	Fixed Route
22650	GILLIG LOW FLOOR	2020	GILLIG	29'Low Floor	15GGE2710L3093639	3/11/2025	233,587	229,520	235,520	1933	FL-2019-082	34009	336	Fixed Route
22651	GILLIG LOW FLOOR	2020	GILLIG	29'Low Floor	15GGE2719L3093638	3/4/2025	258,553	253,830	259,830	1277	FL-2019-082	34009	336	Fixed Route
22676	GILLIG LOW FLOOR	2021	GILLIG	29'Low Floor	15GGE2710M3093867	2/4/2025	215,259	209,699	215,699	440	FL-2020-023	34043	372	Fixed Route
22983	GILLIG LOW FLOOR	2023	GILLIG	29' Low Floor	15GGE2715P3094419	2/27/2025	13,767	8,455	14,455	688	FL-2021-082	34001	446	Fixed Route
22985	GILLIG LOW FLOOR	2023	GILLIG	29' Low Floor	15GGE2711P3094420	9/28/2023	6,708	2,879	8,879	2171	FL-2021-082	34001	446	Fixed Route
23115	GMC **(RATP Dev)**	2024	GMC	Sierra 1500	1GTUUAED3RZ235766	7/1/2024	2,414	0	6,000	3586	FL-2022-051	34013	478	Non-Revenue
23119	GILLIG LOW FLOOR	2024	GILLIG	29'Low Floor	15GGE2713R3094583		3,103	0	6,000	2897	FL-2024-045	34002	460	Fixed Route
23120	GILLIG LOW FLOOR	2024	GILLIG	29'Low Floor	15GGE2715R3094584		3,088	0	6,000	2912	FL-2024-045	34002	460	Fixed Route
23121	GILLIG LOW FLOOR	2024	GILLIG	29'Low Floor	15GGE2717R3094585		2,944	0	6,000	3056	FL-2024-045	34002	460	Fixed Route
23090	Chevrolet (Admin)	2024	Silverado	1500	3GCPDAEK7RG136933	10/28/2024	9,032	6,159	12,159	3127	FL-2021-082	34001	446	Non-Revenue

PM Pre-Warning Indicator

PM Due Now Indicator

APPENDICES

Appendix A – FTA Circular 4702.1B Reporting Requirements for Transit Providers

FTA Circular 4702.1B Reporting Requirements for Transit Providers

Every three (3) years, on a date determined by Federal Transit Administration (FTA), each recipient is required to submit the following information to the FTA as part of their Title VI Program. Sub-recipient receives funds directly), on a schedule to be determined by the primary recipient.

General Requirements

All recipients must submit:

- Title VI Notice to the Public, including a list of locations where the notice is posted
- Title VI complaint Procedures (i.e., instructions to the public regarding how to file and a Title VI discrimination complaint)
- Title VI Complaint Form
- List of transit-related Title VI investigations, complaints, and lawsuits
- Public Participation Plan, including information about outreach methods to engage minority and limited English proficient populations (LEP), as well as a summary of outreach efforts made since the last Title VI Program submission
- Language Assistance Plan for providing language assistance to persons with limited English proficiency (LEP), based on the DOT LEP Guidance
- A table depicting the membership of non-elected committees and councils, the membership of which is selected by the recipient, broken down by race, and a description of the process the agency uses to encourage the participation of minorities on such committees
- Primary recipients shall include a description of how the agency monitors its sub-recipients for compliance with Title VI and a schedule of sub-recipient Title VI Program submissions
- A Title VI equity analysis if the recipient has constructed a facility, such as a vehicle storage facility, maintenance facility, operation center, etc.
- A copy of board meeting minutes, resolution, or other appropriate documentation showing the board of directors of appropriate governing entity or official(s) responsible for policy decisions reviewed and approved of the Title VI Program. For State DOTs, the appropriate gerning entity is the State's Secretary of Transportation or equivalent. The approval must occur prior to submission to FTA.
- Additional information as specified in Chapters IV, V, and VI, depending on whether the recipient is transit provider, a State, or a planning entity (see below)

Requirements of Transit Providers

All Fixed Route Transit Providers must submit:

- Service Standards
- Vehicle load for each mode
- Vehicle headway for each mode
- On-time performance for each mode
- Service availability for each mode

- Service policies
- Transit Amenities for each mode
- Vehicle assignments for each mode

Transit Providers that operate 50 or more fixed route vehicles in peak service and are in an urbanized Area (UZA) of 200,000 or more people must submit:

- Demographic and service profile maps and charts
- Demographic ridership and travel patterns collected by surveys
- Results of their monitoring program and report, including evidence that the board or other governing entity or official(s) considered, was aware of the results, and approved the analysis
- A description of the public engagement process for setting the 'major service change policy,' disparate impact policy, and disproportionate burden policy

Appendix B – Current System Description

Current System Description

Overview of Hernando County Transit (TheBus)

Hernando County Transit Division, known as TheBus, is the public transportation system serving Hernando County, Florida. TheBus operates under the authority of the Hernando County Board of County Commissioners (BoCC) and is administered by the Hernando County Transit Division**,** which is under the management umbrella of the Department of Public Works.

TheBus system is managed by the Transit Administrator, who oversees day-to-day operations in coordination with a contracted operator (currently RATP Dev). TheBus provides essential transportation services to the residents of Hernando County through a network of fixed-route and complementary paratransit services

TheBus Mission Statement

"Our mission is to provide safe, efficient and accessible transit services to citizens and visitors in need of transportation and to evolve into a system that ultimately provides for the mobility of all residents and visitors in Hernando County offering a viable choice among travel modes."

Organizational structure, type of operation, number of employees, service hours, staffing plan and safety and security plan.

Hernando County Transit, known as TheBus, operates under the Hernando County Board of County Commissioners (BoCC). The transit system is managed by the Transit Administrator.

Who is responsible for insurance, training and management, and administration of the agency's transportation programs?

Hernando County Transit (TheBus) operates under a contractual agreement with **RATP Dev**, a professional transit management and operations firm, to support its day-to-day service delivery. Responsibilities are divided between RATP Dev. and the Hernando County Transit Team as follows:

RATP Dev (Contracted Operator):

- **Vehicle Insurance:** Maintains all required insurance coverage for transit vehicles operated under the contract;
- **Driver Operations:** Responsible for the recruitment, training, supervision, and performance management of all vehicle operators.
- **Daily Operations Management:** Oversees route operations, scheduling, dispatch, and vehicle readiness.

Hernando County Transit Division:

- **Program Administration:** Provides overall management of the county's transportation programs, including compliance with federal and state requirements.
- **Policy Development & Oversight:** Develops service policies, monitors service performance, and ensures alignment with local goals and FTA guidelines.

- **Title VI Compliance:** Ensures that all aspects of the transit program are administered in a non-discriminatory manner.

This collaborative structure ensures that Hernando County Transit delivers safe, reliable, and equitable public transportation services to its residents while maintaining full compliance with federal regulations, including Title VI of the Civil Rights Act.

Who provides vehicle maintenance and record keeping?

The Hernando County Fleet Division is responsible for the maintenance and upkeep of all transit vehicles operated under Hernando County Transit (TheBus). This includes preventive maintenance services, corrective repairs, vehicle inspections, and parts inventory management.

The Fleet Division maintains detailed records for each vehicle, including maintenance schedules, service logs, repair history, and compliance with safety and ADA standards.

Record Oversight and Verification:

The Hernando County Transit Division routinely reviews vehicle maintenance records to ensure vehicles are maintained in a State of Good Repair (SGR), safety standards are consistently met, and maintenance procedures are in compliant with FTA requirements.

This coordinated approach between the Fleet Division and Transit Division ensures that vehicles are safe, reliable, and properly documented to support quality service and Title VI compliance.

Number of current transportation related employees? If there is a third party, please list.

There are three (3) Hernando County Transit employees: Transit Administrator, Transit Finance Specialist, and Transit Operations Coordinator.

- 45 RATP Dev (Operation Contractors): 1 General Manager; 1 Administrative Assistant; 6 Route Supervisors; 1 Dispatcher; 4 Servicers; and 32 Drivers

Who will drive the vehicle, number of drivers, CDL certifications, etc.?

Hernando County Transit's fixed-route and paratransit services are operated by contracted staff through RATP Dev, the County's third-party transit operations provider. As of FY 2025, a total of 44 individuals are qualified to operate transit vehicles:

  - 42 drivers possess a valid Commercial Driver's License (CDL) appropriate for the vehicles they operate.
  - 2 drivers operate non-CDL vehicles and do not possess a CDL. These individuals are assigned duties that do not require a CDL in accordance with applicable regulations.

All drivers are subject to ongoing training, safety certification, and compliance monitoring to ensure safe and professional service delivery. CDL drivers are also required to meet all Federal Motor Carrier Safety Administration (FMCSA) standards, including medical certification and periodic skills assessments.

A detailed description of service routes and ridership numbers.

Currently (FY 2025), Hernando County "TheBus" has 8 fixed routes and 1 Micro Transit route, and Complementary Paratransit services within ¾ of a mile of each fixed route. The routes cover the county from the East to the West with more coverage area in the middle to western side of the county based on population and demand.

The ridership for FY 2024 is as follows:

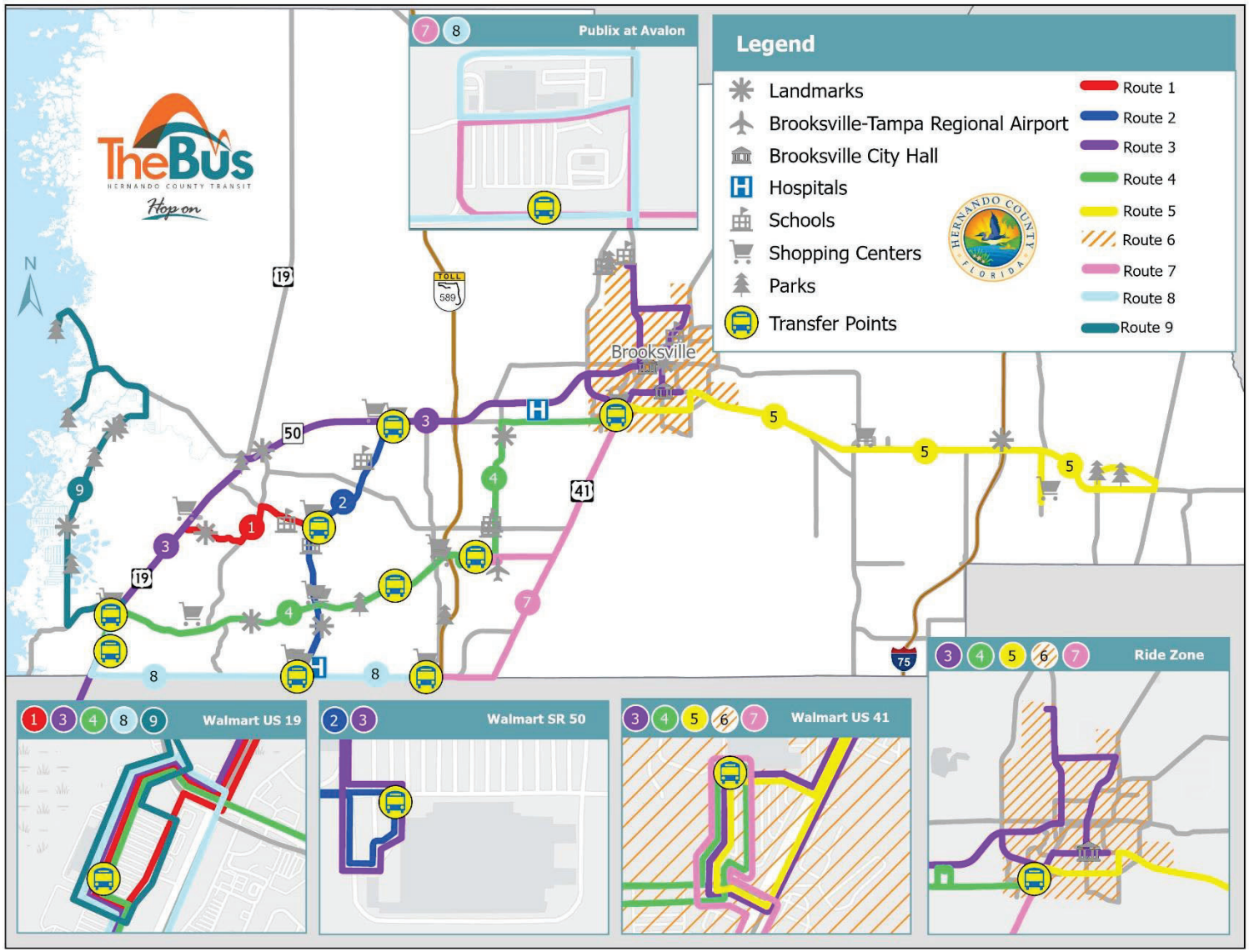
Table B-1. Hernando County Ridership FY 2024

	Fixed Route				ADA				TOTAL RIDERSHIP		TOTAL FAREBOX REVENUE	
	Ridership		Farebox Revenue		Ridership		Farebox/Ticket Revenue					
2017	128,380		$94,457.73		12468		$30,979.36		140,848		$125,437.09	
2018	132,324	3%	$98,473.22	4%	12574	1%	$31,356.37	1%	144,898	3%	$129,829.59	3%
2019	147,834	10%	$104,094.33	5%	11990	-5%	$30,257.76	-4%	159,824	9%	$134,352.09	3%
2020	120,677	-23%	$74,206.60	-40%	11705	-2%	$27,536.21	-10%	132,382	-21%	$101,742.81	-32%
2021	110,127	-10%	$77,439.01	4%	7998	-46%	$19,322.35	-43%	118,125	-12%	$96,761.36	-5%
2022	126,302	13%	$81,041.10	4%	7533	-6%	$16,503.90	-17%	133,835	12%	$97,545.00	1%
2023	137,661	8%	$89,413.28	9%	7778	3%	$15,409.43	-7%	145,439	8%	$104,822.71	7%
2024	149,509	8%	$94,138.65	5%	8050	3%	$16,308.83	6%	157,559	8%	$110,447.48	5%

Table B-2. Hernando County Bus System

Route	Days of Service	Service Span	Headways	Connecting Routes	Vehicles In Service	Notes
Route 1	Mon.-Fri. Sat.	5:47 am - 7:43 pm 5:47 am - 6:43 pm	60 minutes 60 minutes	2, 3, 4, 8, 9	1	
Route 2	Mon.-Fri. Sat.	6:00 am - 7:54 pm 6:00 am - 6:54 pm	60 minutes 60 minutes	1, 3, 4, 8	1	
Route 3	Mon.-Fri. Sat.	5:20 am - 8:10 pm 5:20 am - 7:10 pm	60 minutes 60 minutes	1, 2, 4, 5, 6, 7, 8, 9	3	
Route 4	Mon.-Fri. Sat.	6:10 am - 8:03 pm 6:10 am - 7:03 pm	60 minutes 60 minutes	1, 2, 3, 5, 6, 7, 8, 9	2	
Route 5	Mon.-Fri. Sat.	6:10 am - 8:03 pm 6:10 am - 7:03 pm	60 minutes 60 minutes	3, 4, 6, 7	2	
Route 6	Mon.-Fri. Sat.	6:10 am - 8:03 pm 6:10 am - 7:03 pm	60 minutes 60 minutes	3, 4, 5, 7	1	
Route 7	Mon.-Fri. Sat.	6:10 am - 8:03 pm 6:10 am - 7:03 pm	60 minutes 60 minutes	3, 4, 5, 6, 8	1	**Start of service TBD in FY 2025*
Route 8	Mon.-Fri. Sat.	6:10 am - 8:03 pm 6:10 am - 7:03 pm	60 minutes 60 minutes	1, 2, 3, 4, 7, 9	1	**Start of service TBD in FY 2025*
Route 9	Mon.-Fri. Sat.	*TBD	*TBD	1, 3, 4, 8	1	**Start of service TBD in FY 2025 due to storm recovery*

Map B-1. TheBus System Map



Appendix C – TITLE VI Plan Adoption Meeting Minutes and FDOT Concurrence Letter

Insert:

- Board Agenda
- Approved Board Minutes
- Concurrence letter (once received from D-7 and/or FTA)
- Board Resolution (example below)
- Board Resolution

INSERT BOARD AGENDA

INSERT Concurrence letter (once received from D-7 and/or FTA)

INSERT APPROVED BOARD MINUTES

INSERT RESOLUTION (SEE 2022 RESOLUTIN BELOW REPLACE WITH UPDATED RESOLUTION)

Appendix D – TITLE VI Sample Notice to the Public

(English and Spanish)

Notifying the Public of Rights Under Title VI

- Hernando County Transit Division (TheBus) operates its programs and services without regard to race, color, and national origin in accordance with Title VI of the Civil Rights Act. Any person who believes she or he has been aggrieved by any unlawful discriminatory practice under Title VI may file a complaint with Hernando County.
- For more information on Hernando County Transit Division's civil rights program, and the procedures to file a complaint, contact (352) 540-6567(; email thebus@hernandocounty.us; or visit our administrative office at 1525 E. Jefferson Street, Brooksville, Florida 34601. For more information, visit https://www.hernandocounty.us/home/showdocument?id=2220
- If information is needed in another language, contact (352) 540-4338.
- A complainant may file a complaint directly with the Federal Transit Administration by filing a complaint with the Office of Civile Rights, Attention: Title VI Program Coordinator, East Building, 5th Floor-TCR, 1200 New Jersey Avenue, SE, Washington, DC 20590.

Notificación al público de los derechos en virtud del Título VI

- La División de Tránsito del Condado de Hernando (TheBus) opera sus programas y servicios sin distinción de raza, color u origen nacional, de conformidad con el Título VI de la Ley de Derechos Civiles. Cualquier persona que crea que ha sido objeto de una práctica discriminatoria ilegal bajo el Título VI puede presentar una queja ante el Condado de Hernando.

- Para obtener más información sobre el programa de derechos civiles de la División de Tránsito del Condado de Hernando y los procedimientos para presentar una queja, comuníquese al 352) 540-6567; envíe un correo electrónico a thebus@hernandocounty.us; o visite nuestra oficina administrativa en 1525 E. Jefferson Steet, Brooksville, Florida 34601. Para más información, visite https://www.hernandocounty.us/home/showpublisheddocument/5903/638618337752370000

- Si necesita información en otro idioma, comuníquese al (352) 540-4338.

- Un denunciante puede presentar una queja directamente ante la Administración Federal de Tránsito presentando una queja ante la Oficina de Derechos Civiles, Atención: Coordinador del Programa del Título VI, Edificio Este, 5.º Piso-TCR, 1200 New Jersey Avenue, SE, Washington, DC 20590

Appendix E – TITLE VI Complaint Forms and Procedures

(English and Spanish)

TheBus – Hernando County Transit

Title VI Complaint Form

Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis race, color, national origin sex in programs and activities receiving Federal financial assistance. Specifically, Title VI provides that "no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

The Environmental Justice component of Title VI guarantees fair treatment for all people and provides for TheBus, to identify and address, as appropriate, disproportionately high and adverse effects of its programs, policies, and activities on minority and low-income populations, such as undertaking reasonable steps to ensure that Limited English Proficiency (LEP) persons have meaningful access to the programs, services, and information TheBus provides.

TheBus works to ensure nondiscriminatory transportation in support of our mission to provide effective and efficient transportation services to enhance the social and economic quality of life for all Hernando County citizens. TheBus's Civil Rights Liaison is responsible for Civil Rights compliance and monitoring to ensure nondiscriminatory provision of transit services and programs.

Section I:				
Name:				
Address:				
Telephone (Home):		Telephone (Work):		
Electronic Mail Address:				
Accessible Format Requirements?	Large Print		Audio Tape	
	TDD		Other	
Section II:				
Are you filing this complaint on your own behalf?			Yes*	No
*If you answered "yes" to this question, go to Section III.				
If not, please supply the name and relationship of the person for whom you are complaining:				
Please explain why you have filed for a third party:				
Please confirm that you have obtained the permission of the aggrieved party if you are filing on behalf of a third party. YES or NO				
Section III:				
I believe the discrimination I experienced was based on (check all that apply):				
[ ] Race	[ ] Color		[ ] National Origin	

Date of Alleged Discrimination (Month, Day, Year): _____ Explain as clearly as possible what happened and why you believe you were discriminated against. Describe all persons who were involved. Include the name and contact information of the person(s) who discriminated against you (if known) as well as names and contact information of any witnesses. If more space is needed, please use the back of this form. _____ _____
Section IV
Have you previously filed a Title VI complaint with this agency? Yes No
Section V
Have you filed this complaint with any other Federal, State, or local agency, or with any Federal or State court? [ ] Yes [ ] No If yes, check all that apply: [ ] Federal Agency: [ ] Federal Court [ ] State Agency [ ] State Court [ ] Local Agency
Please provide information about a contact person at the agency/court where the complaint was filed.
Name:
Title:
Agency:
Address:
Telephone:
Section VI
Name of agency complaint is against:
Contact person:
Title:
Telephone number:

You may attach any written materials or other information that you think is relevant to your complaint.

_____ _____

Signature Date

Please submit this form in person at the address below, or mail this form to:
TheBus – Hernando County Transit, 1653 Blaise Drive, Brooksville, FL 34601
A person may also file a complaint with the Federal Transit Administration's Office of Civil Rights, 1200 New Jersey Avenue SE, Washington, DC 20590

TheBus – Hernando County Transit

Formulario de Reclamo del Título VI

El Título VI de la Ley de Derechos Civiles de 1964 prohíbe la discriminación por motivos de raza, color o nacionalidad, en programas y actividades que reciben asistencia financiera Federal. Específicamente, el Título VI establece que "ninguna persona en los Estados Unidos deberá, por motivos de raza, color, o nacionalidad, ser excluida de participar en, negársele los beneficios de, o someterse a discriminación bajo ningún programa o actividad que reciba asistencia financiera Federal".

El componente de Justicia Ambiental del Título VI garantiza un trato justo para todas las personas y contempla a TheBus, para identificar y dirigir, según convenga, los efectos desproporcionadamente altos y adversos de sus programas, políticas y actividades en las poblaciones minoritarias y de bajos ingresos, tal como comprometerse a medidas razonables para garantizar que personas con Dominio Limitado del Inglés (LEP) tengan un acceso significativo alos programas, servicios, e información que proporciona TheBus.

TheBus trabaja para asegurar un transporte no discriminatorio en apoyo de nuestra misión para proveer un transporte public efectivo y eficaz y, asi mejorar la calidad de vida social y económica para todos los ciudadanos del Condado de Hernando. La oficina del coordinador de este programa es responsable del cumplimiento y supervisión de los Derechos Civiles para garantizar la no discriminación en los servicios y programas de TheBus.

Sección I:				
Nombre:				
Dirección:				
Telefono (Casa):			**Telefono (Trabajo):**	
Correo electronico:				
Ud. require formatos accesibles?	**Letras grandes**		**Cinta de audio**	
	TDD		**Otro**	
Sección II:				
Este reclamo esta siendo presentado por la persona supuestamente agravada?			**Si***	**No**
***Si responde que "Si" a esta pregunta, por favor vaya a la Seción III.**				
Si responde que "No", por favor proporcione el nombre de la personal que esta haciendo este reclamo y su relación con esta persona:				
Por favor explique la razon por la que otra persona esta submitiendo el reclamo por ud.				
Sección III:				

Creo que la discriminación que experimenté fue basado en (marque todo lo que corresponda):

[ ] Raza [ ] Color [ ] Nacionalidad

Fecha de la alegada discriminación: (Mes, Dia, Año): _____

Explicar lo más claramente posible lo que pasó y por qué cree que fue discriminado. Describir todas las personas que estuvieron involucradas. Incluir el nombre y la información de contacto de la persona (s) que lo discriminó (si se conoce), así como los nombres y la información de contacto con los testigos. Si se necesita más espacio, por favor use el reverso de este formulario:

_____

Sección IV

Alguna vez ha submitido algun reclamo del Titulo VI a esta agencia? Si No

Sección V

Alguna vez ha submitido un reclamo con alguna agencia Federal, Estatal o Local or alguna corte Federal o Estatal?

[ ] Si [ ] No

SI fue asi, por favor marque a todos lo que aplica:

[ ] Agencia:_____

[ ]Federal: _____

[ ]Corte Federal: _____

[ ] Agencia Estatal: _____

[ ] Corte Estatal: _____

[ ] Agencia Local: _____

Pro favor proveanos de la información acerca de la persona de la agencia/corte donde el reclamo fue archivado:

Nombre:

Titulo:

Agencia:

Dirección:

Telefono:

Sección VI

Nombre de la agencia la cual esta hacienda el reclamo:

Nombre de la persona que contacto:

Título:

Número telefónico:

Ud. puede adjuntar cualquier document or cualquier otra información que ud. crea es relevante a este reclamo.

_____ _____

Firma Fecha

Por favor, mande por correo este formulario a la siguiente persona y dirección:
TheBus – Hernando County Transit, 1653 Blaise Drive, Brooksville, FL 34601
La persona también puede presentar su queja ante la Oficina de Derechos Civiles de la Administración Federal de Tránsito, 1200 New Jersey Avenue SE, Washington, DC 20590.

Title VI Complaint Procedure

Hernando County Transit Division (TheBus) operates its programs and services without regard to race, color or national origin. To request a copy of this agency's Title VI program contact Hernando Transit Division.

Hernando County Transit Division's Title VI Complaint Procedures

Any person who believes she or he has been discriminated against on the basis of race, color, or national origin by the Hernando County Transit Division (hereinafter referred to as "the County") may file a Title VI complaint by completing and submitting the agency's Title VI Complaint Form (Appendix E). The following procedures will be followed to investigate formal Title VI complaints:

1. Filing of Title VI Complaints of Discrimination

   Complaints can be submitted in person, postal mail, or received by email, with contact information. The County investigates complaints received no more than 180 days after the alleged incident. The County will only process complaints that are complete. To be considered, complainants must, at a minimum, include their name, contact information, date of the alleged incident, and a description.

   Complaints should be in writing, signed by the complainant or his/her representative(s), and must include the complainant(s) name, address, and telephone number. Allegations of discrimination received via email will be acknowledged and processed. The complaint form can be accessed on TheBus website: https://www.hernandocounty.us/home/showpublisheddocument/2220/637104450013730000 or the complainant may call (352) 540-6567 to obtain a complaint form.

   Signed complaint forms should be submitted to:

   Transit Administrator
   Hernando County Department of Public Works - Transit Division
   1525 E. Jefferson St
   Brooksville, FL 34601
   Phone: (352) 540-6567
   Email: thebus@hernandocounty.us

2. Complaint Investigation

Once the complaint is received, The County will review it to determine if our office has jurisdiction. The complainant will receive an acknowledgement letter within five (5) working days, informing him/her whether our office will investigate the complaint.

The County investigates has ninety (90) days to investigate the complaint. If more information is needed to resolve the case, The County may contact the complainant. The complainant has ten (10) business days from the date of the letter to send the requested information to the Investigator assigned to the case. If the investigator is not contacted by the complainant or does not receive the additional information within ten (10 business days, The County can administratively close the case. A case can also be administratively closed if the complainant no longer wishes to pursue their case.

3. Disposition

After the investigator reviews the complaint, she/he will issue one of two letters to the complainant: a closure letter or a letter of finding (LOF). A closure letter summarizes the allegations and states that there was no Title VI violation and that the case will be closed. A LOF summarizes the allegations and the interviews regarding the alleged incident, and explains whether any disciplinary action, additional training of the staff member or other action will occur. If the complainant wishes to appeal the decision, she/he has seven (7) days to do so from the time he/she receives the closure letter or the LOF.

The complaint procedure is available to the public on Hernando County Transit (TheBus) website: www.hernandobus.com, and at the Hernando County Transit Division .

A person may also file a complaint directly with the Federal Transit Administration, at FTA Office of Civil Rights, 1200 New Jersey Avenue SE, Washington, DC 20590.

4. Retaliation

Retaliation is prohibited under Title VI of the Civil Rights Act of 1964, as amended. It is the policy of Hernando County Government that persons filing a complaint of discrimination should have the right to do so without interference, intimidation, coercion, or fear of reprisal. If a person believes he or she has been discriminated against by any other branch of the Hernando County Government, they are directed to contact the Hernando County Office of Health and Human Services at (352) 540-4338

The Hernando County Transit's complaint forms and associated procedures are available in English and Spanish in **Appendix E** of this plan and on the Hernando County Transit's website (www.hernandobus.com).

Si necesita información en otro idioma o necesita los documentos en otros formatos, por favor contactese con nosotros al número telefónico ya mencionado y se le prestará asistencia.

Procedimiento para Presentar Quejas del Título VI

Procedimientos para Presentar una Queja según el Título VI

Cualquier persona que crea que ha sido discriminada por motivos de raza, color u origen nacional por la División de Tránsito del Condado de Hernando (en adelante, "el Condado") puede presentar una queja del Título VI completando y enviando el Formulario de Queja del Título VI de la agencia (Apéndice E). Se seguirán los siguientes procedimientos para investigar las quejas formales del Título VI:

1. Presentación de Quejas por Discriminación según el Título VI

Las quejas pueden presentarse en persona, por correo postal o por correo electrónico, incluyendo la información de contacto. El Condado investiga las quejas recibidas dentro de los 180 días posteriores al supuesto incidente. El Condado solo procesará las quejas que estén completas. Para ser consideradas, las quejas deben incluir, como mínimo, el nombre del denunciante, su información de contacto, la fecha del incidente alegado y una descripción de los hechos.

Las quejas deben presentarse por escrito, firmadas por el denunciante o su(s) representante(s), e incluir el nombre, dirección y número de teléfono del denunciante. Las alegaciones de discriminación recibidas por correo electrónico serán reconocidas y procesadas. El formulario de queja puede encontrarse en el sitio web de TheBus: https://www.hernandocounty.us/home/showpublisheddocument/5903/638618337752370000

También puede llamar al (352) 540-6567 para solicitar un formulario de queja.

El formulario debe ser completado, firmado y enviado a:
Administrador de Tránsito
Departamento de Obras Públicas del Condado de Hernando - División de Tránsito
1525 E. Jefferson St.
Brooksville, FL 34601
Teléfono: (352) 540-6567
Correo electrónico: thebus@hernandocounty.us

2. Investigación de la Queja

Una vez recibida la queja, el Condado la revisará para determinar si tiene jurisdicción. El denunciante recibirá una carta de acuse de recibo dentro de cinco (5) días hábiles, informándole si nuestra oficina investigará la queja.

El Condado tiene noventa (90) días para investigar la queja. Si se necesita más información para resolver el caso, el Condado puede comunicarse con el denunciante. El denunciante tiene diez (10) días hábiles desde la fecha de la carta para enviar la información solicitada al investigador asignado al caso. Si el investigador no es contactado por el denunciante o no recibe la información adicional dentro de los diez (10) días hábiles, el Condado podrá cerrar el caso administrativamente. Un caso también puede cerrarse administrativamente si el denunciante decide no continuar con el proceso.

3. Resolución

Después de que el investigador revise la queja, emitirá una de dos cartas al denunciante: una carta de cierre o una carta de determinación (LOF, por sus siglas en inglés). Una carta de cierre resume las alegaciones e indica que no hubo violación del Título VI y que el caso se cerrará. Una carta de determinación resume las alegaciones y entrevistas relacionadas con el incidente, y explica si se tomarán medidas disciplinarias, capacitación adicional del personal u otras acciones.

Si el denunciante desea apelar la decisión, tiene siete (7) días desde la recepción de la carta de cierre o la carta de determinación para hacerlo.

El procedimiento para presentar quejas está disponible al público en el sitio web de Hernando County Transit (TheBus): **www.hernandobus.com**
y en la oficina de la División de Tránsito del Condado de Hernando.

También se puede presentar una queja directamente a la Administración Federal de Tránsito (FTA) en: **FTA Office of Civil Rights,** 1200 New Jersey Avenue SE, Washington, DC 20590

4. Represalias

Las represalias están prohibidas bajo el Título VI de la Ley de Derechos Civiles de 1964, según enmiendas posteriores. Es política del Gobierno del Condado de Hernando que las personas que presenten una queja de discriminación tengan el derecho de hacerlo sin interferencia, intimidación, coerción ni temor a represalias. Si una persona cree que ha sido objeto de discriminación por parte de otra dependencia del Gobierno del Condado de Hernando, debe comunicarse con la Oficina de Salud y Servicios Humanos del Condado de Hernando al (352) 540-4338.

Los formularios de queja y los procedimientos relacionados del Tránsito del Condado de Hernando están disponibles en inglés y español en el Apéndice E de este plan y en el sitio web del Tránsito del Condado de Hernando: **www.hernandobus.com**

Appendix F – Public Participation Plan (PPP)

Introduction

The Public Participation Plan (PPP) for the Hernando County Transit Division was developed to ensure that all members of the public, including minorities and Limited English Proficient (LEP) populations, are encouraged to participate in the decision-making process for the TheBus public transportation services. Policy and service delivery decisions need to take into consideration community sentiment and public opinion based upon well-executed outreach efforts. The public outreach strategies described in the PPP are designed to provide the public with effective access to information about TheBus services and to provide a variety of efficient and convenient methods for receiving and considering public comment prior to implementing changes to services. The Hernando County Transit Division also recognizes the importance of many types of stakeholders in the decision-making process, including other units of government, metropolitan area agencies, community-based organizations, major employers, passengers, and the general public, including low-income, minority, Limited English Proficiency (LEP), and other traditionally underserved communities.

Public Participation Goals

The main goal of the PPP is to offer meaningful opportunities for all interested segments of the public to have opportunities to learn about and comment on the planning and development of public transportation services in Hernando County. This PPP includes, but not limited to, a focus on outreach efforts that reach low-income, minority and LEP groups in TheBus service area. Overall, the goals for this PPP include:

- **Comprehensive Outreach**: Hernando County Transit Division will proactively reach out and engage low-income, minority, and LEP populations for TheBus service area so these groups will have an opportunity to participate and comment on proposed plans and programs.
- **Accessibility**: All existing legal requirements for accessibility will be met. Efforts will be made to enhance the overall physical, geographical, temporal, lnguistic, and cultural accessibility of all public participation activities.
- **Clarity and Relevance**: Public transportation topics and issues will be framed in public outreach in such a way that the significance and potential effect of proposed decisions is understood by the public. All information or proposals will be described in verbal and visual means that are clear and easy to understand.
- **Responsiveness**: The Hernando County Transit Division will strive to respond to and incorporate, when possible, appropriate public comments into the transportation decision-making process.
- **Tailored-Focus**: Public participation methods will be tailored to match local and cultural preferences and conditions as much as possible.
- **Flexibility**: The public participation process will accommodate participation in a variety of delivery methods and will be adjusted over time as needed and requested by the public.

Public Participation Methods

The methods of public participation included in this PPP were developed based upon best practices in conjunction with the needs and capabilities of the Hernando County Transit Division. The Hernando County Transit Division intends to achieve meaningful public participation by a variety of methods with respect to service and any changes to service.

The Hernando County Transit Division will conduct community meetings and listening sessions as appropriate with passengers, employers, community based organizations, and advisory committees to gather public input and distribute information about service quality, proposed changes or new service options.

The public will be invited to provide feedback on the Hernando County Transit Division's website (www.hernandobus.com). The public will also be able to call the Hernando County Transit Division office at (352) 540-6567 during its regular hours of operation. Feedback collected over the phone will be noted, recorded and acted on by the Hernando County Transit Division management or designated staff. Formal customer surveys to measure performance, and listening sessions to solicit input, will be conducted periodically. The comments recorded as a part of these participation methods will be responded to as appropriate and incoporated into existing policies and/or Transit Development Plan (TDP) updates.

Meeting formats will be tailored to help achieve specific public participation goals that vary by project type (such as service/fare changes or captial project development). Some meetings will be designed to share information and answer questions. Some will be designed to engage the public in providing input, establishing priorities, and helping to achieve consensus on a specific recommendation. Others will be conducted to solicit and consider public comments before implementing proposed adjustments to services. In each case, an agenda for the meeting(s) will be created that works to achieve the stated goals, is relevant to the subject, and not overwhelming for the public.

For all public meetings, the venue will be at a facility that is accessible for persons with disabilities and, preferably, is served by public transportation service. If a series of meetings are scheduled on a topic, different meeting locations may be used, since no one location is usually convenient to all participants.

For community meetings and other important information, the Hernando County Transit Division will use a variety of means to make riders and citizens aware, including some or all of the following methods:

- In-vehicle advertisement
- Posters or flyers at County, public, nonprofit, or supportive private facilities/institutions
- Posting information on TheBus website
- Press releases and briefings to media outlets
- Multilingual flyer distribution to community based organizations, particularly those that target LEP populations
- Flyers and information distribution through various libraries and other civic locations that currently help distribute timetables and other information
- Communications to relevant County administration and elected officials
- Other methods required by local, state, or federal laws or agreements

All information and materials communicating proposed and actual service adjustments will be provided in English and Spanish.

Public Participation Approach and Techniques

The Hernando County Transit Division has adopted a Public Participation Plan (PPP) process that seeks to maximize the ability for different members of the public to become and remain involved with the transportation decsion-making process. This PPP therefore aims to offer a variety of flexible approaches and resources that will encourage an increase in public awareness and participation with the community and staekholders in Hernando County. As such, the following methods of communication will be utlized to solicit input from the public:

- **TheBus Website**:

  Website information for TheBus is located online at:

  https://www.hernandocounty.us/departments/departments-n-z/transit-thebus. This webpage, which is part of the Hernando County Government webpage, offers a comprehensive guide to existing services, plans, policies, and current updates/news/media releases. This webpage will also post all public hearing and meeting notices. Members of the public, inclusing customers, are provide the public with the ability to contact staff directly with questions or provide a written response/submittal that will be addressed by Customer Service staff or management.

- **Press, Media Releases and Social Media Outreach:**

  Hernando County's Public Information Office (PIO) assists the Transit Division in posting and managing press and social media outlet information. All press releases are posted on the County webpage (https://www.hernandocounty.us/home). All social media releases are posted unnder their respective platforms:

  - Facebook: https://www.facebook.com/HernandoCoGov
  - X: https://x.com/i/flow/login?redirect_after_login=%2FHernandoCoGov
  - YouTube: https://www.youtube.com/channel/UCvW76oulWUK2sZpCFk5BB3A

  In addition, the Transit Division Administrator is available to speak with reporters on behalf of the County as it relates to TheBus services.

- **Printed Materials:**
  The Hernando County Transit Division produces printed materials that outline current services, policies, and plans. Printed materials include bus routes and schedules, riders guide, and numerous policies and related forms aimed at providing clear and instructive information on the area of need. When possible, all printed materials can be translated into other languages. As noted in the adopted Title VI Plan, many key printed materials are available or can be translated into Spanish. Printed materials are also made availble at key locations, including but not limited to:

  - Hernando County Transit Division Administrative Office (1525 E. Jefferson Street, Brooksville, FL 34601)
  - Hernando County Transit Division Operations Facility (700 Aeriform Dr. Brooksville, FL 34601)
  - Local charities and other County facilities (libaries, court house, career center, health and human service – addresses can be provided upon request).

- **Surveys:**

  The Hernando County Transit Division may also perform periodic surveys in print, online, by telephone, or in person to collect feedback from customers and/or public and stakeholder opinions. Major on-board survey efforts occur every five years as part of the Transit Development Plan (TDP) process. Smaller on-board survey efforts may occur at any time if there is a planned service change or reduction, or new marketing effort. For on-board surveys of current users of TheBus system, printed surveys are handed out and collected in-person on transit vehicles for optimal validity. Other surveys are conducted via online (website, social media) channels so that a broader perspective of the public can be reached. All surveys are provided in English and Spanish language formats.

- **Telephone and Email Communication**

  - **Telephone Access:**
    The Hernando County Transit Division provides customer service via telephone at (352) 754-4444. Live representatives are available Monday through Friday, from 8:00 a.m. to 5:00 p.m. In addition, the phone system offers pre-recorded information on service changes due to holidays, inclement weather, construction, or other events, as well as general customer service and administrative office hours.

    Individuals who are deaf, hard of hearing, or have speech disabilities may access the Transit Division via the Florida Relay Service by dialing TTY 711, which connects users to a relay operator for assistance.

  - **Email Communication:**
    Emails submitted through the designated transit contact link are directed

to the Transit Administrator, who checks the inbox daily and provides timely responses to inquiries, comments, or concerns submitted by the public.

Additional Community Outreach:

The Hernando County Transit Division staff also attends other community events and provides information on TheBus services and programs in order to raise awareness and increase exposure to the public of the service provided.

- **Open House/Public Workshops:**

  Open houses or public workshops are informal settings where the public is provided information about a service, program, plan, or project. Often, information and exhibits are provided. Particpants are encouraged to review and comment/provide their opinions (either in-person or in writing via a survey instrument). Typically, the open house/public workshop format has an alloted time period with nor set/scheduled agenda. Such a format allows gives the public the freedom to "drop-in" at their convenience. Staff makes every effort to locate these meetings in public spaces accessible by an active fixed or microtransit bus route at different hours of the day and week for maximum flexibility for the public.

- **Board Meetings:**

  The Hernando County Board of County Commissioners (BoCC) is the governing board for the Hernando County Transit Division. The BoCC is the chief legislative body in Hernando County. The Board meets the second and fourth Tuesdays of the month at 9 a.m., with the first Tuesday reserved for Land Use Hearings, workshops, etc. The Board meets in the John Law Ayers room located on the first floor of the Government Center at 20 North Main Street in Brooksville. The Hernando County Transit Division board items and information are posted the week before the BoCC meeting for review. The public is allowed to comment on all BoCC items once the item is called. In addition, the public can provide additional comments on TheBus programs during the initial public comment period that begins each BoCC meeting.

- **Public Presentations - Agency/Committee Participation:**

  Hernando County Transit Division staff makes an effort to attend and where possible present current programs or plans at other public and agency meetings where possible. In some cases, staff are members of a Committee related to the transportation planning process, including holding voting/membership roles on the following:

  - Hernando/Citrus Metropolitan Planning Organization (MPO) Transportation Disadvantaged Local Coordinating Board (TDLCB)
  - Hernando/Citrus Metropolitan Planning Organization (MPO) Technical Advisory Committee (TAC)

In addition, Hernando County Transit Division staff particpates in the annual public involvment process of the Hernado/Citrus MPO. This participation includes but is not limited to presenting program and seeking feedback and providing updates annually on the latest Transit Development Plan (TDP), Transportation Improvement Plan (TIP), and Unified Planning Work Program (UPWP) processes. As part of this coordination with the MPO, Hernando County Transit Division aims to present at least annually to the following additional MPO bodies:

- Hernando/Citrus Metropolitan Planning Organization (MPO) Board
- Hernando/Citrus Metropolitan Planning Organization (MPO) Citizens Advisory Committee (CAC)

Lastly, in-person interviews and presentations with community stakeholders are conducted as part of an ongoing effort to reach a wide array of consituents and transit customers, including those organizations that represent low income, limited english profiency (LEP) or minority populations. Targeted organizations/institutions include but are not limited to:

- Pasco-Hernando Workforce Development Board
- United Way of Hernando County
- Greater Hernando Chamber of Commerce
- You Thrive Florida (Community Transportation Coordinator)
- Florida Department of Transportation (FDOT) District Seven
- Education instutions (public school and state colleges)
- Faith-based organizations
- Health and human services (public and nonprofit)
- Affordable housing/planning (public and nonprofit)
- Tourism industry

Appendix G – Language Assistance Plan (LAP)

Introduction

The Hernando County Transit Division operates a transit system within Hernando County, Florida. The Language Assistance Plan (LAP) has been prepared to address the Hernando County Transit Division's responsibilities as they relate to the needs of individuals with Limited English Proficiency (LEP). Individuals, who have a limited ability to read, write, speak, or understand English are LEP. In Hernando County Transit Division service area, there are 7,643 residents or 3.97% who describe themselves as not able to communicate in English "very well" (Source: 5-year American Com. Survey 2023). The Hernando County Transit Division is federally mandated (Executive Order 13166) to take responsible steps to ensure meaningful access to benefits, services, information and other important portions of its programs and activities for individuals who are LEP. The Hernando County Transit Division has utilized the U.S. Department of Transportation (USDOT) LEP Guidance Handbook and performed a four-factor analysis to develop its LAP.

Methodoly for Assessing Needs for Reasonable Steps for an Effecitve LEP Policy

The analysis provided in this report has been developed to identify Limited English Proficient (LEP) populations (see Map 3) that may use Hernando County Transit Division services and to determine the appropriate language assistance measures necessary to ensure meaningful access. This evaluation is based on the Four Factor Analysis framework established in the U.S. Department of Transportation's Policy Guidance titled *"Implementing the Department of Transportation's Policy Guidance Concerning Recipients' Responsibilities to Limited English Proficient (LEP) Persons"*, dated April 13, 2007. The methodology considers the following four factors:

1. The number and proportion of LEP persons in the service area who may be served or are likely to encounter a Hernando County Transit Division program, activity, or service.
2. The frequency with which LEP persons come into contact with Hernando County Transit Division programs, activities, or services.
3. The nature and importance of the programs, activities, or services provided by the Hernando County Transit Division to the LEP population.
4. The resources available to the Hernando County Transit Division and the overall cost of providing language assistance.

The greater the number or proportion of LEP persons, the more frequently they interact with the agency's services, and the more critical those services are to the public, the higher the obligation to provide meaningful language assistance. Conversely, where contact is minimal or resources are constrained, agencies are permitted flexibility in the level and types of assistance provided.

The intent of the DOT guidance is to help agencies balance the need to provide meaningful access for LEP individuals to essential transit services without imposing undue financial or administrative burdens, particularly on smaller organizations and local governments.

It is understood that smaller recipients, such as the Hernando County Transit Division, which operate with limited staff and budgets, are not expected to provide the same level of language access services as larger transit agencies. However, reasonable steps must still be taken to ensure LEP persons have access to important information and services, such as fare changes, route adjustments, public meetings, and complaint procedures.

More guidance for FTA recipients and subrecipients can be found on the official LEP website at: http://www.lep.gov

Factor 1: The Number and Proportion of LEP Persons Serviced or Encountered in the Eligible Service Population

According to the 2023 American Community Survey (ACS), Hernando County has a total population of 192,752. Within the transit service area, approximately 7,643 residents (or 3.97% of the population age 5 and older) speak English less than "very well", and are therefore considered LEP.

The predominant LEP language group in Hernando County is Spanish-speaking individuals, representing 2.99% of the total population. An additional 0.21% speak other Indo-European languages (e.g., French, German, Russian, etc.) and report speaking English less than very well. These statistics suggest that Spanish is the most significant LEP language group in the region and is likely to benefit most from targeted language assistance.

A detailed breakdown of languages spoken at home and corresponding English proficiency levels can be found in **Appendix H**.

Factor 2: The Frequency with which LEP Individuals Come into Contact with Your Programs, Activities, and Services

Federal guidance for this factor recommends assessing how often LEP individuals interact with an agency's services. The more frequent the contact, the more necessary it is to provide language assistance to ensure meaningful access.

The Hernando County Transit Division has evaluated the frequency of contact with LEP individuals using a variety of methods, including:

- U.S. Census and American Community Survey (ACS) data
- Phone inquiry logs
- Staff (dispatch and driver) surveys
- Requests for translated materials
- Customer feedback from the 2024 Transit Development Plan (TDP) on-board survey

As discussed in Factor 1, data from the 2023 ACS indicates that approximately 3.97% of Hernando County's population speaks English less than "very well," with the majority of these individuals being Spanish-speaking. This confirms that Spanish is the most prominent LEP language group in the service area.

Phone and email inquiry logs, along with driver and dispatcher feedback indicate that LEP interactions occur infrequently but consistently, with most contacts involving Spanish-speaking riders. Over the past three years, the Hernando County Transit Division has received four (4) formal requests for translated documents in Spanish. Additionally, during the 2024 TDP on-board survey, six (6) passengers opted to complete the Spanish-language version of the survey. These data points suggest that while daily contact with LEP individuals is limited, there is ongoing engagement from the Spanish-speaking LEP population.

As a result, the Hernando County Transit Division recognizes a continued need to maintain basic language access measures, particularly for Spanish-speaking individuals, to ensure equitable service delivery.

Factor 3: The Nature and Importance of the Program, Activity, or Service Provided by the Recipient to People's Lives

The Hernando County Transit Division provides fixed-route public transportation service to the residents in Hernando County. As demonstrated by the analysis of demographic and on-board survey data from the 2024 Transit Development Plan (TDP) effort, there are a number of LEP persons in the community who use those public transit services. Furthermore, additional public outreach efforts completed by Transit Division staff in the 2024 TDP process reinforce the importance of public transportation services for LEP persons for purposes of employment and access to educational opportunities.

The Hernando County Transit Division ensures that all vital documents are made available in Spanish language format. This includes printed materials for public workshops/open houses, program and planning materials, and on-board and online surveys.

Factor 4: The Resources Available to the Recipient and Costs

Over the last several years, the Hernando County Transit Division continues to dedicate budget and resources with the intent to enhance access to services for LEP persons within the community. These resources include the translation of various communications materials including website pages and program applications, and preparation of dedicated Spanish language materials used in the development of the agency's 2025-2034 Transit Development Plan (TDP) Update. Bilingual (in English and Spanish) staff are available to assist customers with in-person, written, or electronic translations when needed.

Language Assistance Plan (LAP)

Hernando County Transit Division

Pursuant to Title VI of the Civil Rights Act of 1964 and Executive Order 13166

FTA guidance recommends the inclusion of five (5) key elements in the Language Assistance Plan (LAP). The Hernando County Transit Division has addressed each element below to ensure meaningful access to services for individuals with Limited English Proficiency (LEP).

Element 1: Identifying LEP Individuals Who Need Language Assistance

As outlined in the Four-Factor Analysis, the Hernando County Transit Division has assessed the number and proportion of LEP individuals within its service area using data from the U.S. Census Bureau's American Community Survey (see Appendix H). Key findings include:

1. 87.46% of residents speak English only.
2. 9.61% of residents speak Spanish at home.
3. Of the Spanish-speaking population, 2.99% report speaking English less than "very well."

4. An additional 0.98% of residents who speak languages other than English or Spanish also report speaking English less than "very well."

To better identify and serve LEP populations, the Hernando County Transit Division will implement the following strategies:

1) Examining records to see if requests for language assistance have been received in the past, either at meetings, over the phone or e-mail, to determine whether language assistance might be needed at future events or meetings.
2) Having Census Bureau Language Identification Flashcards available at Hernando County Transit Division Meetings. This will assist the Hernando County Transit Division in identifying language assistance needs for future events and meetings.
3) Vehicle operators and front-line staff (i.e. Dispatchers, Transit Operation Supervisors, etc.) will be surveyed on their experience concerning any contacts with LEP persons during the previous year.

Element 2: Language Assistance Measures

Federal Guidance suggests that an effective LAP should include information about the ways in which language assistance will be provided. This refers to listing the different language services an agency provides and how staff can access this information.

For this task Federal Guidance recommends that transit agencies consider developing strategies that train staff as to how to effectively deal with LEP individuals when they either call agency centers or otherwise interact with the agency.

Modify the following list with the efforts your agency is willing and able to undertake with regards to language assistance measures.

The Hernando County Transit Division has undertaken the following actions to improve access to information and services for LEP individuals:

1) Provide bilingual staff at community events, public hearings, and transit committee meetings.
2) Survey transit drivers and other front-line staff annually on their experience concerning any contacts with LEP persons during the previous year.
3) Provide Language Identification Flashcards onboard transit vehicles and in the Hernando County Transit Division offices.
4) Include statements clarifying that being bilingual is preferred on bus driver recruitment flyers and onboard recruitment posters.
5) When an interpreter is needed in person or on the telephone, staff will attempt to access language assistance services from a professional translation service or qualified community volunteers.

The Hernando County Transit Division will utilize the demographic maps provided in Appendix I in order to better provide the above efforts to the LEP persons within the service area.

Element 3: Training Staff

Federal guidance states staff members of an agency should know their obligations to provide meaningful access to information and services for LEP persons and that all employees in public contact positions should be properly trained.

Suggestions for implementing Element 3 of the Language Assistance Plan, involve: (1) identifying agency staff likely to come into contact with LEP individuals; (2) identifying existing staff training opportunities; (3) providing regular re-training for staff dealing with LEP individual needs; and (4) designing and implementing LEP training for agency staff.

In the case of the Hernando County Transit Division, one County employee is bilingual in English and Spanish and assists with in-person, written, and electronic responses to customers requests.

Modify the following list with the efforts your agency is willing and able to undertake with regards to training staff.

The following training will be provided to all Customer Service Representatives:

1. Information on Title VI Procedures and LEP responsibilities
2. Use of Language Identification Flashcards
3. Documentation of language assistance requests
4. How to handle a potential Title VI/LEP complaint

Element 4: Providing Note to LEP Persons

The Hernando County Transit Division will make Title VI information available in English and Spanish on the Agency's website. Key documents are written in English and Spanish. Notices are also posted in the Hernando County Transit Division office lobby, on buses, in meeting rooms, and on the website. Additionally, when planning public meetings or distributing materials to communities with known LEP populations, documents, flyers, agendas, and notices are printed in Spanish or other relevant languages as needed. Key planning and service documents (e.g., surveys, public notices) are routinely translated into Spanish to ensure accessibility.

Element 5: Monitoring and Updating the Plan

The plan will be reviewed and updated on an ongoing basis. Updates will consider the following:

- The number of documented LEP encourters per year
- How LEP needs were addressed and whether resources were adequate
- Any shifts in the LEP population or newly identifed language groups
- Determine whether the Hernando County Transit Division financial resources are sufficient to fund language assistance resources needed

The Hernando County Transit Division values the critical role trasnit plays in the lives of LEP individuals. The Hernando County Transit Division is open to suggestions from all sources, including customers, Hernando County Transit Division staff, other transportation

agencies with similar experiences with LEP communities, and the general public, regarding additional methods to improve their accessibility to LEP communities.

Table G-1. Limited English-Speaking Population - Hernando County, FL

Lanaguage Spoken	Esimated Population	Estimated Population Speaking English Less Than "Very Well"	Estimated Population Speaking English Less Than "Very Well"
English	168,589	N/A	N/A
Spanish	18,514	5,759	2.99%
French, Haitian, or Cajun	705	297	0.15%
German or other west Germanic Languages	994	106	0.05%
Russian, Polish, or other Slavic languages	726	241	0.13%
Other Indo-European languages	1,148	407	0.21%
Korean	50	23	0.01%
Chinese (incl. Mandarin, Cantonese)	336	191	0.10%
Vietnamese	338	201	0.10%
Tagalog (incl. Filipino)	360	70	0.04%
Other Asian and Pacific Island languages	576	302	0.16%
Arabic	201	24	0.01%
Other and unspecified languages	215	22	0.01%
Total	192,752	7,643	3.97%

Source: Data.Census.gov

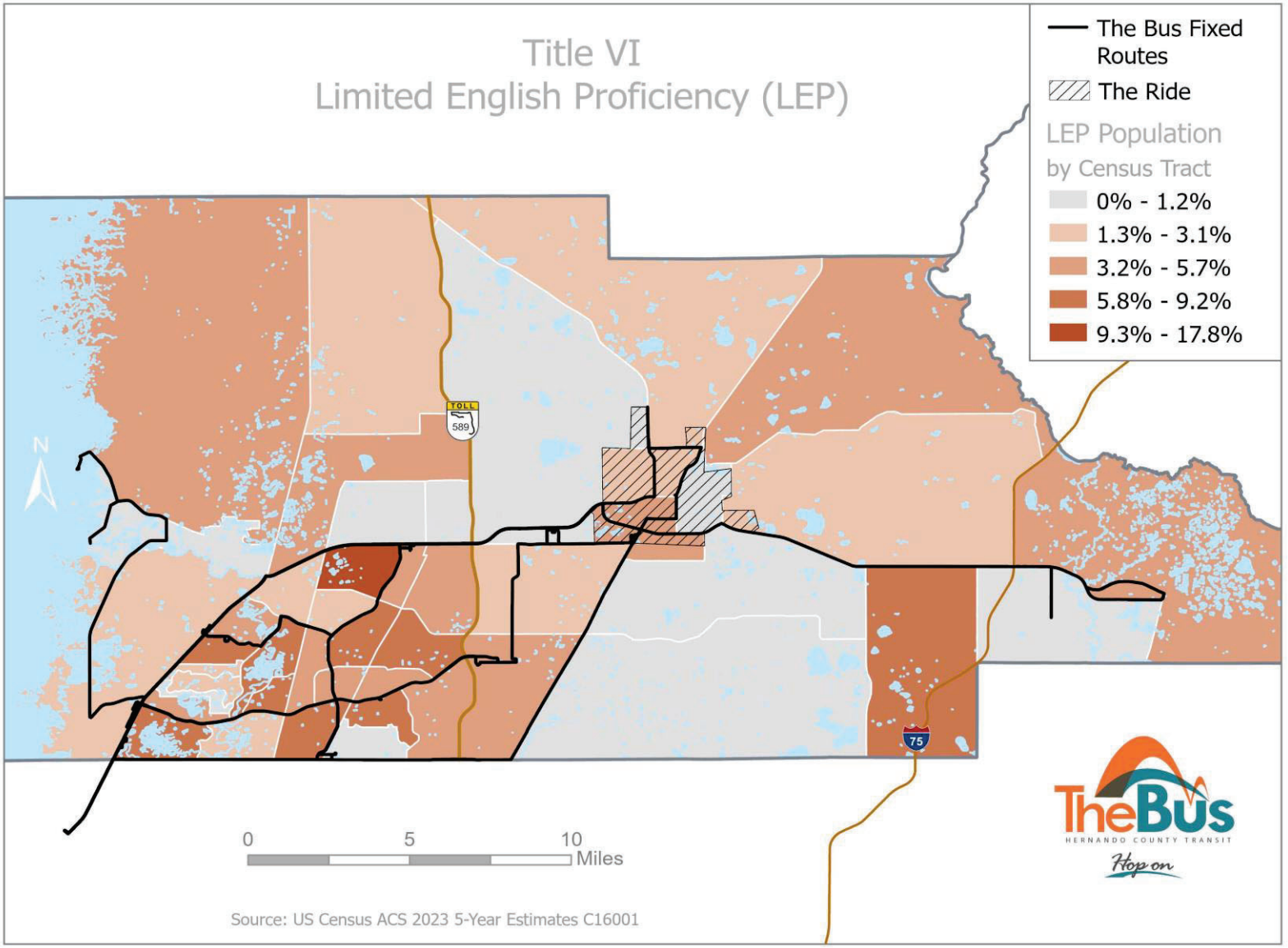
Safe Harbor Provision

DOT has adopted the Department of Justice's Safe Harbor Provision, which outlines circumstances that can provide a "safe harbor" for recipients regarding translation of written materials for LEP population. The Safe Harbor Provision stipulates that, if a recipient provides written translation of vital documents for each eligible LEP language group that constitutes five percent (5%) or 1,000 persons, whichever is less, of the total population of persons eligible to be served or likely to be affected or encountered, then such action will be considered strong evidence of compliance with the recipient's written translation obligations. Translation of non-vital documents, if needed, can be provided orally. If there are fewer than 50 persons in a language group that reaches the five percent (5%) trigger, the recipient is not required to translate vital written materials but should provide written notice in the primary language of the LEP language group of the right to receive competent oral interpretation of those written materials, free of cost.

The Hernando County Transit Division service area has LEP populations which qualify for the Safe Harbor Provision. As shown in Appendix H, 5,759 speakers qualify for the Safe Harbor Provision (as the number of person which speak English less than "very well" is counted as 2.99% and 5,759 persons).

The Safe Harbor Provision applies to the translation of written documents only. They do not affect the requirement to provide meaningful access to LEP individuals through competent oral interpreters where oral language services are needed and are reasonable. The Hernando County Transit Division may determine, based on the Four Factor Analysis, that even though a language group meets the threshold specified by the Safe Harbor Provision, written translation may not be an effective means to provide language assistance measures.

Map G-1. Limited English Proficiency (LEP)



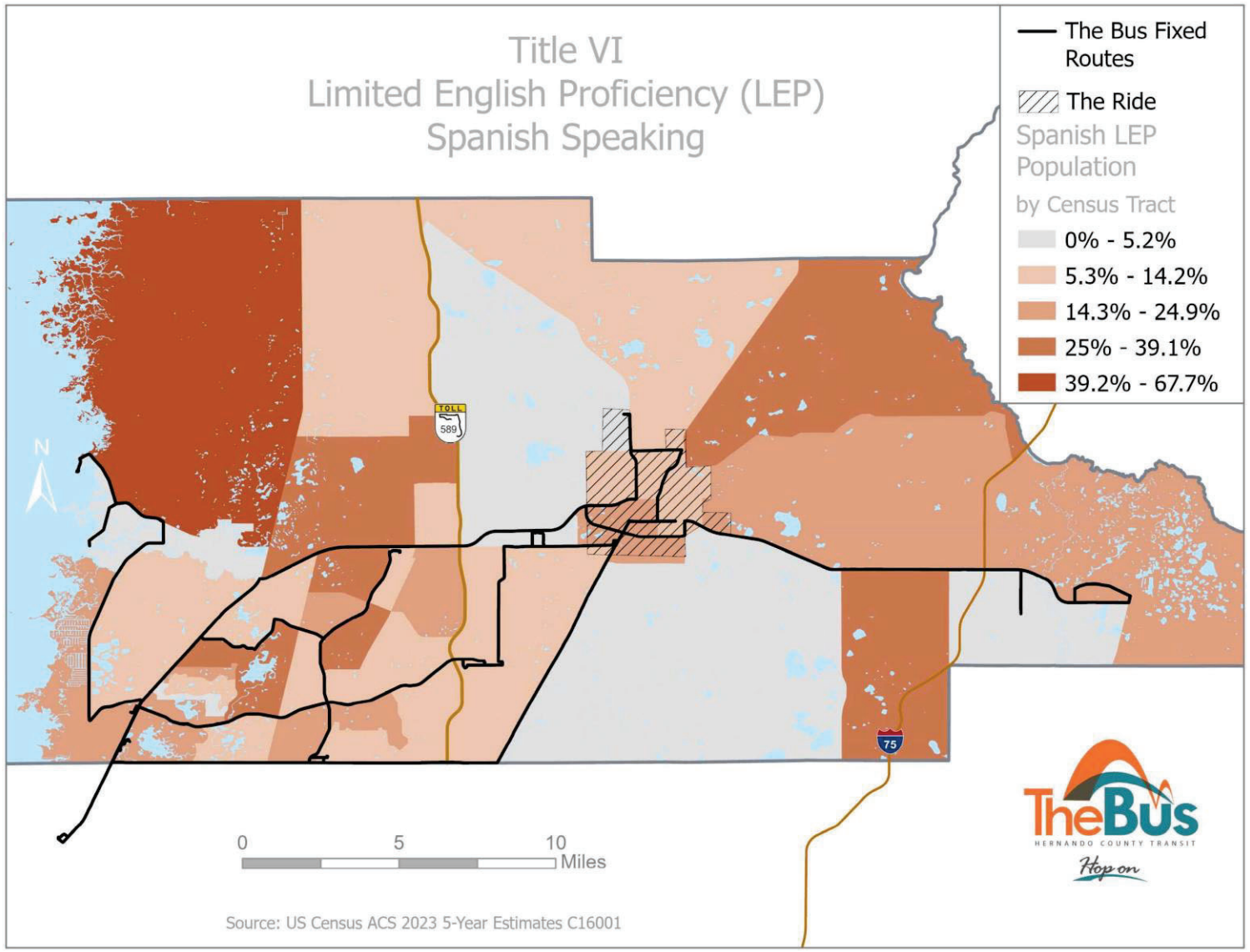
Appendix H – Operating Area Language Data: Hernando County Service Area

Table H-1.Hernando County 5 Year Estimates Language Spoken at Home

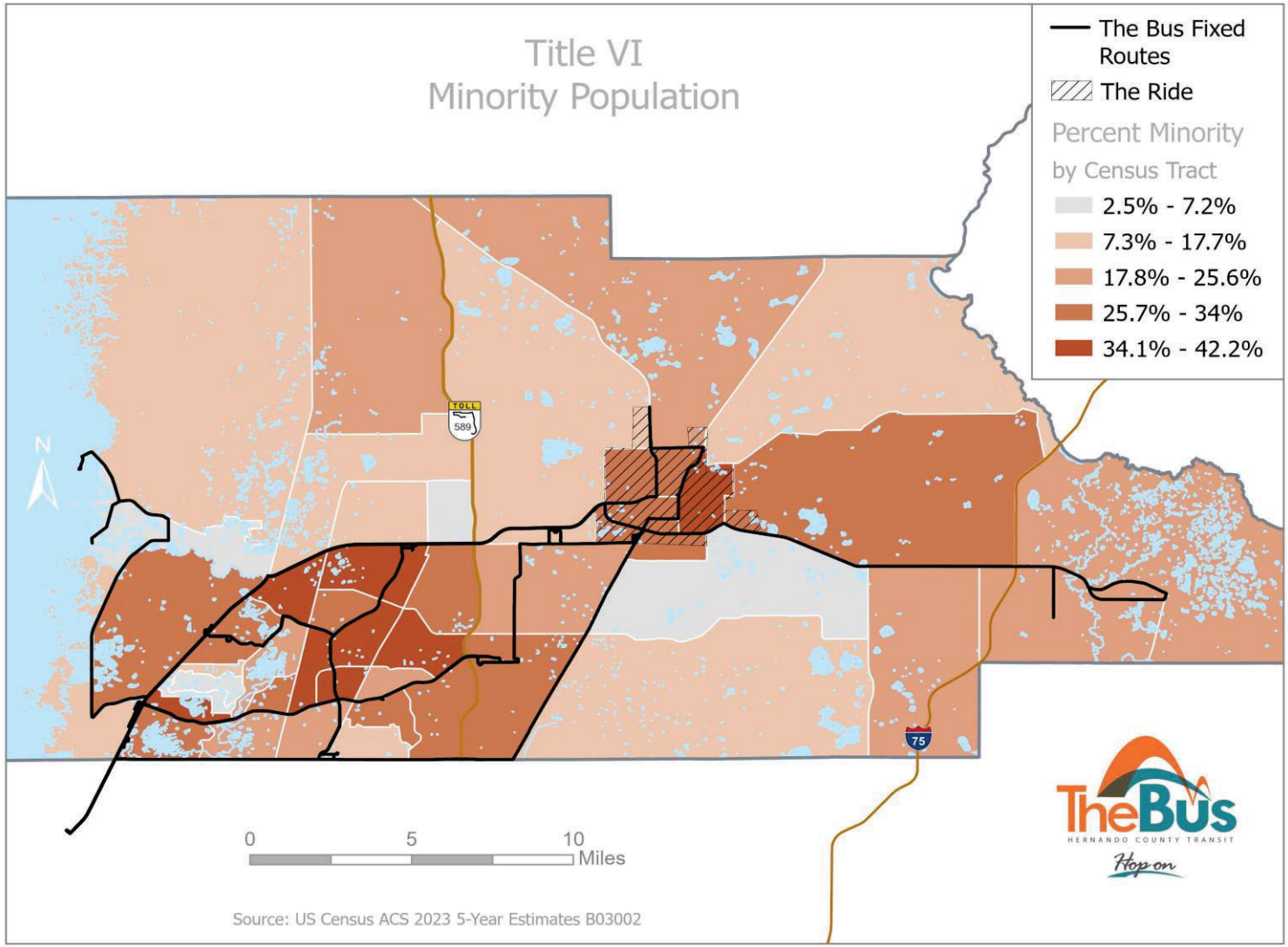
Hernando County, Florida American Com. Survey 2023 - 5 Year Estimates LEP Data ACSDT5Y2023.C16001-2025-02			
	Estimate	**% of Total**	**NOTES Safe Habor Provision**
Total:	192,752	100%	
Speak only English	168,589	87.46%	
Spanish:	18,514	10%	
Speak English "very well"	12,755	6.62%	
Speak English less than "very well"	**5,759**	2.99%	**5759**
French, Haitian, or Cajun:	705	0.37%	
Speak English "very well"	408	0.21%	
Speak English less than "very well"	**297**	0.15%	**297**
German or other West Germanic languages:	994	0.52%	
Speak English "very well"	888	0.46%	
Speak English less than "very well"	**106**	0.05%	**106**
Russian, Polish, or other Slavic languages:	726	0.38%	
Speak English "very well"	485	0.25%	
Speak English less than "very well"	**241**	0.13%	**241**
Other Indo-European languages:	1,148	0.60%	
Speak English "very well"	741	0.38%	
Speak English less than "very well"	**407**	0.21%	**407**
Korean:	50	0.03%	
Speak English "very well"	27	0.01%	
Speak English less than "very well"	**23**	0.01%	**23**
Chinese (incl. Mandarin, Cantonese):	336	0.17%	
Speak English "very well"	145	0.08%	
Speak English less than "very well"	**191**	0.10%	**191**
Vietnamese:	338	0.18%	
Speak English "very well"	137	0.07%	
Speak English less than "very well"	**201**	0.10%	**201**
Tagalog (incl. Filipino):	360	0.19%	
Speak English "very well"	290	0.15%	
Speak English less than "very well"	**70**	0.04%	**70**
Other Asian and Pacific Island languages:	576	0.30%	
Speak English "very well"	274	0.14%	
Speak English less than "very well"	**302**	0.16%	**302**
Arabic:	201	0.10%	
Speak English "very well"	177	0.09%	
Speak English less than "very well"	**24**	0.01%	**24**
Other and unspecified languages:	215	0.11%	
Speak English "very well"	193	0.10%	
Speak English less than "very well"	**22**	0.01%	**22**
Source: data.census.gov/table...Language Spoken at Home for the Population 5 Years and Over			7,643
			3.97%

Appendix I – Demographic Maps

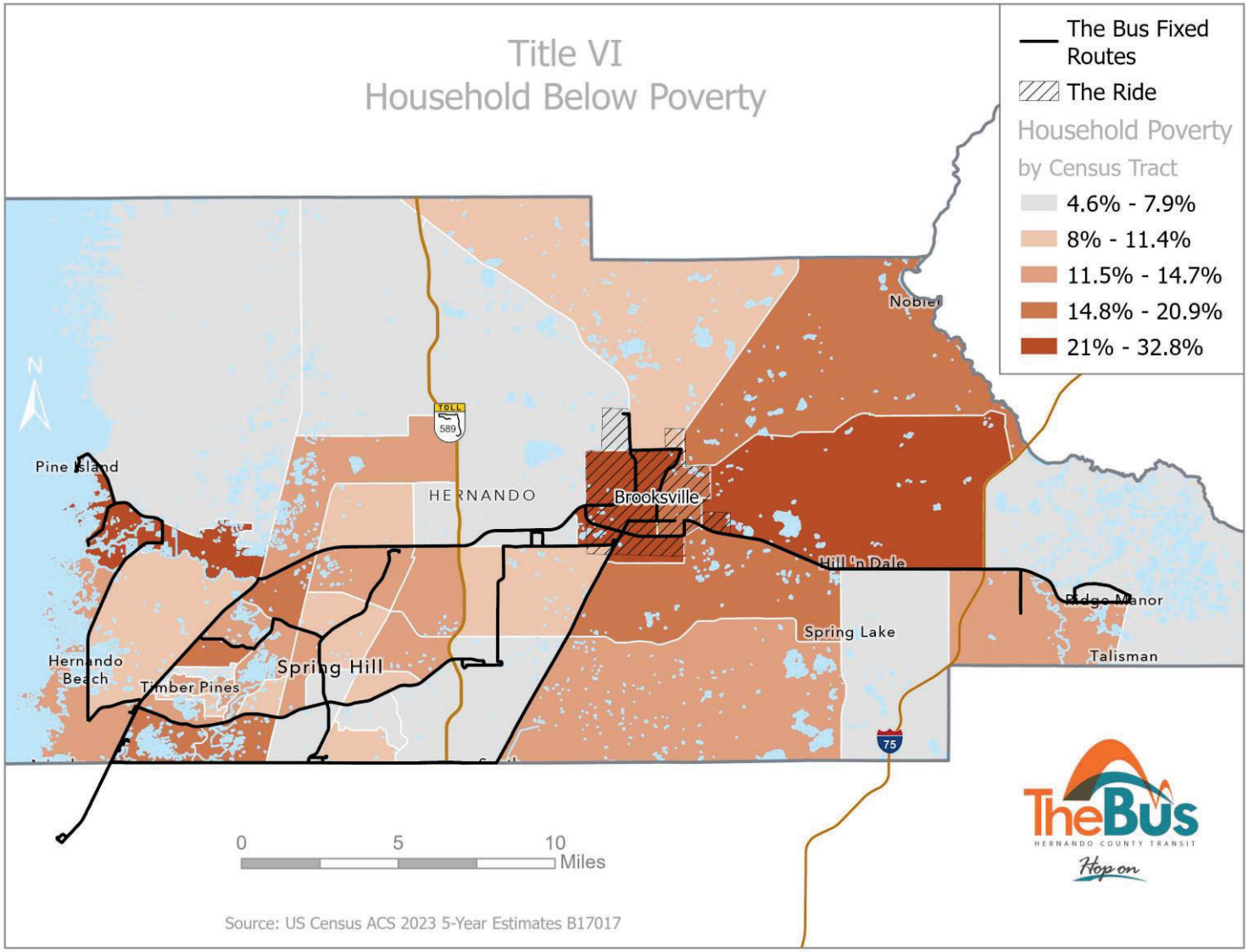
Map I-1. Title VI Limited English Proficiency (LEP) Spanish Speaking



Map I-2. Title VI Minority Population



Map I-3. Title VI Household Below Poverty



Map I-4. Title VI Total Population (with ¾ mile buffer)

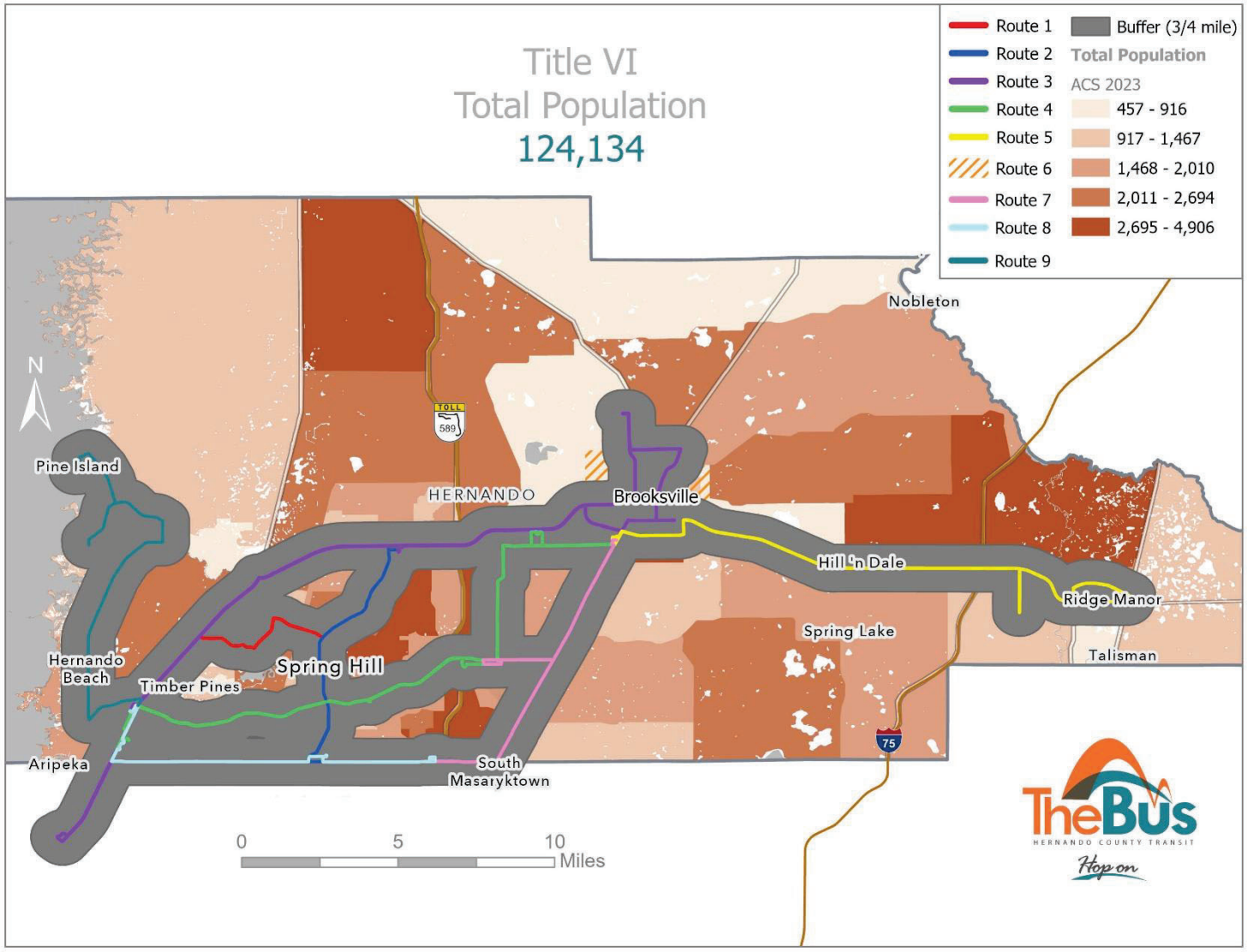


Table I-1. Transit Bus PM Tracking Schedule

TRANSIT BUS PM TRACKING SCHEDULE — 3/29/2025

EQ #	EQ Desc	Year	Make	Model ID	VIN	Date Last PM Performed	Current Life Meter	Last PM Performed	Next PM Mileage Due	PM Mileage Remaining	Grant #	Dept #	GMS #	Service
19429	GILLIG LOW FLOOR	2015	GILLIG	29' Low Floor	15GGE271XF1092952	1/6/2025	509,003	504,104	510,104	1101	FL-90-X864	34041	114	Fixed Route
20038	FORD E450	2016	GLAVAL	CUTAWAY	1FDFE4FS6HDC01266	3/13/2025	188,924	187,604	193,604	4680	Insurance proceeds/surplus	Replacement of Asset 15219	Destroyed by fire	ADA/Fixed/Micro
20041	GILLIG LOW FLOOR	2016	GILLIG	29' Low Floor	15GGE2719G1093155	2/25/2025	452,387	446,894	452,894	507	FL-90-X865	34041	143	Fixed Route
20042	GILLIG LOW FLOOR	2016	GILLIG	29'Low Floor	15GGE2710G1093156	3/1/2025	437,442	433,675	439,675	2233	FL-90-X865	34041	143	Fixed Route
20054	FORD E450	2016	GLAVAL	UNIVERSAL 23'	1FDFE4FS5HDC01288	2/7/2025	216,202	212,765	218,765	2563	FL-90-X776	34041	108	ADA/Fixed/Micro
20055	FORD E450	2016	GLAVAL	UNIVERSAL 23'	1FDFE4FS3HDC01287	2/20/2025	153,917	153,596	159,596	5679	FL-90-X776	34041	108	ADA/Fixed/Micro
20056	FORD E450	2016	GLAVAL	UNIVERSAL 23'	1FDFE4FS5HDC01260	10/21/2024	122,947	117,641	123,641	694	FL-90-X776	34041	108	ADA/Fixed/Micro
20079	GILLIG LOW FLOOR	2017	GILLIG	29' LOW FLOOR	15GGE2711H3093205	3/12/2025	410,678	407,430	413,430	2752	G0956	34043	109	Fixed Route
20828	TRANSIT CUTAWAY	2017	GLAVAL	CUTAWAY	1FDFE4FS3HOC75941	2/4/2025	173,948	170,698	176,698	2750	FL-2017-062	34005	181	ADA/Fixed/Micro
21367	GILLIG LOW FLOOR	2018	GILLIG	29' LOW FLOOR	15GGE2712J3093350	2/14/2025	401,628	396,175	402,175	547	FL-2014-094	34006	221	Fixed Route
22093	FORD E450	2019	Champion	CUTAWAY	1FDFE4FSXKDC14092	2/18/2025	134,116	132,751	138,751	4635	FL-2018-031	34007	239	ADA/Fixed/Micro
22136	GILLIG LOW FLOOR	2019	GILLIG	29'Low Floor	15GGE2711K3093289	3/20/2025	362,667	361,561	367,561	4894	FL-2018-031	34007	239	Fixed Route
22137	GILLIG LOW FLOOR	2019	GILLIG	29'Low Floor	15GGE2718K3093290	3/11/2025	334,169	330,288	336,288	2119	FL-2018-031	34007	239	Fixed Route
22256	CHEVROLET	2019	EQUINOX	SUV	3GNAXHEV8KS640835	6/5/2024	31,984	27,666	33,666	1682	FL-2018-105	34008	280	Non-Revenue
22363	GILLIG LOW FLOOR	2019	GILLIG	29'Low Floor	15GGE2718K3093595	3/27/2025	304,833	304,833	310,833	6000	FL-2018-105	34008	280	Fixed Route
22650	GILLIG LOW FLOOR	2020	GILLIG	29'Low Floor	15GGE2710L3093639	3/11/2025	233,587	229,520	235,520	1933	FL-2019-082	34009	336	Fixed Route
22651	GILLIG LOW FLOOR	2020	GILLIG	29'Low Floor	15GGE2719L3093638	3/4/2025	258,553	253,830	259,830	1277	FL-2019-082	34009	336	Fixed Route
22676	GILLIG LOW FLOOR	2021	GILLIG	29'Low Floor	15GGE2710M3093867	2/4/2025	215,259	209,699	215,699	440	FL-2020-023	34043	372	Fixed Route
22983	GILLIG LOW FLOOR	2023	GILLIG	29' Low Floor	15GGE2715P3094419	2/27/2025	13,767	8,455	14,455	688	FL-2021-082	34001	446	Fixed Route
22985	GILLIG LOW FLOOR	2023	GILLIG	29' Low Floor	15GGE2711P3094420	9/28/2023	6,708	2,879	8,879	2171	FL-2021-082	34001	446	Fixed Route
23115	GMC **(RATP Dev)**	2024	GMC	Sierra 1500	1GTUUAED3RZ235766	7/1/2024	2,414	0	6,000	3586	FL-2022-051	34013	478	Non-Revenue
23119	GILLIG LOW FLOOR	2024	GILLIG	29'Low Floor	15GGE2713R3094583		3,103	0	6,000	2897	FL-2024-045	34002	460	Fixed Route
23120	GILLIG LOW FLOOR	2024	GILLIG	29'Low Floor	15GGE2715R3094584		3,088	0	6,000	2912	FL-2024-045	34002	460	Fixed Route
23121	GILLIG LOW FLOOR	2024	GILLIG	29'Low Floor	15GGE2717R3094585		2,944	0	6,000	3056	FL-2024-045	34002	460	Fixed Route
23090	Chevrolet (Admin)	2024	Silverado	1500	3GCPDAEK7RG136933	10/28/2024	9,032	6,159	12,159	3127	FL-2021-082	34001	446	Non-Revenue

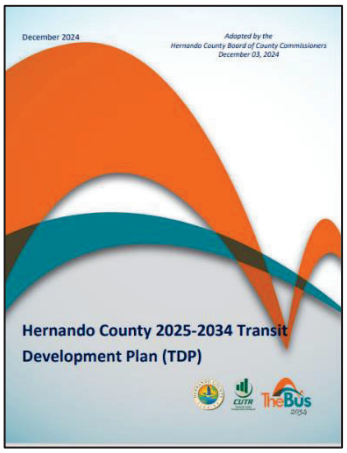
PM Pre-Warning Indicator

PM Due Now Indicator

Appendix J – Hernando County Transit Development Plan (TDP) Link

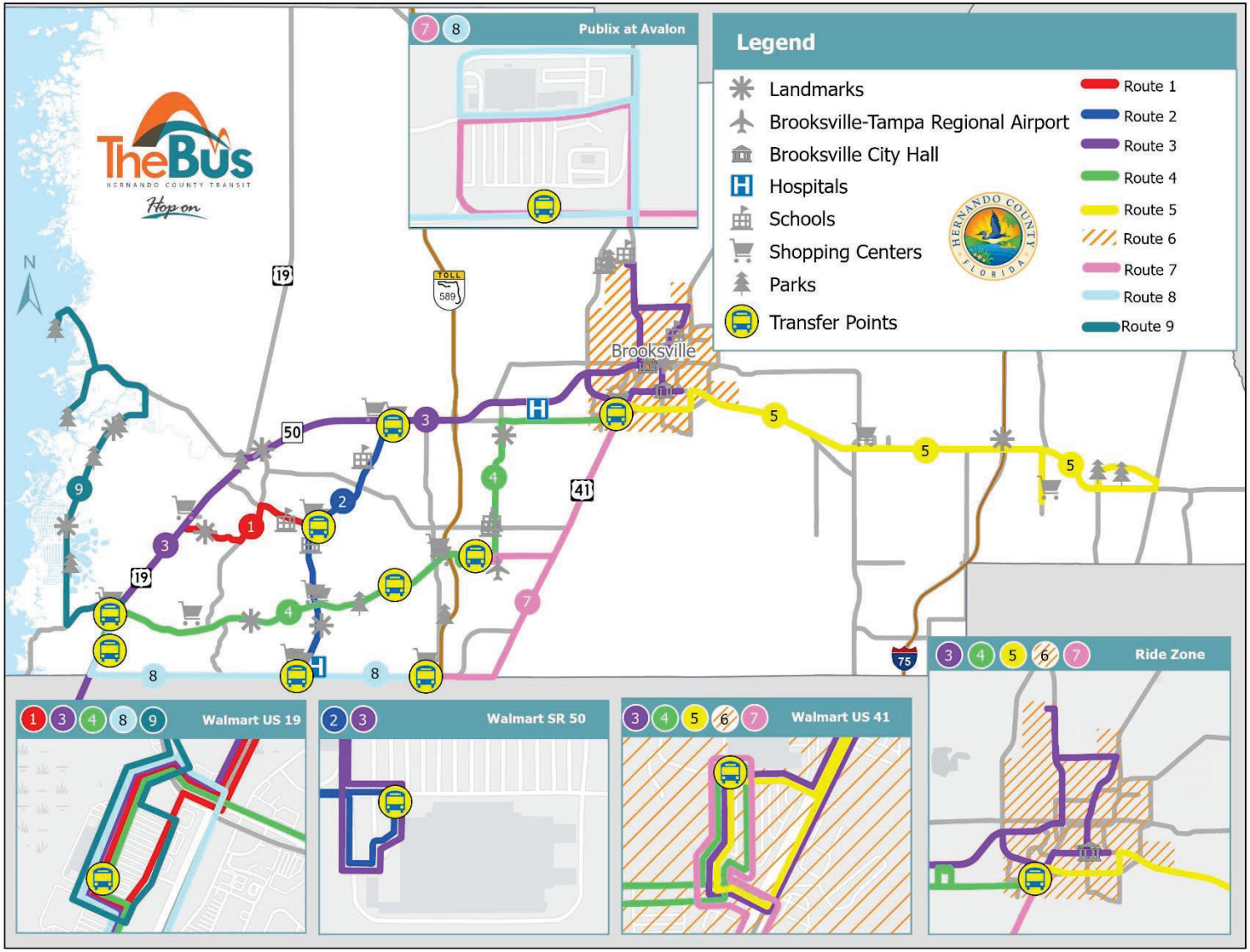
Latest TDP link

The link below is a link to the most recent TDP: Hernando County 2025-2034 Transit Development Plan (TDP)



https://www.hernandocounty.us/home/showdocument?id=9851&t=638695061581940724

Map J-1. Hernando County System Map



Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Administration
Prepared By: Demetris Williams-Fagin
Initiator: Jeffery Rogers
DOC ID: 16256
Legal Request Number:
Bid/Contract Number:

TITLE

Resolution Congratulating Habitat for Humanity Tampa Bay Gulfside Upon Occasion of 40th Anniversary

AYES:	Hawkins, Campbell, Allocco and Amsler
NAYES:	Champion

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

RESOLUTION 2025 –

WHEREAS, in 1976, Millard and Linda Fuller founded Habitat for Humanity International in a small Georgia farm town known as Americus; and

WHEREAS, seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope through affordable homeownership; and

WHEREAS, **HABITAT FOR HUMANITY** currently operates in more than 70 countries and in all 50 states, including the 47 affiliates located in the state of Florida; and

WHEREAS, **HABITAT FOR HUMANITY TAMPA BAY GULFSIDE** broke ground on their first home and was recognized as an official affiliate in 1985, marking the beginning of a new era of affordable homeownership in the Tampa Bay region; and

WHEREAS, **HABITAT FOR HUMANITY** builds and sells homes at a zero percent interest rate to income-qualified households who are unable to qualify for a traditional mortgage; and

WHEREAS, to ensure future success, homeowners are required to contribute at least 350 sweat-equity hours and attend a minimum of 36 homebuyer classes; and

WHEREAS, ultimately leading to generational wealth, Habitat homeowners elevate their quality of life through affordable homeownership; and

WHEREAS, in the Spring of 2024, **HABITAT FOR HUMANITY TAMPA BAY GULFSIDE**, was selected to expand their service area to include Hernando County, allowing them to serve more families in need; and

WHEREAS, based on new home construction, **HABITAT FOR HUMANITY TAMPA BAY GULFSIDE** has been recognized as one of the top three producing Habitat affiliates nationwide for five consecutive years; and

WHEREAS, with the help of volunteers and community partners alike, **HABITAT FOR HUMANITY TAMPA BAY GULFSIDE** has served over 1,150 families and will be building their 1,000th house this year.

NOW, THEREFORE, BE IT RESOLVED BY THE HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS AS FOLLOWS:

SECTION 1. The Board of County Commissioners hereby recognizes and congratulates **HABITAT FOR HUMANITY TAMPA BAY GULFSIDE** upon the occasion of its 40th Anniversary.

SECTION 2. The Board of County Commissioners urges all citizens to join in congratulating **HABITAT FOR HUMANITY TAMPA BAY GULFSIDE** on this special 40th Anniversary milestone, in thanking the organization for their commitment to promoting generational wealth by assisting homeowners in elevating their quality of life through affordable homeownership.

ADOPTED in Regular Session this 12th day of August 2025, A.D.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

Attest:

Douglas A. Chorvat, Jr.
Clerk of Circuit Court & Comptroller

Brian Hawkins
Chairman

Steve Champion
Commissioner

Jerry Campbell
Vice Chairman

Ryan Amsler
Commissioner

John Allocco
Second Vice Chairman

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

RESOLUTION 2025 – 137

WHEREAS, in 1976, Millard and Linda Fuller founded Habitat for Humanity International in a small Georgia farm town known as Americus; and

WHEREAS, seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope through affordable homeownership; and

WHEREAS, HABITAT FOR HUMANITY currently operates in more than 70 countries and in all 50 states, including the 47 affiliates located in the state of Florida; and

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ADOPTED in Regular Session this 12th day of August 2025, A.D.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

Attest:

Douglas A. Chorvat, Jr.
Clerk of Circuit Court & Comptroller

Brian Hawkins
Chairman

Jerry Campbell
Vice Chairman

Ryan Amsler
Commissioner

John Allocco
Second Vice Chairman

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Finance
Prepared By: Shanon Aguayo
Initiator: Joshua Stringfellow
DOC ID: 15934
Legal Request Number:
Bid/Contract Number:

TITLE

Notice of Purchasing Policy Exceptions for June 2025

RQ 86050
PD 6/18/25
CK V528431
VN 23052

PURCHASING POLICY EXCEPTION FORM

FROM:

DATE: 6/3/2025
DEPARTMENT: Solid Waste & Recycling
VENDOR: Integrated Environmental Technology

DEPT DIRECTOR/
MGR SIGNATURE: Scott D Harper DATE: 6/3/2025

Amount of Invoice: $177,600.00 **Invoice Date:** 5/23/2025

The attached request for disbursement does not appear to be in compliance with County Purchasing Policy, for the following reason:

Due to the absence of a formal purchase order for the months of October 2024 and beyond regarding the installation of temporary flare system. Vendor is owed the amount invoiced.

Please forward all documentation with this form attached, and letter of explanation, to the Chief Procurement Officer.

==========

TO: CHIEF PROCUREMENT OFFICER
Please review, and upon approval, forward to County Administration.

Carla Rossetti-Hunter Date: 6/10/2025

Resolution: Approved.

To process this disbursement, the request must be approved by the County Administrator.

==========

TO: COUNTY ADMINISTRATOR
Please review, and upon approval, forward to the Finance Department for processing.
APPROVED FOR PAYMENT:

COUNTY ADMINISTRATOR (or designee): [signature]
DATE: 6/17/25

==========

APPROVED FOR PAYMENT:
FINANCE DIRECTOR/
ASST. FINANCE DIRECTOR APPROVED By Joshua Stringfellow at 2:13 pm, Jun 13, 2025 Date:

==========

DEPARTMENT OF SOLID WASTE
SOLID WASTE • RECYCLING • SW CODE ENFORCEMENT • FINANCE • HOUSEHOLD HAZARDOUS WASTE

14450 LANDFILL RD • BROOKSVILLE, FLORIDA 34614
P 352.754.4112 • F 352.754.4118 • W www.HernandoCounty.us

Date: **June 3, 2025**

To: **Carla Rossiter-Smith**
Purchasing and Contracts

From: **Scott Harper, Solid Waste Services Manager**
Solid Waste & Recycling

Subject: **PPE for IET Temporary Flare**

The following is a detailed explanation and historical background regarding the temporary flare system installed at the Hernando County Landfill. This information is provided in support of a purchasing policy exception due to the absence of a formal purchase order for the months of October 2024 and beyond.

Background and Operational History of the Temporary Flare

In 2022, Hernando County retained Integrated Environmental Technology (IET) to conduct a comprehensive assessment of landfill gas (LFG) emissions at the Northwest Waste Management Facility. This decision followed site observations of distressed vegetation, recurring odors, and general concerns about potential off-site gas migration.

The results of the assessment confirmed that the existing Gas Collection and Control System (GCCS) was not operating effectively. Methane was detected in perimeter probes beyond site boundaries, and surface emissions exceeded regulatory thresholds at multiple locations. In response, IET outlined a three-step corrective plan that included:

1. Evaluation of system design and functionality,
2. Balancing of the wellfield to optimize gas extraction,
3. Implementation of a long-term monitoring and maintenance program.

As part of this process—and in light of the Archaea energy plant ceasing operations—IET recommended the installation of a temporary skid flare to address excess LFG that the existing system could not capture or treat.

The flare was installed and became operational in 2023. Since its installation, the flare has effectively reduced emissions, brought surface exceedances under control, and played a critical role in maintaining regulatory compliance.

Explanation for the Missing October 2024 Purchase Order

Although the temporary flare remained in full operation throughout October 2024, a formal purchase order for that month was not executed. This gap in documentation was the result of staffing disruptions at the time: I was out due to health issues, and Brooks, a key team member involved in procurement and contract oversight, had recently retired.

Due to this overlap in absence and transition, the continuation of flare services was unintentionally not formalized via purchase order that month. The flare services themselves were uninterrupted and

[redacted]

consistent with both the County's operational needs and the scope of previously approved services and budget projections.

This was not a failure in oversight or procedure but rather a result of a unique staffing situation during a period of transition. The flare system's continued operation was necessary, known, and aligned with prior Board-approved expenditures.

Request for Exception

Given the operational necessity of the temporary flare and the continuity of services during October 2024, I respectfully request that a purchasing policy exception be granted for this period. The County received the benefit of the service, the work was consistent with prior contract scope, and the lapse in documentation was the result of internal personnel changes—not a failure in policy adherence or fiscal management.

Let me know if any additional clarification or documentation is required.

6450 Bendelow Drive
Lakeland, FL 33810
863-868-8348
www.IETteam.com

Invoice

Invoice Date: 5/23/2025

Invoice No: 2537

Bill To:

Scott Harper
Hernando County Landfill
14450 Landfill Road
Brooksville, FL 34614-0806
352-754-4112

Ship To:

Scott Harper
Hernando County Landfill
14450 Landfill Road
Brooksville, FL 34614-0806
352-754-4112

P.O. No:	Terms:	Due Date:	Project:
25000280	Net 30	6/22/2025	22081618 Hernando GCCS Temporary Flare

Item	Description	Qty	U/M	Rate	Amount
	Hernando County Landfill - Temporary Flare Operation – Skid Flare System				
	Reference: Hernando County Landfill – Phase 3 Temporary Flare				
	October 2024 through May 2025				
1	MONTHLY FLARE RENTAL	8	EA	10,800.00	86,400.00
2	MONTHLY FLARE MAINTENANCE	8	EA	5,400.00	43,200.00
3	MONTHLY MONITORING	8	EA	6,000.00	48,000.00
	(SEE ATTACHED SUMMARY OF SERVICES)				

We Appreciate Your Business
Thank you.

Total: $177,600.00

Balance Due: $177,600.00

INTEGRATED ENVIRONMENTAL TECHNOLOGY

May 31, 2025

Scott Harper
Solid Waste Services Manager
Hernando County Solid Waste and Recycling Division
14450 Landfill Road
Brooksville, Florida 34614

Subject: Invoice for Temporary Flare Operation – Skid Flare System
Reference: Hernando County Landfill – Phase 3 Temporary Flare

Dear Mr. Harper,

Please find below the invoice for the continued operation and maintenance of the temporary skid flare system at the Hernando County Landfill for the period **October 2024 through May 2025**.

This ongoing operation plays a vital role in maintaining regulatory compliance and protecting air quality at the landfill. The temporary flare has proven effective in combusting excess landfill gas (LFG) that exceeds the capacity of the Archaea system, significantly reducing surface emissions and helping ensure continued environmental performance at the facility.

Summary of Charges:

DESCRIPTION	QUANTITY	UNITS	MONTHLY RATE	TOTAL
MONTHLY FLARE RENTAL	8	Months	$10,800.00	$86,400.00
MONTHLY FLARE MAINTENANCE	8	Months	$5,400.00	$43,200.00
MONTHLY MONITORING	8	Months	$6,000.00	$48,000.00
TOTAL DUE				**$177,600.00**

Please process payment at your earliest convenience. If you have any questions or need further documentation, don't hesitate to reach out.

Thank you for the opportunity to continue serving Hernando County.

Sincerely,
David M. Petty
Vice President
Integrated Environmental Technology

RQ 86148
PD 6/18/25
CK 285982
VN 4118

PURCHASING POLICY EXCEPTION FORM

FROM:

DATE: 05/23/2025

DEPARTMENT: Human Resources

VENDOR: Proud Pelican Construction Inc

DEPT DIRECTOR/
MGR SIGNATURE: [signature] DATE: 5/23/25

Amount of Invoice: $13,977.00 **Invoice Date:** 04/23/2025

The attached request for disbursement does not appear to be in compliance with County Purchasing Policy, for the following reason:

It is not part of a contract or a purchase order.

Please forward all documentation with this form attached, and letter of explanation, to the Chief Procurement Officer.

==========

TO: CHIEF PROCUREMENT OFFICER

Please review, and upon approval, forward to County Administration.

[signature] Date: 5-27-25

Resolution: Approved. Quote and Scope attached.

To process this disbursement, the request must be approved by the County Administrator.

==========

TO: COUNTY ADMINISTRATOR

Please review, and upon approval, forward to the Finance Department for processing.

APPROVED FOR PAYMENT:

COUNTY ADMINISTRATOR (or designee): [signature]

DATE:

==========

APPROVED FOR PAYMENT:

FINANCE DIRECTOR/
ASST. FINANCE DIRECTOR APPROVED By Joshua Stringfellow at 10:58 am, Jun 17, 2025 Date:

==========

form 20.purchpolexcep.3.17.14.doc 3/18/2014

April 23, 2025

Hernando County
20 N. Main St.
Brooksville, FL 34601

ATT: Jan Houser

RE: Care ATC
20186 Cortez Blvd Remodel

Proud Pelican Construction Inc.
LIC# CBC040798

INVOICE

1.	Proposal Dated March 14, 2025		$12,752.00
2.	Alternate #1		$ 1,225.00
		TOTAL AMOUNT DUE	$13,977.00

TOTAL AMOUNT DUE $13,977.00

08121 - 5121 - 5303401

Thank you.

Sincerely:

Alan Watrous

Proud Pelican Construction, Inc.

1134 W. Jefferson St., Brooksville, FL 34601 (352)796-9604 Fax (352)796-0695

PROUD PELICAN CONSTRUCTION
1134 W. JEFFERSON STREET
BROOKSVILLE, FL 34601

Affidavit and Waiver of Lien

Owner/Contractor
SubContractor/Labor:

Hernando County
Human Resources
15470 Flight Path Dr.
Brooksville, FL 34604

We the undersigned owner, contractor, subcontractor or laborers, having performed labor or furnished material or services in the construction, alteration, or improvement of the building or buildings located at and known as:

20186 Cortez Blvd
Brooksville, FL 34601

do hereby, in consideration of the payment to us for the sum set opposite our names, release and discharge any claim, lien or otherwise, which we might have against the above described property, we having been paid to the date of the Affidavit and Waiver of Lien, and all parties performing labor, furnishing materials or services on the site of improvement through us have been paid in full to date. Upon Payment of the below amount, we do hereby release, discharge, and waive any claim, lien or otherwise.

Lien Amount: $13,977.00

April 23, 2025
Date

Signature

Samuel R. Pearson, President
Print Name and Title

State of Florida
County of Hernando

Before me personally appeared Samuel R. Pearson to me to be the person who executed the foregoing instrument, and acknowledged to and before me that executed said instrument for the purposes therein expressed.
WITNESS my hand and official seal this 23th day of April, 2025.
(Seal)

HELEN M. CROSBY
MY COMMISSION # HH 263067
EXPIRES: August 10, 2026

Notary Public
Helen M. Crosby

Personally Known X Or Produced identification
Type of identification Produced

January 29, 2025

Hernando County
20 N. Main St.
Brooksville, FL 34601

Proud Pelican Construction Inc.
LIC# CBC040798

RE: Care ATC
20186 Cortez Blvd Remodel

Dear Sirs:

We are pleased to submit the proposal for the interior remodel to the Care ATC facility located at 20186 Cortez Blvd, Brooksville, FL 34601. Our Proposal is predicated on the following specifications and the attached preliminary drawings:

I. GENERAL REQUIREMENTS

A. Inclusions:
1. Liability Insurance and Workers Compensation
2. Construction Supervision
3. Trash Removal
4. City of Brooksville Building Permit Fees Allowance $500.00.

B. Exclusions:
1. Sitework
2. Surveys
3. Landscape
4. Lawn irrigation
5. Fire Alarm
6. Security System
7. Window treatments
8. Telephone lines
9. Data lines
10. Design fees for permitting. Robert Buckner to provide drawings.
10. Any Item not specifically mentioned in items I-VI

II. FRAMING

A. Approx 14 ln ft of 2"x4" metal Stud wall Approx 9' high with sound batts.

III. DOORS

A. One 3'x6'8" solid core birch doors with paint grade frames and lever lock.

IV. FINISHES

A. All drywall to be 1/2".
B. All new drywall to receive one coat of primer and two coats of Sherwin Williams semi-gloss paint.. Color to match existing as close as possible.
C. Replace flooring in the new office that requires the new door. Existing carpet and LVT is discontinued.
D. Approx. 66 ln ft of rubber base to match existing.

V MECHANICAL

A. Add one return grill.

VI. ELECTRICAL

A. Relocate 2 LED lay-in light fixtures

B. Add 2 LED lay-in light fixtures to match existing

C. Add one switch to operate the light fixtures in the new office

Any items of work or service not described herein are not included in this proposal.

CONTRACT AMOUNT

Twelve Thousand Seven Hundred Fifty Two Dollars.....$12,752.00

ALTERNATE #1

Replace damaged carpet behind receptionist desk with LVT

ADD $1,225.00

* Pricing can only be guaranteed for 30 days, if signed and accepted by both parties, from the date of this proposal.

PAYMENT SCHEDULE

Monthly A.I.A. G702 progressive draws.

Or according to lending institutions normal draw schedule or.

CHANGE ORDERS

All Change Orders will be forwarded to Owner for Owner's approval and signature prior to any changes in the scope as outlined above. All Change Orders will be based on Cost plus ten percent10%).

INTEREST AND COLLECTION COSTS

If any payment is not made when due, interest at the rate of eighteen percent(18%) per annum plus costs incidental to collection and reasonable attorney's fees shall be added to the unpaid balance due from the Owner. If the Owner fails to pay the Contractor at the time payment of any amount becomes due, the Contractor may at any time thereafter, in addition to any remedies available to Contractor, stop the work until payment of the amount owing has been received by Contractor. Written notice shall be deemed to have been dully served if sent by certified mail to Owner at the address above or if actually delivered to Owner or a representative of Owner.

DEFAULT AND ATTORNEY'S FEES

In cause of default by Owner of any provision of this Contract, Contractor shall be entitled, at a minimum to compensatory, consequential and incidental damages, costs and attorney's fees arising out of such default.

FLORIDA LAW AND VENUE

The terms and provisions of this Contract shall be governed by Florida Law and the venue of any litigation arising under this agreement shall be in Hernando County, Florida.

ENTIRE AGREEMENT

This document and any exhibits attached to or other documents specifically incorporated by reference, constitutes the entire agreement between the parties and may be modified only by writing signed by the party against whom enforcement of the modification is sought.

TIME LIMIT BINDING.

This contract shall bind the parties upon its execution by both parties or their authorized representatives, but this Contract shall not become binding if not accepted by or for Owner within fifteen (15) days after the date set forth above. Contractor reserves the right to withdraw or modify this contract at any time before Owner's acceptance is actually communicated to Contractor.

SECTION HEADINGS

The Section headings in this Agreement are for reference purposes only and shall not in any way affect the meaning and interpretation of this Agreement.

INVALIDITY OF PARTICULAR PROVISIONS

The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

COUNTERPARTS

This Agreement may be signed and executed in one or more counterparts, each of which shall be deemed as original and all of which together shall constitute one agreement.

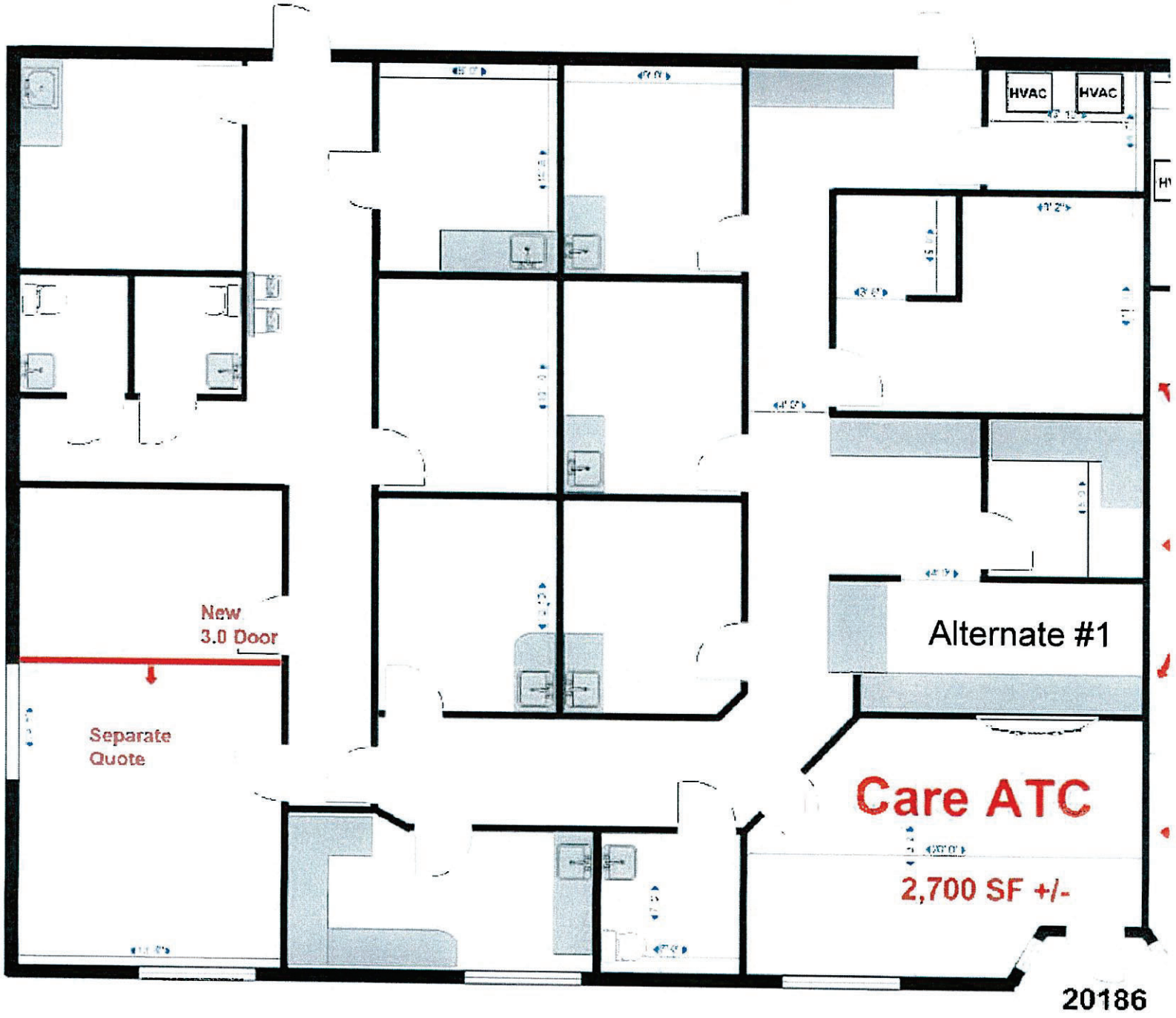
CONSTRUCTION OF CONTRACT

This Agreement shall be deemed to have been prepared by the parties and no rule of construction shall be applied for or against any party.

This proposal becomes a contract when approved by the Owner and accepted by Proud Pelican Construction, Inc.

APPROVED:	**ACCEPTED:**
E Houser	Alan Watrous
~~Owner~~ DIRECTOR HUMAN RESOURCES	**Proud Pelican Construction, Inc.**
3/14/25	January 29, 2025
Date	**Date**

1134 W. Jefferson St., Brooksville, FL 34601 (352)796-9604 Fax (352)796-0695


HVAC
HVAC
New
3.0 Door
Separate
Quote
Alternate #1
Care ATC
2,700 SF +/-
20186

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Finance
Prepared By: Katherine Tomczyk
Initiator: Joshua Stringfellow
DOC ID: 16124
Legal Request Number:
Bid/Contract Number:

TITLE

Receipt of Alcohol and Other Drug Abuse Trust Fund Monthly Report for March 2025

Hernando County
Alcohol and Other Drug Abuse Trust Fund
For the Month of March 2025

	Report Month	FY 24/25 Fiscal YTD		From Inception
Costs and Assessments imposed by the Courts	$ 1,305.00	$ 8,775.00		$ 220,674.06
Funds Collected and Deposited into the Trust Fund	$ 1,657.35	$ 6,529.60		$ 112,848.75
Expenditures from the Trust Fund	$ -	$ -		$ 26,471.20
Alcohol and Other Drug Abuse Trust Fund Balances	$ 1,657.35	$ 6,529.60		$ 86,377.55

By authority of Hernando County Ordinance 2014-13 and Sections 938.13, 938.21, and 938.22, Florida Statutes.

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Finance
Prepared By: Katherine Tomczyk
Initiator: Joshua Stringfellow
DOC ID: 16125
Legal Request Number:
Bid/Contract Number:

TITLE

Receipt of Alcohol and Other Drug Abuse Trust Fund Monthly Report for April 2025

Hernando County
Alcohol and Other Drug Abuse Trust Fund
For the Month of April 2025

	Report Month	FY 24/25 Fiscal YTD		From Inception
Costs and Assessments imposed by the Courts	$ 1,965.00	$ 10,740.00		$ 222,639.06
Funds Collected and Deposited into the Trust Fund	$ 1,648.51	$ 8,178.11		$ 114,497.26
Expenditures from the Trust Fund	$ -	$ -		$ 26,471.20
Alcohol and Other Drug Abuse Trust Fund Balances	$ 1,648.51	$ 8,178.11		$ 88,026.06

By authority of Hernando County Ordinance 2014-13 and Sections 938.13, 938.21, and 938.22, Florida Statutes.

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Finance
Prepared By: Katherine Tomczyk
Initiator: Joshua Stringfellow
DOC ID: 16126
Legal Request Number:
Bid/Contract Number:

TITLE

Receipt of Alcohol and Other Drug Abuse Trust Fund Monthly Report for May 2025

Hernando County
Alcohol and Other Drug Abuse Trust Fund
For the Month of May 2025

	Report Month	FY 24/25 Fiscal YTD		From Inception
Costs and Assessments imposed by the Courts	$ 1,485.00	$ 12,225.00		$ 224,124.06
Funds Collected and Deposited into the Trust Fund	$ 931.85	$ 9,109.96		$ 115,429.11
Expenditures from the Trust Fund	$ -	$ -		$ 26,471.20
Alcohol and Other Drug Abuse Trust Fund Balances	$ 1,648.51	$ 9,109.96		$ 88,957.91

By authority of Hernando County Ordinance 2014-13 and Sections 938.13, 938.21, and 938.22, Florida Statutes.

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Administration
Prepared By: Colleen Conko
Initiator: Jeffrey Rogers
DOC ID: 16225
Legal Request Number:
Bid/Contract Number:

TITLE

Transmittal of Cabot Citrus Farms Community Development District FY 2025-2026 Adopted Budget

RESOLUTION 2025-05
[FY 2026 APPROPRIATION RESOLUTION]

THE ANNUAL APPROPRIATION RESOLUTION OF THE CABOT CITRUS FARMS COMMUNITY DEVELOPMENT DISTRICT ("DISTRICT") RELATING TO THE ANNUAL APPROPRIATIONS AND ADOPTING THE BUDGET(S) FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2025, AND ENDING SEPTEMBER 30, 2026; AUTHORIZING BUDGET AMENDMENTS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, for the fiscal year beginning October 1, 2025, and ending September 30, 2026 ("**FY 2026**"), the District Manager prepared and submitted to the Board of Supervisors ("**Board**") of the Cabot Citrus Farms Community Development District (**"District"**) prior to June 15, 2025, proposed budget(s) ("**Proposed Budget**") along with an explanatory and complete financial plan for each fund of the District, pursuant to the provisions of Section 190.008(2)(a), *Florida Statute*s; and

WHEREAS, at least sixty (60) days prior to the adoption of the Proposed Budget, the District filed a copy of the Proposed Budget with the local general-purpose government(s) having jurisdiction over the area included in the District pursuant to the provisions of Section 190.008(2)(b), *Florida Statutes*; and

WHEREAS, the Board set a public hearing on the Proposed Budget and caused notice of such public hearing to be given by publication pursuant to Section 190.008(2)(a), *Florida Statutes*; and

WHEREAS, the District Manager posted the Proposed Budget on the District's website in accordance with Section 189.016, *Florida Statutes*; and

WHEREAS, Section 190.008(2)(a), *Florida Statutes*, requires that, prior to October 1st of each year, the Board, by passage of the Annual Appropriation Resolution, shall adopt a budget for the ensuing fiscal year and appropriate such sums of money as the Board deems necessary to defray all expenditures of the District during the ensuing fiscal year.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE CABOT CITRUS FARMS COMMUNITY DEVELOPMENT DISTRICT:

SECTION 1. BUDGET

a. The Proposed Budget, attached hereto as **Exhibit A,** as amended by the Board, is hereby adopted in accordance with the provisions of Section 190.008(2)(a), *Florida Statutes* (**"Adopted Budget"**), and incorporated herein by reference; provided, however, that the comparative figures contained in the Adopted Budget may be subsequently revised as deemed necessary by the District Manager to reflect actual revenues and expenditures.

b. The Adopted Budget, as amended, shall be maintained in the office of the District Manager and at the District's Local Records Office and identified as "The Budget for the Cabot Citrus Farms Community Development District for the Fiscal Year Ending September 30, 2026."

c. The Adopted Budget shall be posted by the District Manager on the District's official website in accordance with Chapter 189, *Florida Statutes*, and shall remain on the website for at least two (2) years.

SECTION 2. APPROPRIATIONS

There is hereby appropriated out of the revenues of the District, for FY 2026, the sum(s) set forth in **Exhibit A** to be raised by the levy of assessments and/or otherwise, which sum is deemed by the Board to be necessary to defray all expenditures of the District during said budget year, to be divided and appropriated as set forth in **Exhibit A.**

SECTION 3. BUDGET AMENDMENTS

Pursuant to Section 189.016, *Florida Statutes*, the District at any time within FY 2026 or within 60 days following the end of the FY 2026 may amend its Adopted Budget for that fiscal year as follows:

a. A line-item appropriation for expenditures within a fund may be decreased or increased by motion of the Board recorded in the minutes, and approving the expenditure, if the total appropriations of the fund do not increase.

b. The District Manager or Treasurer may approve an expenditure that would increase or decrease a line-item appropriation for expenditures within a fund if the total appropriations of the fund do not increase and if either (i) the aggregate change in the original appropriation item does not exceed the greater of $15,000 or 15% of the original appropriation, or (ii) such expenditure is authorized by separate disbursement or spending resolution.

c. Any other budget amendments shall be adopted by resolution and consistent with Florida law. The District Manager or Treasurer must ensure that any amendments to the budget under this paragraph c. are posted on the District's website in accordance with Chapter 189, *Florida Statutes*, and remain on the website for at least two (2) years.

SECTION 4. EFFECTIVE DATE. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED THIS 9TH DAY OF JULY, 2025.

ATTEST:

Secretary / Assistant Secretary

CABOT CITRUS FARMS COMMUNITY DEVELOPMENT DISTRICT

Chair/Vice Chair, Board of Supervisors

Exhibit A: FY 2026 Budget

Exhibit A

FY 2026 Budget

CABOT CITRUS FARMS COMMUNITY DEVELOPMENT DISTRICT
FISCAL YEAR 2025-2026 ADOPTED BUDGET
GENERAL FUND, OPERATIONS & MAINTENANCE (O&M)

		FY 2024 ACTUAL	FY 2025 ADOPTED	FY 2026 ADOPTED	VARIANCE FY25 - FY26
1	**REVENUES:**				
2	SPECIAL ASSESSMENTS				
3	DEVELOPER FUNDING	$ 67,492	$ 393,175	$ 393,175	$ -
4	**TOTAL REVENUES:**	**67,492**	**393,175**	**393,175**	**-**
5	**EXPENDITURES:**				
6	**ADMINISTRATIVE:**				
7	SUPERVISORS FEES	-	-	-	-
8	DISTRICT MANAGEMENT	27,500	55,000	55,000	-
9	DISTRICT COUNSEL	23,457	30,000	30,000	-
10	DISTRICT ENGINEER	-	15,000	15,000	-
11	TRUSTEE SERVICES	-	7,500	7,500	-
12	DISSEMINATION AGENT	-	5,000	5,000	-
13	LEGAL ADVERTISING	-	6,500	6,500	-
14	GENERAL LIABILITY & POL INSURANCE	12,640	9,500	9,500	-
15	AUDIT SERVICES	3,000	6,000	6,000	-
16	ANNUAL SPECIAL DISTRICT FEE	-	175	175	-
17	BANK FEES	-	500	500	-
18	WEBSITE HOSTING, ADA, MAINTENANCE	-	8,000	8,000	-
19	ADMIN CONTINGENCY	896	2,000	2,000	-
20	**TOTAL ADMINISTRATIVE**	**67,492**	**145,175**	**145,175**	**-**
21	**PHYSICAL ENVIRONMENT:**				
22	LANDSCAPE MAINTENANCE	-	200,000	200,000	-
23	POND MAINTENANCE	-	20,000	20,000	-
24	IRRIGATION REPAIRS & MAINTENANCE	-	3,000	3,000	-
25	LANDSCAPE INSPECTIONS	-	10,000	10,000	-
26	FIELD CONTINGENCY	-	5,000	5,000	-
27	**TOTAL PHYSICAL ENVIORNMENT**	**-**	**238,000**	**238,000**	**-**
28	**UTILITIES:**				
29	RECLAIM WATER	-	10,000	10,000	-
30	**TOTAL UTILITIES**	**-**	**10,000**	**10,000**	**-**
31					
32	**TOTAL EXPENDITURES**	**67,492**	**393,175**	**393,175**	**-**
33					
34	**TOTAL REVENUES OVER/(UNDER) EXPENDITURES**	**$ -**	**$ -**	**$ -**	**$ -**

CABOT CITRUS FARMS COMMUNITY DEVELOPMENT DISTRICT
FISCAL YEAR 2025-2026 ADOPTED BUDGET
DEBT SERVICE REQUIREMENTS

	SERIES 2024 BAN
REVENUE	
SPECIAL ASSESSMENTS	$ 2,073,750
TOTAL REVENUE	**2,073,750**
EXPENDITURES	
INTEREST EXPENSE	
May 1, 2026	1,036,875
November 1, 2026	1,036,875
PRINCIPAL PAYMENT	
May 1, 2026	-
TOTAL EXPENDITURES	**2,073,750**
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	**$ -**

CABOT CITRUS FARMS COMMUNITY DEVELOPMENT DISTRICT
FISCAL YEAR 2025-2026 ADOPTED BUDGET
SERIES 2024 BAN DEBT SERVICE - $39,500,000

Period Ending	Principal	Coupon	Interest	Annual Debt Service	Amount Outstanding
5/1/2025		5.25%	1,036,875		39,500,000
11/1/2025		5.25%	1,036,875	2,073,750	39,500,000
5/1/2026		5.25%	1,036,875		39,500,000
11/1/2026		5.25%	1,036,875	2,073,750	39,500,000
5/1/2027		5.25%	1,036,875		39,500,000
11/1/2027		5.25%	1,036,875	2,073,750	39,500,000
5/1/2028		5.25%	1,036,875		39,500,000
11/1/2028		5.25%	1,036,875	2,073,750	39,500,000
3/1/2029	39,500,000	5.25%	691,250.00	40,191,250	
	39,500,000		**8,986,250**	**48,486,250**	

(a) For budgetary purposes only.

CABOT CITRUS FARMS COMMUNITY DEVELOPMENT DISTRICT
FISCAL YEAR 2025-2026 ADOPTED BUDGET
PH.1 RESORT CORE SERIES 2024 DEBT SERVICE ASSESSMENT ALLOCATION

UNIT TYPE	PH.1 UNIT COUNT	TOTAL PH.1 DEBT SERVICE	PH.1 DEBT SERVICE PER UNIT, NET	PH.1 DEBT SERVICE PER UNIT, GROSS
Residential				
2-Bed Cottage	101	$184,379	$1,825.53	$1,984.28
4-Bed Cotage	67	$122,311	$1,825.53	$1,984.28
Fairway Home	64	$162,201	$2,534.40	$2,754.78
Nonresidential				
Fittness & Pool Club (Sq.Ft.)	14,067	$34,831	$2.48	$2.69
Racket Club (Sq.Ft.)	2,158	$14,849	$6.88	$7.48
Health & Welness (Sq.Ft.)	25,000	$62,135	$2.49	$2.70
Resort Clubhouse (Sq.Ft.)	85,475	$352,494	$4.12	$4.48
Marketplace (Sq.Ft.)	12,065	$49,450	$4.10	$4.46
Central Services (Sq.Ft.)	32,510	$80,781	$2.48	$2.70
Golf Course Holes	57	$973,912	$17,086.18	$18,571.94
Total	**171,564**	**$2,037,345**		

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Administration
Prepared By: Colleen Conko
Initiator: Jeffrey Rogers
DOC ID: 16195
Legal Request Number:
Bid/Contract Number:

TITLE

Transmittal of Waterford Community Development District Annual Financial Report for FY Ended September 30, 2024

WATERFORD COMMUNITY DEVELOPMENT DISTRICT
3434 Colwell Avenue, Suite 200, Tampa, Florida 33614

July 8, 2025

RECEIVED
JUL 14 2025
BY:

2025 JUL 11 PM 4:30
FILED FOR RECORD
DOUG CHORVAT JR. CLERK
HERNANDO COUNTY, FL

Hernando County Clerk of Court
Doug Chorvat Jr.
20 North Main Street, Room 362
Brooksville, FL 34601

RE: Waterford Community Development District

To Whom It May Concern:

Pursuant to Section 11.45, Florida Statutes, and Section 189.418, Florida Statutes, an independent special district in one county must file its Annual Financial Audit Report with the Office of the Auditor General and the Clerk of the County governing within 45 days of audit completion and within 9 months of fiscal year end. One copy of the report must be submitted to the Clerk of the Board of County Commissioners.

Accordingly, enclosed is one copy of the Annual Financial Audit Report for the Fiscal Year Ended September 30, 2024, for the above referenced district. Please call me at (813) 933-5571 with any questions.

RECEIVED
JUL 18 2025
HERNANDO COUNTY
BOARD OF
COUNTY COMMISSIONERS

Sincerely,

Scott Brizendine

Enclosures

Waterford
Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2024

Waterford Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2024

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Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Waterford Community Development District
Hernando County, Florida

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of Waterford Community Development District (the "District"), as of and for the year ended September 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Waterford Community Development District as of September 30, 2024, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

To the Board of Supervisors
Waterford Community Development District

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including currently known information that may raise substantial doubt thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the amounts, and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Supervisors
Waterford Community Development District

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Waterford Community Development District's internal control over financial reporting and compliance.

Berger Toombs Elam
Gaines & Frank

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 23, 2025

Waterford Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024

Management's discussion and analysis of Waterford Community Development District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components; 1) *Government-wide financial statements,* 2) *Fund financial statements,* and 3) *Notes to financial statements.* The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments and developer contributions.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment, and debt service.

Fund financial statements present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including capital assets are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long-lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as capital improvement bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, reconciliations are provided from the *fund financial statements* to the *government-wide financial statements.*

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets and long-term debt are some of the items included in the *notes to financial statements.*

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2024.

- The District's total assets were exceeded by total liabilities by $288,272, (net position). Restricted net position was $178,563, and net investment in capital assets was $109,709.

- Revenues from governmental activities totaled $1,515,635 and expenses and conveyance of capital assets from governmental activities totaled $1,158,773.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

Net Position

	Governmental Activities	
	2024	2023
Current assets	$ 40,628	$ 381,657
Restricted assets	8,019,804	439,213
Capital assets	5,986,356	4,378,441
Total Assets	14,046,788	5,199,311
Current liabilities	2,308,737	508,306
Non-current liabilities	11,449,779	4,759,595
Total Liabilities	13,758,516	5,267,901
Net Position		
Net investment in capital assets	109,709	-
Restricted	178,563	28,370
Unrestricted	-	(96,960)
Total Net Position	$ 288,272	$ (68,590)

The increase in restricted assets and non-current liabilities is the result of the District issuing long-term debt in the current year.

The increase in capital assets and current liabilities is the result of capital project activity in the current year.

The decrease in current assets is related to the decrease in due from developer and special assessments receivable in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

Change In Net Position

	Governmental Activities	
	2024	2023
Program Revenues		
Charges for services	$ 1,294,353	$ 130,298
Operating grants and contributions	80,281	80,606
Capital grants and contributions	106,946	220,826
General Revenues		
Investment earnings	34,055	48,765
Total Revenues	1,515,635	480,495
Expenses		
General government	115,637	83,932
Physical environment	68,317	-
Interest and other charges	585,846	465,153
Total Expenses	769,800	549,085
Conveyance of capital assets	(388,973)	-
Change in Net Position	356,862	(68,590)
Net Position - Beginning of Year	(68,590)	-
Net Position - End of Year	$ 288,272	$ (68,590)

The increase in charges for services is related to the increase in special assessments levied in the current year.

The decrease in capital grants and contributions is related to the reduction in developer contributions as the project nears completion.

The increase in general government and physical environment is the result of the continued development of the District.

The increase in interest and other charges is the result of the first full year of interest payments on long-term debt and the issuance of additional long-term debt in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2024 and 2023:

Description	Governmental Activities 2024	2023
Construction in progress	$ 5,586,239	$ 4,378,441
Infrastructure	410,376	-
Less: accumulated depreciation	(10,259)	-
Total Capital Assets, Net	$ 5,986,356	$ 4,378,441

During the year, additions to construction in progress were $2,007,147, transfer from construction in progress to infrastructure was $410,376, depreciation was $10,259, and conveyance of capital assets to other entities was $388,973.

General Fund Budgetary Highlights

The budgeted expenditures exceeded actual expenditures in the current year primarily because dry retention pond maintenance was less than anticipated.

The September 30, 2024 budget was not amended.

Debt Management

Governmental Activities debt includes the following:

- In January 2023, the District issued $4,835,000 Series 2023 Capital Improvement Revenue Bonds. These bonds were issued to finance a portion of the cost of acquisition, construction, installation, and equipping of the Assessment Area One Project. The balance outstanding at September 30, 2024 was $3,915,000.
- In September 2024, the District issued $7,800,000 Series 2024 Capital Improvement Revenue Bonds. These bonds were issued to finance a portion of the cost of acquisition, construction, installation, and equipping of the Assessment Area Two Project. The balance outstanding at September 30, 2024 was $7,800,000.

Economic Factors and Next Year's Budget

Waterford Community Development District will continue with capital projects, however, the District does not anticipate economic factors to have a significant effect on operations in fiscal year 2025.

Request for Information

The financial report is designed to provide a general overview of Waterford Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Waterford Community Development District's Accounting Department at 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.

Waterford Community Development District
STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities
ASSETS	
Current Assets	
Cash	$ 5,606
Accounts receivable	1,170
Due from developer	27,025
Prepaid expenses	6,827
Total Current Assets	40,628
Non-current Assets	
Restricted Assets	
Investments	8,019,804
Capital Assets, Not Being Depreciated	
Construction in progress	5,586,239
Capital Assets, Being Depreciated	
Infrastructure	410,376
Less: accumulated depreciation	(10,259)
Total Non-Current Assets	14,006,160
Total Assets	14,046,788
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	60,053
Contracts payable	1,900,201
Accrued interest	88,483
Bonds payable	260,000
Total Current Liabilities	2,308,737
Non-current Liabilities	
Bonds payable, net	11,449,779
Total Liabilities	13,758,516
NET POSITION	
Net investment in capital assets	109,709
Restricted for debt service	151,538
Restricted for capital projects	27,025
Total Net Position	$ 288,272

See accompanying notes to financial statements.

Waterford Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
General government	$ (115,637)	$ 64,404	$ 53,447	$ -	$ 2,214
Physical environment	(68,317)	32,336	26,834	106,946	97,799
Interest and other charges	(585,846)	1,197,613	-	-	611,767
Total Governmental Activities	$ (769,800)	$ 1,294,353	$ 80,281	$ 106,946	711,780
General Revenues					
Investment earnings					34,055
Conveyance of capital assets					(388,973)
Changes in Net Position					356,862
Net Position - Beginning of Year					(68,590)
Net Position - End of Year					$ 288,272

See accompanying notes to financial statements.

Waterford Community Development District
BALANCE SHEET -
GOVERNMENTAL FUNDS
September 30, 2024

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash	$ 5,606	$ -	$ -	$ 5,606
Accounts receivable	1,170	-	-	1,170
Due from developer	-	-	27,025	27,025
Prepaid expenses	6,827	-	-	6,827
Restricted assets				
Investments	-	1,069,473	6,950,331	8,019,804
Total Assets	$ 13,603	$ 1,069,473	$ 6,977,356	$ 8,060,432
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	$ 13,603	$ -	$ 46,450	$ 60,053
Contracts payable	-	-	1,900,201	1,900,201
Total Liabilities	13,603	-	1,946,651	1,960,254
FUND BALANCES				
Nonspendable - prepaid expenses	6,827	-	-	6,827
Restricted				
Debt service	-	1,069,473	-	1,069,473
Capital projects	-	-	5,030,705	5,030,705
Unassigned	(6,827)	-	-	(6,827)
Total Fund Balances	-	1,069,473	5,030,705	6,100,178
Total Liabilities and Fund Balances	$ 13,603	$ 1,069,473	$ 6,977,356	$ 8,060,432

See accompanying notes to financial statements.

Waterford Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2024

Total Governmental Fund Balances	$ 6,100,178
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, construction in progress, $5,586,239, and infrastructure, $410,376, net of accumulated depreciation, $(10,259), used in governmental activities are not current financial resources, and therefore, are not reported at the fund level.	5,986,356
Long-term liabilities, bonds payable, $(11,715,000), net of bond discount, net, $5,221, are not due and payable in the current period, and therefore, are not reported at the fund level.	(11,709,779)
Accrued interest expense for long-term debt is not a current financial use, and therefore, is not reported at the fund level.	(88,483)
Net Position of Governmental Activities	$ 288,272

See accompanying notes to financial statements.

Waterford Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Special assessments	$ 96,740	$ 1,197,613	$ -	$ 1,294,353
Developer contributions	80,281	-	106,946	187,227
Investment income	-	33,290	765	34,055
Total Revenues	177,021	1,230,903	107,711	1,515,635
Expenditures				
Current				
General government	115,637	-	-	115,637
Physical environment	58,058	-	-	58,058
Capital outlay	-	-	2,007,147	2,007,147
Debt service				
Principal	-	920,000	-	920,000
Interest	-	272,061	-	272,061
Other	-	-	333,700	333,700
Total Expenditures	173,695	1,192,061	2,340,847	3,706,603
Excess of revenues over expenditures	3,326	38,842	(2,233,136)	(2,190,968)
Other Financing Sources/(Uses)				
Issuance of long-term debt	-	562,433	7,237,567	7,800,000
Net Change in Fund Balances	3,326	601,275	5,004,431	5,609,032
Fund Balances - Beginning of Year	(3,326)	468,198	26,274	491,146
Fund Balances - End of Year	$ -	$ 1,069,473	$ 5,030,705	$ 6,100,178

See accompanying notes to financial statements.

Waterford Community Development District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Net Change in Fund Balances - Total Governmental Funds	$	5,609,032
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount that capital outlay, $2,007,147, exceeded depreciation, $(10,259), and conveyance of capital assets, $(388,973), in the current period.		1,607,915
The issuance of long-term debt, $(7,800,000), is recognized as an other financing source at the fund level, however, they increase liabilities at the government-wide level.		(7,800,000)
The payment of principal is recognized as an expenditure at the fund level, however, at the government-wide level the payment reduces long-term liabilities.		920,000
Bond discount is amortized over the life of the bonds at the government-wide level. This is the current year amortization.		(184)
At the government-wide level, interest is accrued on outstanding bonds; whereas at the fund level, interest expenditures are reported when due. This is the change in accrued interest in the current period.		20,099
Change in Net Position of Governmental Activities	$	356,862

See accompanying notes to financial statements.

Waterford Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	$ 94,400	$ 94,400	$ 96,740	$ 2,340
Developer contributions	163,013	163,013	80,281	(82,732)
Total Revenues	257,413	257,413	177,021	(80,392)
Expenditures				
Current				
General government	115,718	115,718	115,637	81
Physical environment	136,275	136,275	58,058	78,217
Culture/recreation	5,420	5,420	-	5,420
Total Expenditures	257,413	257,413	173,695	83,718
Net Change in Fund Balances	-	-	3,326	3,326
Fund Balances - Beginning of Year	-	-	(3,326)	(3,326)
Fund Balances - End of Year	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

1. Reporting Entity

The District was established on May 11, 2022, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Hernando County Ordinance 2022-12 as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of the Waterford Community Development District. The District is governed by a five-member Board of Supervisors who are elected on an at large basis by landowners within the District. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Waterford Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

2. Measurement Focus and Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments, developer contributions, and interest. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be 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, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter, to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources".

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

3. Basis of Presentation

a. Governmental Major Funds

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

Debt Service Funds – Account for debt service requirements to retire the capital improvement bonds which were used to finance the construction of District infrastructure improvements.

Capital Projects Funds – The Capital Projects Funds account for construction of infrastructure improvements within the boundaries of the District.

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as capital assets, and non-current governmental liabilities, such as capital improvement bonds, be reported in the governmental activities column in the government-wide Statement of Net Position.

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

a. Cash and Investments (Continued)

Cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

b. Restricted Net Position

Certain net position of the District is classified as restricted on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

c. Capital Assets

Capital assets, which include construction in progress and infrastructure, are reported in the governmental activities column.

The District defines capital assets as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of two years. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful life of the infrastructure class of depreciable assets is 40 years.

d. Budgets

Budgets are prepared and adopted after a public hearing for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

e. Unamortized Bond Discount

Bond discounts are presented on the government-wide financial statements. The costs are amortized over the life of the debt using the straight-line method. For financial reporting, the unamortized bond discount is netted against the applicable long-term debt.

NOTE B – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2024, the District's bank balance was $13,958 and the carrying value was $5,606. Exposure to custodial credit risk was as follows: the District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

Investments

As of September 30, 2024, the District had the following investments and maturities:

Investment	Maturities	Fair Value
First American Treasury Obligations	31 Days*	$ 8,019,804

*Maturity is a weighted average maturity.

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

NOTE B – CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Assets or liabilities are classified into one of three levels. Level 1 is the most realizable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtained quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the investment listed above is a Level 1 asset.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2024, the District's investments in First American Treasury Obligations were rated AAAm by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in First American Treasury Obligations represent 100% of District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2024 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

NOTE C – SPECIAL ASSESSMENT REVENUES

Assessments are non-ad valorem assessments on benefited property within the District. Operating and Maintenance Assessments are based upon the adopted budget and levied annually at a public hearing by the District. Debt Service Assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collections (Chapter 197.3632, Florida Statues). Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

All unpaid assessments become delinquent as of April 1. Virtually all unpaid assessments are collected via the sale of tax certificates on, or prior to, June 1; therefore, there were no material amounts receivable at fiscal year-end. Assessment levied for the 2023-2024 fiscal year were levied in October 2023.

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 was as follows:

	Balance October 1, 2023	Additions	Disposals	Balance September 30, 2024
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 4,378,441	$ 2,007,147	$ (799,349)	$ 5,586,239
Capital assets, being depreciated:				
Infrastructure	-	410,376	-	410,376
Less accumulated depreciation:				
Infrastructure	-	(10,259)	-	(10,259)
Total Capital Assets, Being Depreciated, Net	-	400,117	-	400,117
Governmental Activities Capital Assets	$ 4,378,441	$ 2,407,264	$ (799,349)	$ 5,986,356

Depreciation was charged to physical environment, $10,259.

NOTE E – LONG-TERM DEBT

Governmental Activities

The following is a summary of activity for long-term debt of the Governmental Activities for the period ended September 30, 2024:

Long-term debt at October 1, 2023	$ 4,835,000
Issuance of long-term debt	7,800,000
Principal payments	(920,000)
Bonds Payable at September 30, 2024	11,715,000
Less: bond discount, net	(5,221)
Long-term debt at September 30, 2024	$ 11,709,779

Long-term debt is comprised of the following:

Capital Improvement Revenue Bonds

$4,835,000 Series 2023 Bonds are due in annual principal installments beginning May 2024, maturing May 2053. Interest is due semi-annually on May 1 and November 1, beginning May 1, 2023, at variable rates of 4.50% to 5.60%. Current portion is $145,000.	$ 3,915,000
$7,800,000 Series 2024 Bonds are due in annual principal installments beginning May 2025, maturing May 2054. Interest is due semi-annually on May 1 and November 1, beginning November 1, 2024, at variable rates of 4.375% to 5.450%. Current portion is $115,000.	$ 7,800,000

NOTE E – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2024 are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	$ 260,000	$ 451,798	$ 711,798
2026	180,000	607,207	787,207
2027	190,000	599,257	789,257
2028	200,000	590,863	790,863
2029	210,000	582,025	792,025
2030-2034	1,205,000	2,753,900	3,958,900
2035-2039	1,555,000	2,407,163	3,962,163
2040-2044	2,025,000	1,951,654	3,976,654
2045-2049	2,660,000	1,342,018	4,002,018
2050-2054	3,230,000	523,304	3,753,304
Totals	$ 11,715,000	$ 11,809,189	$ 23,524,189

Summary of Significant Bond Resolution Terms and Covenants

The Series 2023 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after May 1, 2033 at a redemption price equal to the principal amount of the Series 2023 Bonds to be redeemed, plus accrued interest to the date of redemption. The Series 2023 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Series 2024 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after November 1, 2034 at a redemption price equal to the principal amount of the Series 2024 Bonds to be redeemed, plus accrued interest to the date of redemption. The Series 2024 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Trust Indenture established certain amounts be maintained in a reserve account. In addition, the Trust Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

NOTE E – LONG-TERM DEBT (CONTINUED)

Summary of Significant Bond Resolution Terms and Covenants (Continued)

Depository Funds

The bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

1. Reserve Funds – The 2023 Reserve Account is funded from the proceeds of the Series 2023 Bonds in an amount equal to the maximum annual debt service with respect to the outstanding Series 2023 Bonds. The reserve requirement can be reduced to fifty percent of the maximum annual debt service and again to ten percent of the maximum annual debt service of the outstanding Series 2023 Bonds if certain release conditions are met as outlined in the trust indenture. The 2024 Reserve Account is funded from the proceeds of the Series 2024 Bonds in an amount equal to the maximum annual debt service with respect to the outstanding Series 2024 Bonds. The reserve requirement can be reduced to fifty percent of the maximum annual debt service and again to ten percent of the maximum annual debt service of the outstanding Series 2024 Bonds if certain release conditions are met as outlined in the trust indenture. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	Reserve Balance	Reserve Requirement
Capital Improvement Revenue Bonds:		
Series 2023	$ 268,129	$ 267,019
Series 2024	$ 523,898	$ 523,898

NOTE F – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no claims or settled claims from these risks that exceeded commercial coverage since inception.

NOTE G – ECONOMIC DEPENDENCY AND RELATED PARTIES

The District's activity is dependent on the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations. All board members were affiliated with the Developer as of September 30, 2024. Three board members are from the same immediate family and the other two board members are from another immediate family. During the year ended September 30, 2024, the District received $1,219,415 in contributions and assessments from the Developer and had $27,025 due from the Developer as of September 30, 2024.

NOTE H – SUBSEQUENT EVENT

In November 2024, the District made a $85,000 prepayment on the Series 2023 Capital Improvement Revenue Bonds. This prepayment is reflected in the current portion of bonds payable for the Series 2023 Capital Improvement Revenue Bonds in Note E.

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

To the Board of Supervisors
Waterford Community Development District
Hernando County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, as listed in the table of contents, of Waterford Community Development District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated June 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Waterford Community Development District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Waterford Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Waterford Community Development District's internal control.

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

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

Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Supervisors
Waterford Community Development District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waterford Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Berger Toombs Elam Gaines & Frank

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 23, 2025

Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
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Fort Pierce, Florida 34950

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MANAGEMENT LETTER

To the Board of Supervisors
Waterford Community Development District
Hernando County, Florida

Report on the Financial Statements

We have audited the financial statements of the Waterford Community Development District as of and for the year ended September 30, 2024, and have issued our report thereon dated June 23, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated June 23, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been made to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations in the preceding financial audit report.

To the Board of Supervisors
Waterford Community Development District

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not Waterford Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Waterford Community Development District has not met one of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2024 for the Waterford Community Development District. It is management's responsibility to monitor the Waterford Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Specific Information

The information below was provided by management and has not been audited by us; therefore, we do not express an opinion or provide any assurance on the information.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, Waterford Community Development District reported:

1) The total number of District elected officials receiving statutory compensation, reported as employees for the purposes of the audit: 0
2) The total number of independent contractors, defined as individuals or entities that receive 1099s, to whom nonemployee compensation was paid in the last month of the District's fiscal year: 5
3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: $0
4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: $132,338
5) Each construction project with a total cost of at least $65,000 approved by the District that is scheduled to begin on or after October 1, 2023, together with the total expenditures for such project: N/A
6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was not amended.

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To the Board of Supervisors
Waterford Community Development District

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)9, Rules of the Auditor General, the Waterford Community Development District reported:

1) The rate or rates of non-ad valorem special assessments imposed by the District: $869.57 for the General Fund and $1,486.96 – $2,366.53 for the Debt Service Fund.
2) The amount of special assessments collected by or on behalf of the District was $1,294,353.
3) The total amount of outstanding bonds issued by the District and the terms of such bonds as: The bonds outstanding are $3,915,000 Series 2023 maturing May 2053 at various interest rates between 4.50 - 5.60%, and $7,800,000 Series 2024 maturing May 2054 at various interest rates between 4.375% – 5.450%.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 23, 2025

Berger, Toombs, Elam,
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INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Board of Supervisors
Waterford Community Development District
Hernando County, Florida

We have examined Waterford Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2024. Management is responsible for Waterford Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Waterford Community Development District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Waterford Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Waterford Community Development District's compliance with the specified requirements.

In our opinion, Waterford Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2024.

Berger Toombs Elam
Gaines & Frank

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 23, 2025

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Waterways/Aquatic Services
Prepared By: Carla Burrmann
Initiator: Carla Burrmann
DOC ID: 16122
Legal Request Number:
Bid/Contract Number:

TITLE

Update Regarding Weeki Wachee River Submerged Aquatic Vegetation Restoration Project One Month Post Installation

Weeki Wachee River SAV Restoration Project

One-Month Post-Installation Monitoring Report

FDEP PERMIT NUMBER: 27-0192455-004-EI

ACOE PERMIT NUMBER: SAJ-2019-01203

Prepared On:
June 27th, 2025

Prepared For:
Fish & Wildlife Foundation of Florida
P.O. Box 1101
Tallahassee, Florida 32302
Attn: Tindl Rainey

Prepared By:
Sea & Shoreline, LLC
4331 Cockroach Bay Rd
Ruskin, FL 33570

1. Introduction

The Weeki Wachee River is a 7.5-mile river located along the Springs Coast, in Hernando County, Florida. The headwater of the river is Weeki Wachee Springs, a springs complex that delivers over 117 million gallons of water into the river each day. Known for its historic mermaid shows and cave diving, the river is designated as an Outstanding Florida Water (OFW) and Outstanding Florida Spring (OFS).

Despite its natural beauty, the river has experienced a decline in water quality in recent years that can mainly be contributed to sedimentation and habitat loss, with sediments moving downstream ultimately depositing and smothering native submerged aquatic vegetation (SAV). To address these issues, a dredging project aimed at removing sediments from the river was completed in February 2025, and in July 2023, the first Springs Protection Zone in the state was approved throughout a stretch of the river by the Florida Fish and Wildlife Conservation Commission (FWC).

To further assist in restoration and enhancement efforts, an SAV Restoration project was funded, and from May 27 – 30, 2025, a total of 43,950 mechanical planting units (MPUs), 660 four-inch peat pots, and 132 GrowSAV Herbivory Exclusion Devices were installed throughout the river between the state park boundary to the north, and Rogers Park to the south. The planting event is documented in the Installation and Time Zero Report.

On June 26, 2025, Sea & Shoreline biologists returned to the project site to perform the one-month post-installation monitoring event. This report is the first of four formal monitoring reports designed to quantify the success of the project.

2. Methodology

The restoration site covers an 8.79-acre footprint of the river bottom that generally stretches from the Weeki Wachee Springs State Park boundary to Rodgers Park as shown in **Map 1**. MPUs were planted on roughly three feet spacing throughout this footprint. Additionally, 132 GrowSAV Herbivory Exclusion Devices were installed over 660 peat pot planting units (5 PUs per device) at five locations throughout the river (**Map 2)**.

Assessment of the survival, health and growth of the planting units below herbivory exclusion devices and outside of herbivory exclusion devices was collected. This included benthic community composition, assessments of planting unit survival, *V. neotropicalis* shoot density, percent cover, canopy height, and general notes on site conditions.

Benthic community composition was monitored with a 0.25-m^2 quadrat by Sea & Shoreline biologists using mask snorkel. Supplementary photo-quadrats of the river bottom were collected at each of the monitored sample stations. All imagery was reviewed in the laboratory to verify SAV species composition and will serve as archival evidence of project performance.

2.1 Survival of Planting Units

Survival of planting units were assessed by noting the presence or absence of healthy *V. neotropicalis.* Survival was defined as the presence of a single shoot, as even a single shoot indicates association with a growing rhizome (Fonseca et al., 1998).

2.2 *V. neotropicalis* Shoot Density

V. neotropicalis shoot density was estimated at each sample station by placing a 10 x 10 cm quadrat in the center of each monitoring quadrat and manually counting all the shoots present. Shoot count data was then multiplied by 100 to obtain shoot densities in the number of shoots per square meter (shoots m^{-2}).

2.3 *V. neotropicalis* Visual Assessment of Braun-Blanquet Coverage

The coverage of each SAV species, total SAV community, macroalgae and total macroalgal community in the planting and reference sites were evaluated using the Braun-Blanquet visual assessment method in 0.25-m^2 quadrats (Table 3; Braun-Blanquet 1965, Kenworthy et al. 1992, Fourqurean et al. 2001).

2.4 *V. neotropicalis* Canopy Height

In the same 10 x 10 cm quadrats used for shoot counts, the canopy height of the benthic plant community (SAV and/or macroalgae) was measured *in situ* by the observer using a metric ruler. All values were rounded to the nearest 1 cm.

3. Results

3.1 Survival of Planting Units

Planting unit survival was 99.2% inside of herbivory exclusion devices as plants were observed in a total of 131 of 132 devices. Survival of MPUs was estimated to be approximately 80% during this monitoring campaign.

3.2 *V. neotropicalis* Shoot Density

Mean shoot density was greater for plants located below GrowSAV Herbivory Exclusion Devices (540 shoots m^{-2}) than for unprotected planting units (140 shoots m^{-2}).

3.3 *V. neotropicalis* Visual Assessment of Braun-Blanquet Coverage

Mean Braun-Blanquet score was a 2 for planting units inside of GrowSAV Herbivory Exclusion Devices and a 0.5 for unprotected planting units. Macroalgae was not observed at any sample stations.

3.4 V. *neotropicalis* Canopy Height

Mean canopy height was taller within GrowSAV Herbivory Exlusion Devices (40 cm) compared to unprotected planting units (4 cm).

4. Discussion

The results of the one-month post-installation monitoring campaign suggest that nearly all protected planting units (99.2%) and about 80% of MPUs have survived the out-planting process. Greater canopy height, shoot count, and percent cover was found below protective Herbivory Exclusion Devices, which is expected at this point in the project.

Qualitatively, both protected and unprotected planting units appear to be in very good condition. In unprotected parts of the river, mean SAV density is higher than when first transplanted, as vegetative runners were observed on many of the MPUs that were identified. Both spread and an increase in canopy height was observed below Herbivory Exclusion Devices which is a clear indicator that planting units have acclimated to their new location.

The initial success of relocation may be partially attributable to the dredging and the use of GrowSAV Herbivory Exclusion Devices that provide protection from herbivory while mitigating some of the hydrodynamic influences of the site.

In summary, the biological assessments of survival, density and cover of SAV during this one-month post-installation monitoring campaign indicated that transplanted *V. neotropicalis* is healthy and thriving. There was limited evidence of plant mortality; therefore, the amount of SAV present in the relocation or planting site is currently meeting project requirements.

5. References

Braun-Blanquet, J. 1965. Plant sociology: The study of plant communities. Hafner Publications, London. 439p.

Durako, M. J., M. O. Hall and M. Merello. 2001. Patterns of change in the grass dominated Florida Bay hydroscape. In: J. W. Porter and K.G. Porter (eds.), Linkages Between Ecosystems in the South Florida Hydroscape: The River of Grass Continues. CRC Publ., Boca Raton, FL. pp 523-537.

Erftemeijer, P. and D. A. Shuail. 2012. Grass habitats in the Arabian Guff: distribution, tolerance thresholds and threats. Aquatic Ecosystem health & Management,15 (SI):73-83.

Fonseca, M.S., Kenworthy, W.J. and Thayer, G.W. 1998. Guidelines for the conservation and restoration of grasses in the United States and adjacent waters. National Oceanic and Atmospheric Administration (NOAA) Coastal Ocean Office. NOAA Coastal Ocean Program Decision Analysis Series No. 12, Silver Spring (MD).

Fourqurean, J. W., M. J. Durako, and L. X. Hefty. 2001. Grass distribution in south Florida: a multi-agency coordinated monitoring program. In: J. W. Porter and K.G. Porter (eds.), Linkages Between Ecosystems in the South Florida Hydroscape: The River of Grass Continues. CRC Publ., Boca Raton, FL, pp. 489 - 514.

Green, E.P. and Short, F.T. (eds.). 2003. World Atlas of Grasses. University of California Press, Los Angeles, 298 pp.

Hemminga, M.A., Duarte C.M. 2000. Grass Ecology, Vol. Cambridge University Press

Kenworthy,W.J. and Fonseca, M.S. 1992. The use of fertilizer to enhance growth of transplanted grasses *Zostera marina L*. and *Halodule wrightii* Aschers. *Journal Experimental Marine Biology and Ecology*, 163: 141-161.

Kenworthy, W.J., M.J. Durako, S.M.R. Fatemy, H. Valavi, and G.W. Thayer. 1993. Ecology of grasses in north eastern Saudi Arabia one year after the Gulf War oil spill. Marine Pollution Bulletin. 27: 213-222.

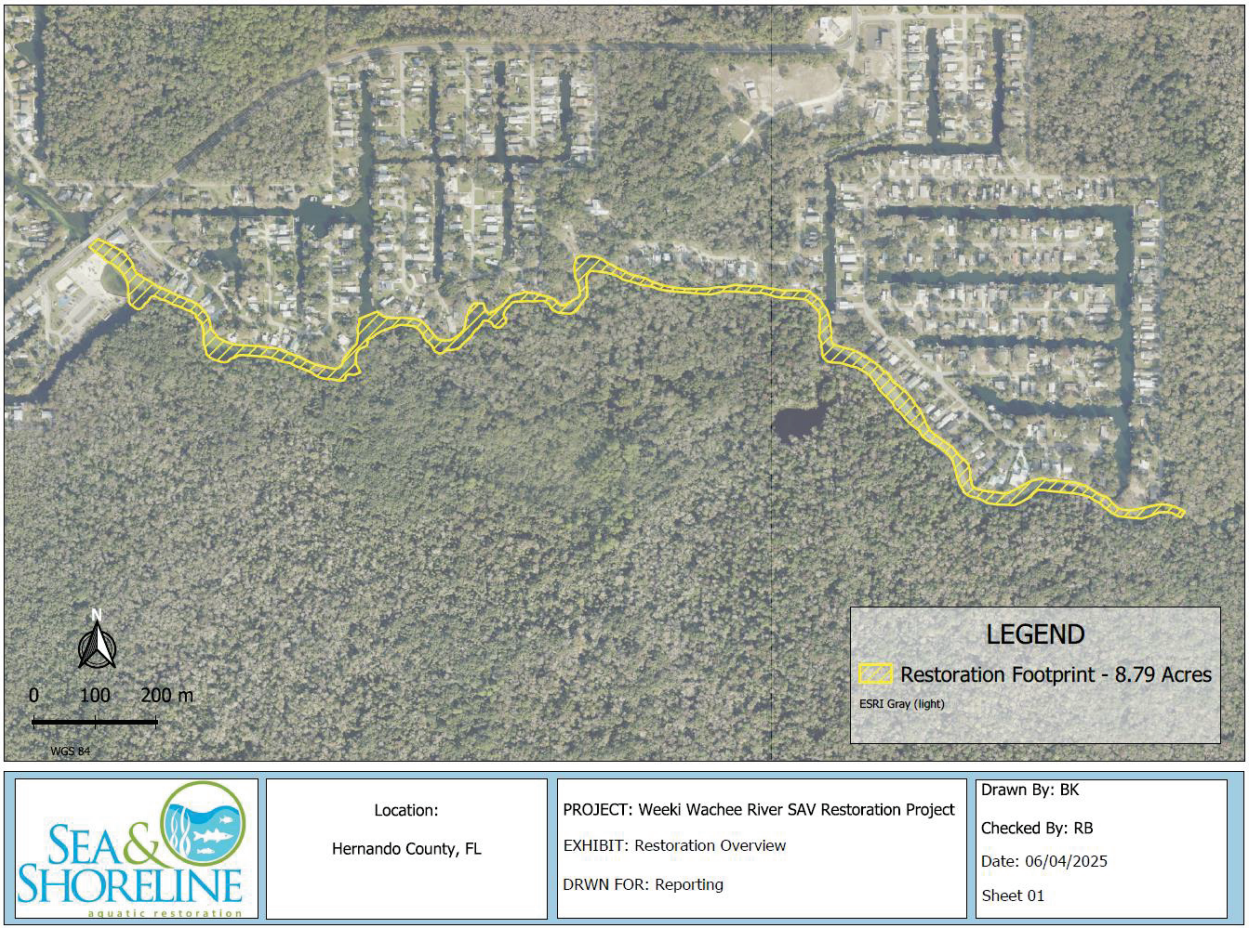
Sheppard, C.J.R., Price, A and Roberts, C. 1992. Marine ecology of the Arabian Region, 1st edition: Patterns & processes in extreme tropical environments. Academic Presss, Inc. San Diego, CA 92101. p. 359.

6. Tables

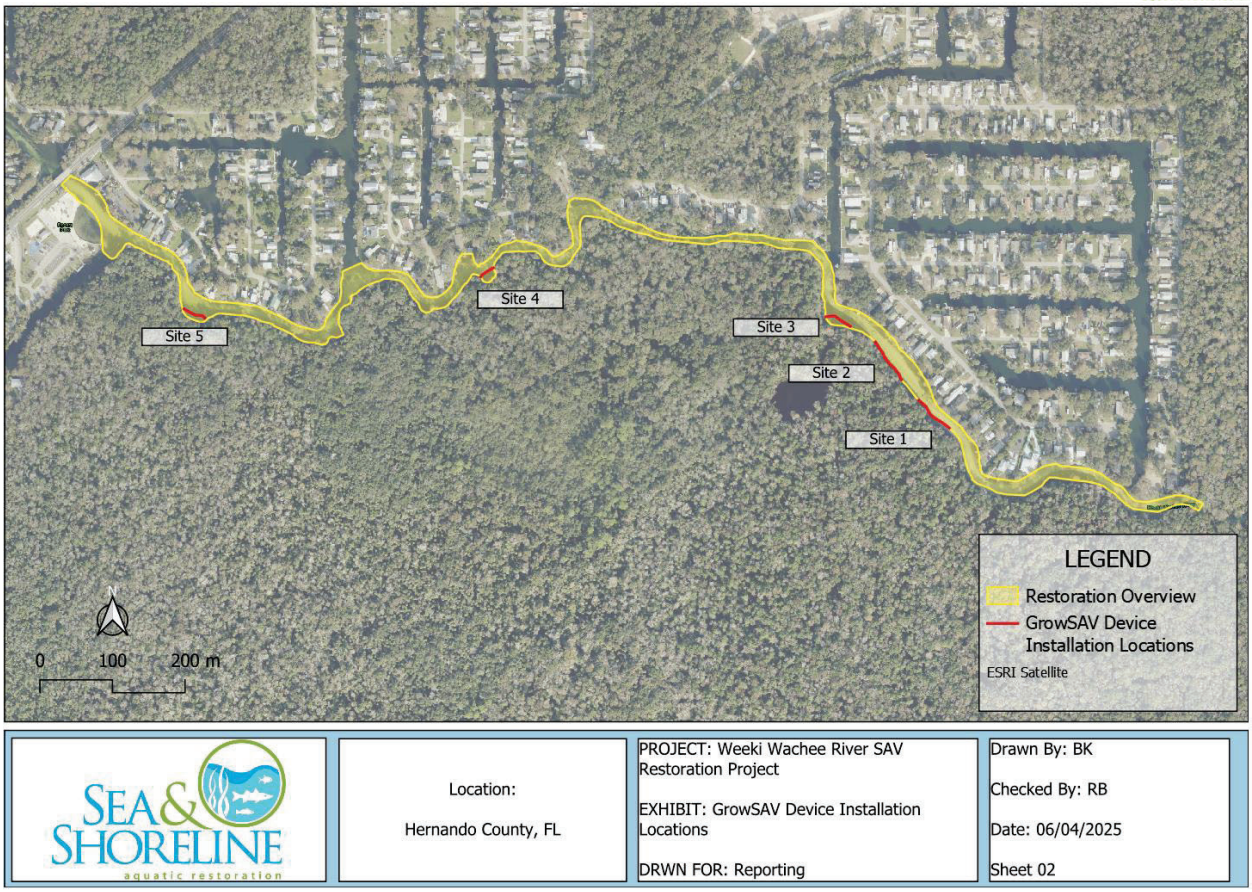
Braun Blanquet Score	Cover Value
0	Absent
0.1	Solitary specimen
0.5	Few, with small cover
1	Numerous, but less than 5% cover
2	5% - 25%
3	25% - 50%
4	50% - 75%
5	75% - 100%

Table 1 – Braun-Blanquet (BB) score values and corresponding grass cover.

7. Maps

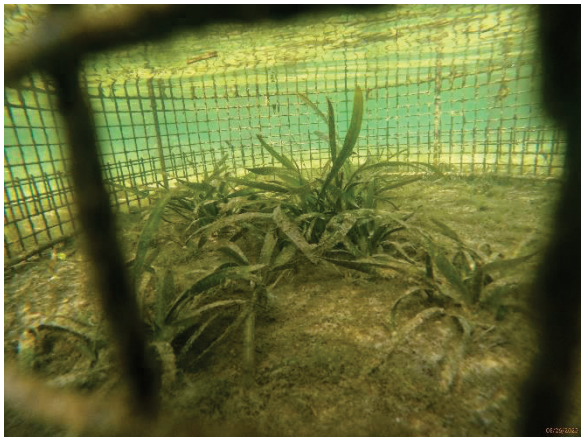


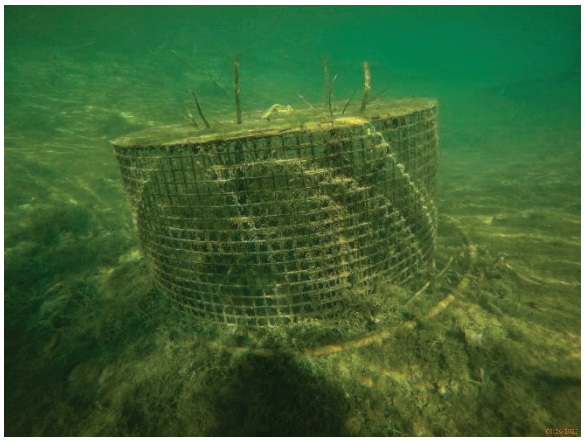
Map 1 – Overview of Restoration Area.

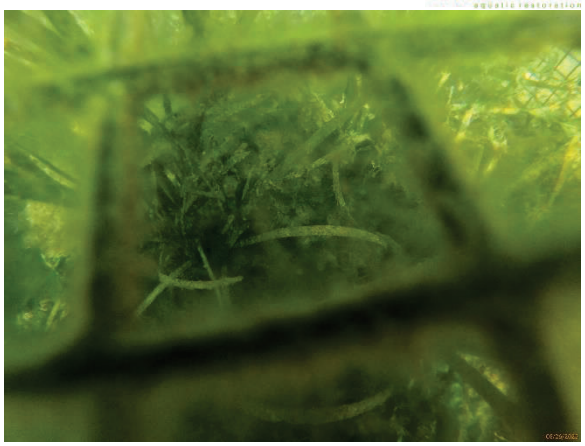


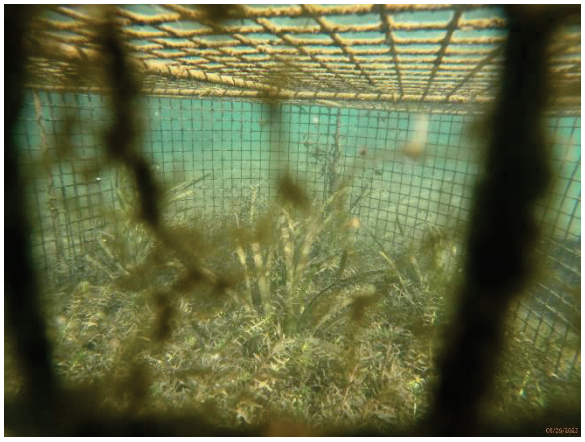
Map 2 – Overview of GrowSAV™ Herbivory Exclusion Device Installation Locations.

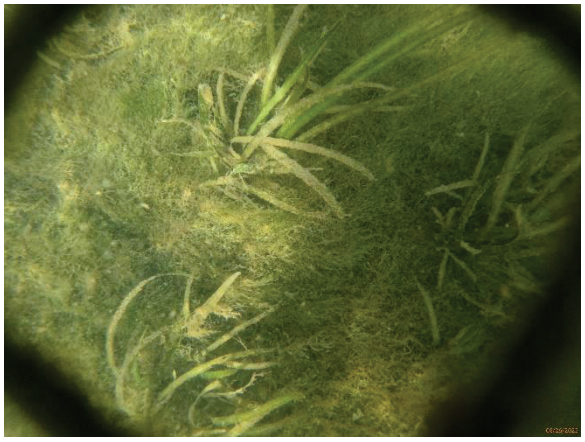
Representative Samples of GrowSAV Devices 1-13

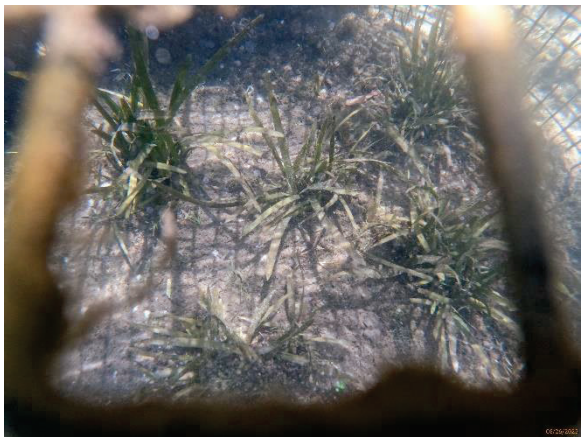


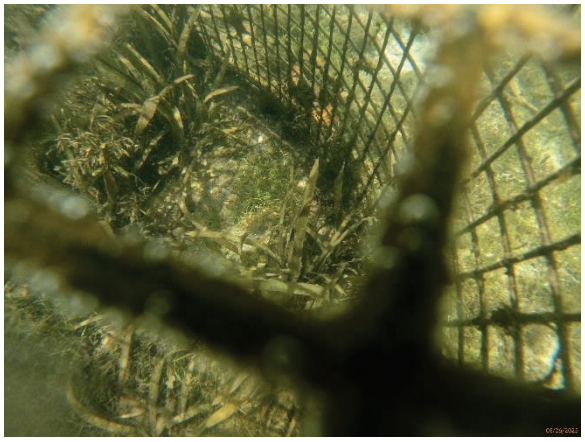


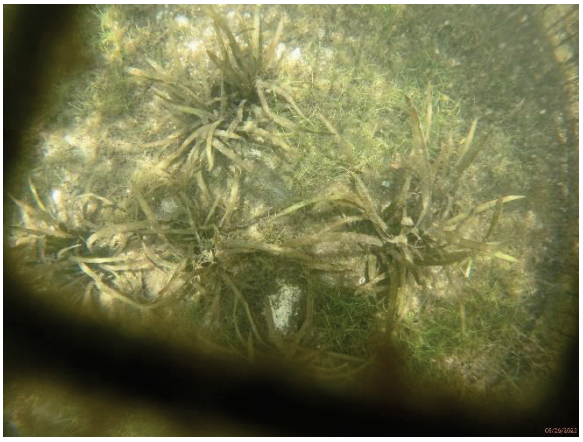




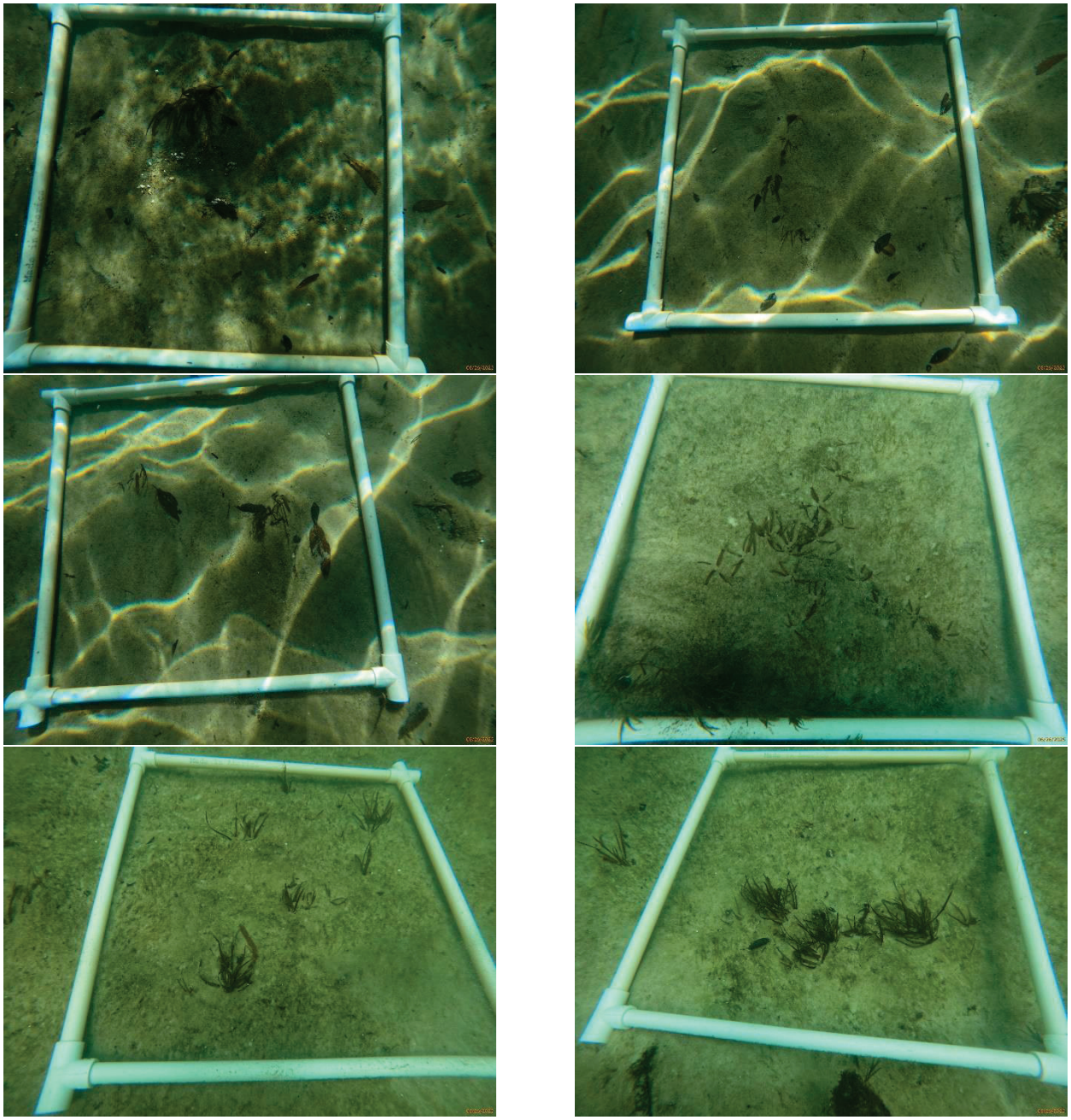


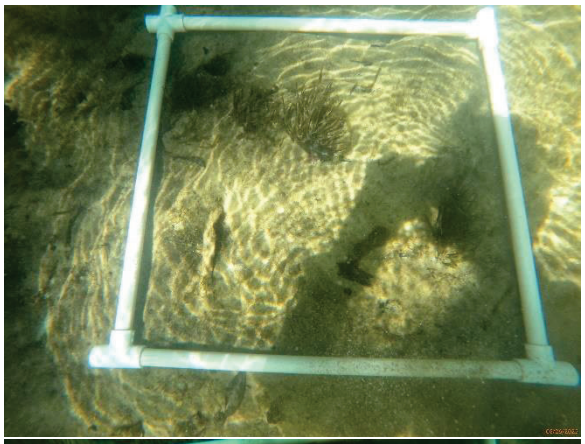
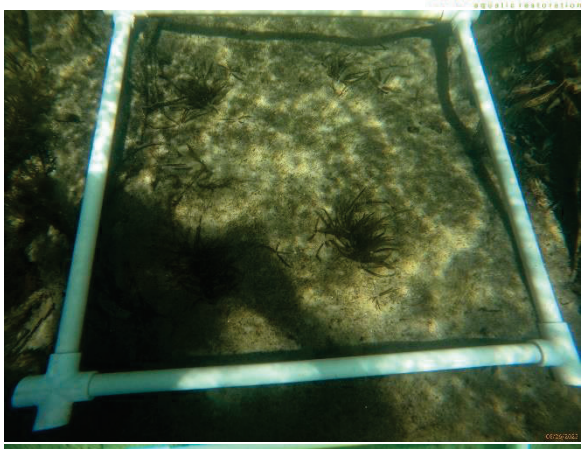
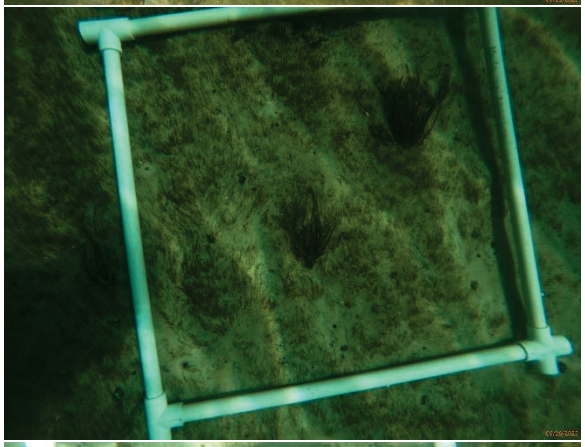


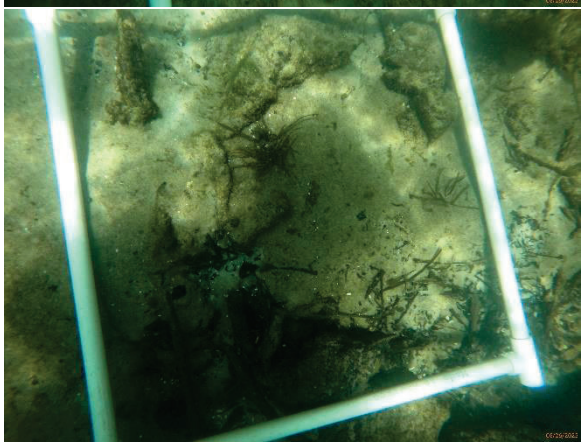
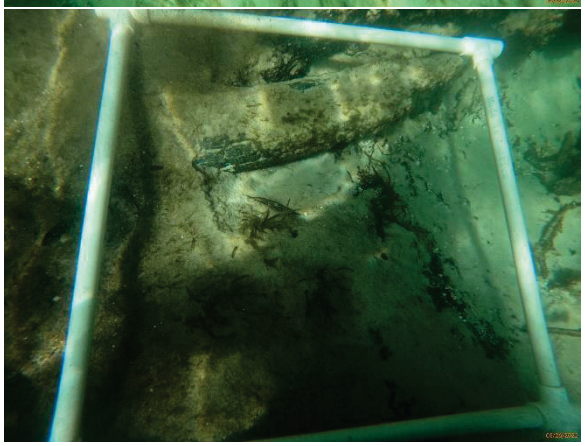


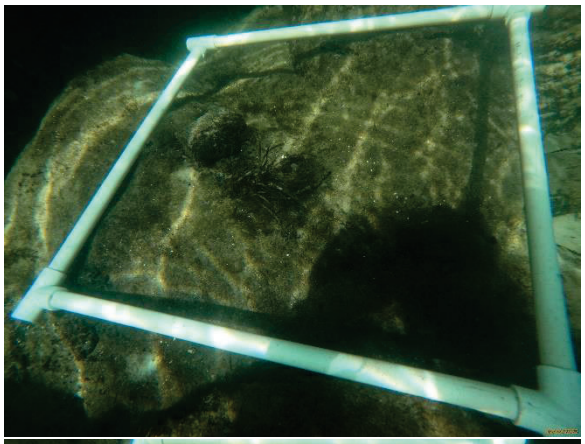


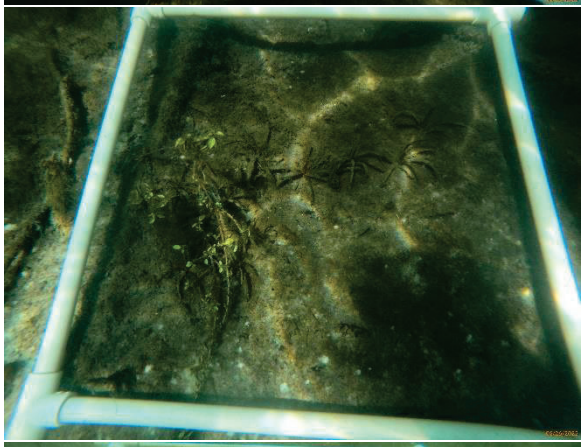
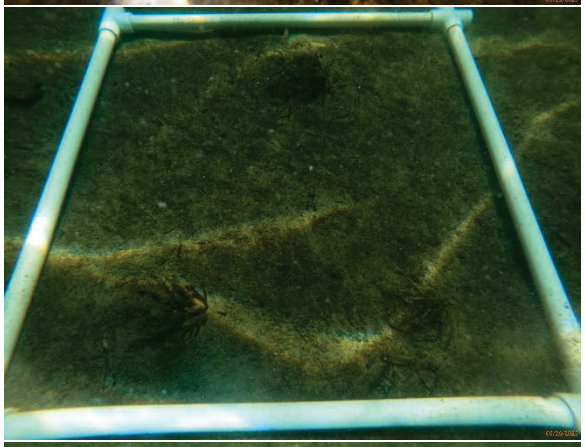
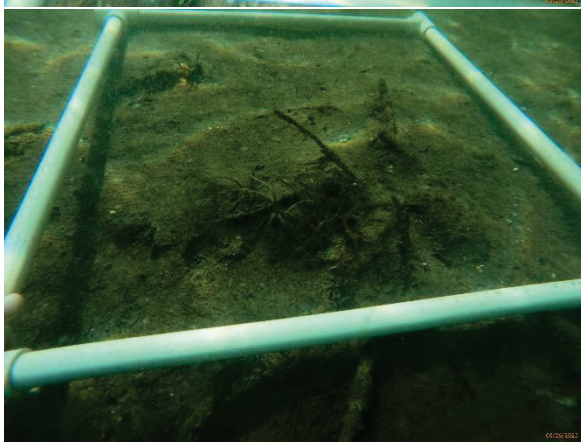
Representative Samples of MPUs

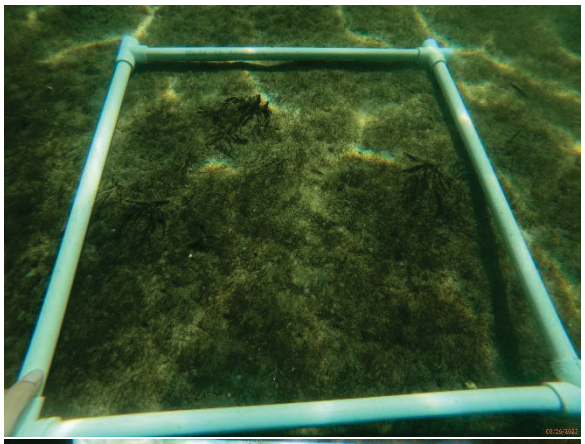


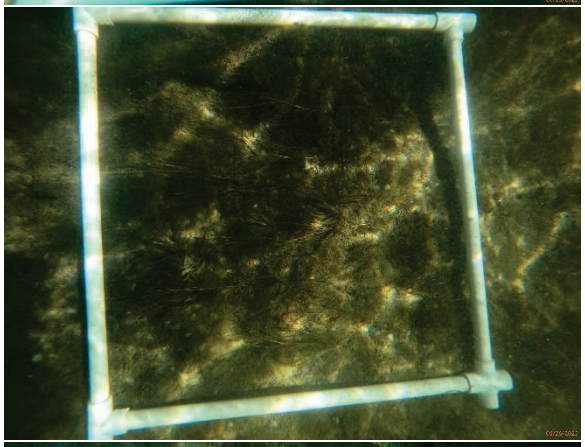
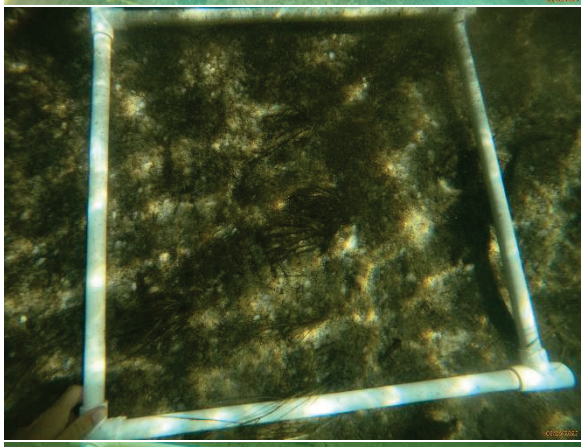
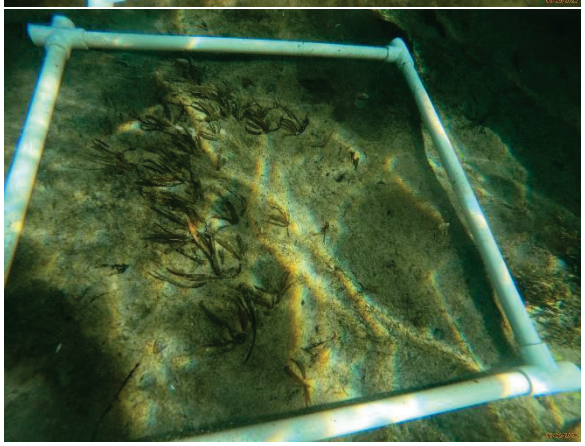








Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: HCFRD
Prepared By: Louise Galajda
Initiator: Paul Hasenmeier
DOC ID: 16069
Legal Request Number: LR-23-691-11
Bid/Contract Number:

TITLE

Amended Ordinance for Certificates of Public Convenience and Necessity - COPCNs

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	Steve Champion
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

DRAFT DOCUMENT: F:\1 COUNTY ATTORNEY'S OFFICE\MAT\HCFR\23-691-11\ORDINANCE - COPCN.wpd, June 12, 2025 (10:32am) NOTE: additions/~~deletions~~ = language proposed for addition/deletion to existing Code provisions.

ORDINANCE NO.: 2025-__

AN ORDINANCE AMENDING CHAPTER 15, ARTICLE III (EMERGENCY AND NON-EMERGENCY MEDICAL TRANSPORTATION), SECTIONS 15-81 THROUGH 15-95, HERNANDO COUNTY ORDINANCES, ESTABLISHING THE HERNANDO COUNTY AMBULANCE CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY ORDINANCE; REPEALING CHAPTER 21 (HEALTH AND SANITATION) ARTICLE X (AMBULANCE TRANSPORTATION SERVICES); RESERVING SECTIONS 21-163—21-186 OF THE CODE; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Raymond H. Alexander, M.D., Emergency Medical Transportation Act (Chapter 401, Part III, Florida Statutes) ("the Act") places responsibility for the improvement and regulation of basic and advanced life support systems in the State of Florida with the Florida Department of Health ("the Department"), except for the issuance of COPCNs which the Act declares is the responsibility of the various counties; and

WHEREAS, the Act requires applicants to the Department for licensure as a basic life support or an advanced life support service to obtain a COPCN from each county in which the applicant will operate; and

WHEREAS, it is in Hernando County's best interests to regulate the application process for, and issuance of, COPCNs according to the needs of Hernando County citizens pursuant to § 401.25(2)(d), Florida Statutes, to comport with the Act; and

WHEREAS, consistency dictates that the best location for the Hernando County Ambulance Certificate of Public Convenience and Necessity Ordinance is Chapter 15, Article III, which is titled Emergency and Non-Emergency Medical Transportation; and

WHEREAS, notice of the public hearing on the matter of amending this ordinance was properly and timely published; and

WHEREAS, the County has considered the record of the public hearing.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY:

Section 1. Chapter 15 (Health and Sanitation), Article III (Emergency and Non-Medical Emergency Medical Transportation), Sections 15-81 through 15-95, which are currently reserved, are amended to read as follows with the underlined matter added and struck-through matter deleted:

Sec. 15-81. Short title.

This article may be cited as the "Hernando County Ambulance Certificate of Public Convenience and Necessity Ordinance."

Sec. 15-82. Primary EMS Provider and First Responder for Emergency Medical Services.

Hernando County Fire and Emergency Services (also known as Hernando County Fire Rescue) is the primary emergency medical services provider and the first responder for emergency medical services in Hernando County.

Sec. 15-83. Definitions.

The following definitions shall apply to this article:

Advanced life support means assessment or treatment by a person qualified by the department through the use of techniques such as endotracheal intubation, the administration of drugs or intravenous fluids, telemetry, cardiac monitoring, cardiac defibrillation, and other techniques described in the EMT-Paramedic National Standard Curriculum or the National EMS Education Standards, pursuant to the rules of the department.

Advanced life support service means any emergency medical transport or non-transport service which uses advanced life support techniques as defined in this article and Chapter 401, Florida Statutes.

Ambulance or emergency medical services vehicle means any privately or publicly owned land or water vehicle that is designed, constructed, reconstructed, maintained, equipped, or operated for, and is used for, or intended to be used for, land or water transportation of sick or injured persons requiring or likely to require medical attention during transport.

Applicant means a person or entity who makes application for a COPCN as hereinafter described.

Basic life support means the assessment or treatment by a person qualified by the department through the use of techniques described in the EMT-Basic National Standard Curriculum or the National EMS Education Standards of the United States Department of Transportation and approved by the department. The term includes the administration of oxygen and other techniques that have been approved and are performed under conditions specified by rules of the department.

Board means the Board of County Commissioners of Hernando County, Florida.

COPCN means a certificate of public convenience and necessity as issued by the board.

County means all incorporated and unincorporated areas within the territorial limits of Hernando County, Florida.

Department means the Florida Department of Health.

EMS means emergency medical services.

Operator means any person owning or acting as agent for the owner of any business or service which furnishes, operates, conducts, maintains, advertises,

engages in, proposes to engage in, or professes to engage in a business or service which offers advanced life support or basic life support service in Hernando County.

Permit means any authorization issued by the department for a vehicle to be operated as basic life support or advanced life support transport vehicle or an advanced life support non-transport vehicle providing basic or advanced life support services.

Person means and includes any individual, firm, corporation, association, partnership, or governmental entity.

State means the State of Florida.

Sec. 15-84. COPCN required.

(a) All providers of the services described in this Article must comply with this Article's requirements to provide said services. Every person or operator owning or acting as agent for the owner of any business or service which furnishes, operates, conducts, maintains, advertises, engages in, proposes to engage in, or professes to engage in an advanced life support transport service, basic life support transport service, or any other licensed EMS provider pursuant to chapter 401, Florida Statutes, or chapter 64J-1 of the Florida Administrative Code, as amended from time to time, within Hernando County shall first obtain a COPCN as an advanced life support service, basic life support service or other licensed EMS

provider, as applicable, prior to offering such services to the public. The application for a COPCN shall be in a form provided by the board and shall be in writing, signed and sworn to by the applicant, and shall be filed with the Hernando County Attorney's Office.

(b) The application shall provide proof that the applicant has met all appropriate requirements and obtained all appropriate certificates, licenses and permits from the state as provided for by chapter 401, Florida Statutes, chapter 64J-1 of the Florida Administrative Code and all other applicable state or federal laws.

(c) The COPCN required hereunder shall be in addition to all certificates, licenses and permits required by chapter 401, Florida Statutes.

(d) A fee (which has been set by resolution) will accompany each application to offset administrative costs incurred in processing the application.

Sec. 15-85. Application for COPCN.

Every application for a COPCN under this article shall contain the following:

(a) The name and business address of the owner or operator of the advanced life support or basic life support service, or proposed service;

(b) The name under which the applicant will operate;

(c) A list of the names and addresses of all officers, directors, members

and shareholders of applicant;

(d) The territory the applicant desires to serve; number of vehicles; a brief description of the kind or type, passenger capacity, arrangement, size, and gross weight of each vehicle;

(e) The location and description of each place from which applicant's service is intended to operate;

(f) The training and experience of the applicant in the transportation and care of patients;

(g) A description of each vehicle to be used in the applicant's business or service, including the make, model, year of manufacture, mileage and vehicle identification number (VIN); state or federal aviation or marine agency registration number, where applicable; and the color scheme, insignia, name, monogram, or other distinguishing characteristics to be used to designate the applicant's vehicle or vehicles;

(h) The names and addresses of at least three (3) residents of the county available as references;

(i) A written agreement of the applicant to file, in event that the application is granted and prior to its effectiveness, copies of public liability, property damage and malpractice insurance or a surety bond conditioned for the payment and

satisfaction of any final judgment as required or provided for in this article and chapter 401, Florida Statutes;

(j) A written statement certifying that the applicant will provide continuous service on a 24-hour-day, seven-day-week basis, and that the minimum level of patient care rendered and will always be advanced life support, basic life support or other EMS service, as applicable, with the exception of disasters or extraordinary circumstances (advanced life support applicants only);

(k) Such other information as the board deems necessary to determine compliance with this article.

Sec. 15-86. Suitable vehicle.

The applicant shall provide with its application for a COPCN evidence that its vehicle(s) comply with § 401.26(2)(a) through (f), Florida Statutes. Failure to provide such evidence may result in denial of the application.

Sec. 15-87. Investigation of applicant's insurance.

Upon receipt of an application for a COPCN under this article, the board may cause an investigation to be made of the character and reputation of the applicant as a law abiding citizen; the financial ability of the applicant to render safe and comfortable service and to maintain or replace equipment for such service; the financial responsibility of the applicant to maintain insurance for the payment of

personal injury, death and property damage claims and of such other pertinent facts which the board deems relevant in determining the fitness of the applicant to assume the occupation of an operator. All insurance policy coverage must be in an amount acceptable to the county's current insurance carrier and must name Hernando County as an additional insured. All such insurance policies shall provide for a thirty-day cancellation notice to be sent to the board.

Sec. 15-88. Hearings on applications; issuance or denial.

The board will schedule a public hearing regarding the initial issuance of any COPCN. The board shall give an applicant and all COPCN holders notice of any public hearing affecting COPCNs prior to the date of the public hearing. At the time and place specified in the notice, the board shall accord all persons attending an opportunity to be heard. The board may, in its sole discretion, issue or refuse to issue a COPCN as applied for or may modify the terms and conditions of a COPCN applied for as the public convenience and necessity may require. After reviewing an application for a COPCN and after receiving public input at a public hearing and after reviewing financial, technical and character qualifications of the applicant the board may issue a COPCN.

Factors that the board may consider in the issuance of a COPCN include the following:

(a) Whether existing emergency medical transportation services are adequate to meet reasonable public needs.

(b) The present necessity for the COPCN in relation to the volume of existing or projected future emergency calls within the area to be served.

(c) The financial ability of the applicant to furnish continuous and uninterrupted service at the times required therefor and to meet the financial obligations of the service which the operator proposes to perform.

(d) The effect on existing medical transportation facilities and services of all kinds, and particularly whether the granting of such COPCN will or may seriously impair essential public service provided by existing service operators.

(e) The qualifications of the applicant to properly perform the proposed service and to conform to provisions of this article.

(f) Any objections received from operators provided notice of the application.

(g) Any of the matters set out in section 15-85.

Sec. 15-89. Form and content of COCPNs.

(a) Every COPCN issued under this article shall state the service territory authorized and such conditions and limitations the board deems necessary for

protecting the public interest.

(b) The COPCN and any and all renewals thereof shall be valid for a period of two (2) years from the date of issuance unless earlier suspended, revoked or terminated.

(c) The application for renewal must be submitted to the county attorney's office no later than ninety (90) days before expiration and the board shall review all COPCNs within sixty (60) days of their expiration and, without the necessity of a public hearing, may issue renewals when such renewal supports public convenience and necessity.

(d) Should the board determine not to renew a COPCN, it shall notify the holder in writing within thirty (30) days of the expiration of the COPCN of its intended action and the reasons for non-renewal.

Sec. 15-90. Grounds for revocation, alteration or suspension.

(a) Every COPCN issued under this article shall be subject to revocation, alteration or suspension by the board when it appears that:

(1) The operator has failed or neglected to render all services authorized by his/her COPCN for a period of three (3) consecutive days during any calendar year without reasonable cause;

(2) The operator has been convicted of a felony or any criminal offense involving moral turpitude;

(3) The COPCN was obtained through an application in which any material fact was omitted or falsely stated;

(4) The operator has permitted any vehicle to be operated in violation of the laws of Florida or this article, which violation results in a conviction of the driver or operator of the vehicle of a misdemeanor in the second degree or greater;

(5) The operator has permitted any person or employee to provide service under his COPCN without that person possessing the appropriate license, certificate or permit as required by this article and chapter 401, Florida Statutes;

(6) The operator has failed to comply with any of the provisions of this article, chapter 401, Florida Statutes, or chapter 64J-1 of the Florida Administrative Code, as amended from time to time;

(7) The operator, his agents or employees have been found guilty of malpractice or negligence in the operation of the service;

(8) The operator knowingly allows his agents or employees to violate the provisions of this article, chapter 401, Florida Statutes or chapter

64J-1 of the Florida Administrative Code, as amended from time to time or any other applicable state or federal law.

(9) Any other good cause, or as provided for otherwise in this article.

(b) Proceedings for investigation and recommending of revocation, alteration or suspension of a COPCN, and any hearing to be held based upon this investigation, shall be undertaken by the board. All complaints shall be investigated within forty-five (45) days and a report thereon made to the board, together with findings and recommendations. If revocation, alteration or suspension of any COPCN appears warranted, the board shall give fifteen (15) days' notice to the operator holding the COPCN that the same will be considered at a specific board meeting, provided the date of such meeting shall not be less than five (5) days from the date of the notice. The board shall thereupon undertake to consider the complaint and either revoke, alter or suspend the COPCN or dismiss the complaint.

Sec. 15-91. Transfer or assignment.

No COPCN issued under this article shall be assigned or transferred by the person to whom it is issued except upon approval of the board. Such approval shall be granted in the same manner and subject to the same application requirements and procedures as original applications for COPCNs. Any majority transfer of shares of

stock or interest of any person or operator so as to cause a change in the directors, officers, majority stockholders or managers of such person or operator shall be deemed a transfer or assignment as contemplated by this article and subject to the same rules and regulations as any other transfer or assignment. Further, and in addition to this definition of an event constituting a transfer, any action as stated under chapter 401, Florida Statutes, which defines an assignment and/or transfer shall be deemed by the board to be a transfer or assignment.

Sec. 15-92. Daily record.

Every operator shall maintain a daily record in which shall be recorded the place of origin, time of call, time of dispatch, time of arrival at scene, time left for destination, and charges for each trip made, along with such operating and patient information required by the board. Pursuant to § 401.30, Fla. Stat., the names of patients and other patient-identifying information is confidential and exempt from the provisions of Chapter 119, Florida Statutes, and may not be disclosed without the consent of the patient except as provided in § 401.30(4), Florida Statutes. Every operator shall retain and preserve all daily logs for at least five (5) years and such logs shall be available for inspection by the board upon request, subject to the confidentiality and exemption provisions of Chapters 119 and 401, Florida Statutes. Falsification of a record shall be grounds for revocation, alteration or suspension of

the operator's COPCN.

Sec. 15-93. Maintenance of records.

Each operator shall keep accurate records of receipts for service rendered, operating and other expenses, capital expenditures and such other operating and patient information required by the board or under the provisions of chapter 401, Florida Statutes, and chapter 64J-1 of the Florida Administrative Code. Pursuant to § 401.30, Florida Statutes, the names of patients and other patient-identifying information is confidential and exempt from the provisions of Chapter 119, Florida Statutes, and may not be disclosed without the consent of the patient except as provided in § 401.30(4), Florida Statutes.

Sec. 15-94. Administration and enforcement of ordinance.

Responsibility for the administration and enforcement of the provisions of this article is vested in the county administrator. The operator's failure to comply with this article will result in a report by the county administrator to the board for further action, which may include suspension or revocation of the operator's COPCN.

Sec. 15-95. Violations and penalties.

Any person, firm or corporation failing to comply with any provision of this article shall be prosecuted as described in chapter 2, article III, as amended from time to time.

Secs. 15-~~81~~96 -15-120. - Reserved.

Section 2. Chapter 21 (Offenses and Miscellaneous Provisions) Article X (Ambulance Transportation Services) is amended to read as follows with underlined matter added and struck-through matter deleted:

~~ARTICLE X. AMBULANCE TRANSPORTATION SERVICES~~

~~**Sec. 21-163. Short title.**~~

~~This article may be cited as the "County Ambulance Certificate of Public Convenience and Necessity Ordinance."~~

~~**Sec. 21-164. Definitions.**~~

~~The following definitions shall apply to this article:~~

~~*Advanced life support* means treatment of life threatening medical emergencies through the use of techniques such as endotracheal intubation, the administration of drugs, intravenous fluids, telemetry, cardiac monitoring and cardiac defibrillation by a qualified person, pursuant to rule of the department.~~

~~*Advanced life support service* means any emergency medical transport or nontransport service which uses advanced life support techniques as defined in this article and chapter 401, Florida Statutes.~~

~~*Ambulance or emergency medical services vehicle* means any privately or~~

~~publicly owned land, air or water vehicle that is designed, constructed, reconstructed, maintained, equipped or operated for, and is used for, or intended to be used for, air, land or water transportation of sick or injured persons who are in need of emergency medical attention during transport.~~

~~*Applicant* means every person who may make application for a certificate of public convenience and necessity as hereinafter described.~~

~~*Basic life support* means treatment of life threatening medical emergencies by a qualified person through the use of techniques such as patient assessment, basic cardiopulmonary resuscitation, splinting, obstetrical assistance, bandaging, administration of oxygen, application of medical antishock trousers and other techniques that an EMT is authorized to do pursuant to chapter 401, Florida Statutes.~~

~~Board means the Board of County Commissioners of Hernando County, Florida.~~

~~*Certificate* means a certificate of public convenience and necessity as issued by the board.~~

~~*Certification* means any authorization issued pursuant to the provisions of this article or chapter 401, Florida Statutes, to a person to act in a capacity regulated by this article or chapter 401, Florida Statutes.~~

~~*County* means all incorporated and unincorporated areas within the territorial limits of Hernando County, Florida.~~

~~*Department* means the Department of Health and Rehabilitative Services.~~

~~EMS means emergency medical services.~~

~~*Operator* means any person owning or acting as agent for the owner of any business or service which furnishes, operates, conducts, maintains, advertises, engages in, proposes to engage in, or professes to engage in a business or service which offers advanced life support or basic life support service.~~

~~*Permit* means any authorization issued pursuant to the provisions of chapter 401, Florida Statutes, for a vehicle to be operated as a transport or a nontransport vehicle providing advance life support services.~~

~~*Person* means and includes any individual, firm, corporation, association, partnership or governmental entity.~~

~~*State* means the State of Florida.~~

~~**Sec. 21-165. Certificate required.**~~

~~(a) Every person or operator owning or acting as agent for the owner of any business or service which furnishes, operates, conducts, maintains, advertises, engages in, proposes to engage in, or professes to engage in an advanced life support transport service, basic life support transport service, or any other licensed EMS provider pursuant to chapter 401, Florida Statutes, and/or chapter 64J-1 of the Florida~~

~~Administrative Code, as amended from time to time, within Hernando County shall first obtain a certificate of public convenience and necessity as an advance life support service prior to offering such services to the public. The application of such certificate shall be in a form provided by the board and shall be in writing, signed and sworn to by the applicant, and shall be filed with the board.~~

~~(b) The application shall provide proof that the applicant has met all appropriate requirements and obtained all appropriate certificates, licenses and permits from the state as provided for by chapter 401, Florida Statutes, chapter 64J-1 of the Florida Administrative Code and all other applicable state or federal laws.~~

~~(c) The certificates required hereunder shall be in addition to all certificates, licenses and permits required by chapter 401, Florida Statutes.~~

~~(d) A fee to be set by fee resolution will accompany each application to offset administrative costs incurred in processing the application.~~

~~**Sec. 21-166. Application for certificate.**~~

~~Every application for a certificate under this article shall contain the following:~~

~~(1) The name and business address of the owner or operator of the advanced life support or basic life support service, or proposed service;~~

~~(2) The name under which the applicant will operate;~~

~~(3) A list of the names and addresses of all officers, directors and shareholders of applicant;~~

~~(4) The territory which the applicant desires to serve; number of vehicles; a brief description of the kind or type, passenger capacity, arrangement, size and gross weight of each vehicle;~~

~~(5) The location and description of each place from which applicant's service is intended to operate;~~

~~(6) The training and experience of the applicant in the transportation and care of patients;~~

~~(7) A description of each vehicle to be used in the applicant's business or service, including the make, model, year of manufacture, mileage and vehicle identification number (VIN); state or federal aviation or marine agency registration number, where applicable; and the color scheme, insignia, name, monogram, or other distinguishing characteristics to be used to designate the applicant's vehicle or vehicles;~~

~~(8) The names and addresses of at least three (3) residents of the county available as references;~~

~~(9) An agreement of the applicants to file, in event that the application shall be granted and prior to its effectiveness, copies of public liability, property damage and malpractice insurance or a surety bond conditioned for the payment and satisfaction of any final judgment as required or provided for in this article and chapter 401, Florida Statutes;~~

~~(10) A statement certifying that the applicant will provide continuous service on a 24-hour-day, seven-day-week basis, and the minimum level of patient care rendered and/or available will always be advanced life support, with the exceptions of disasters or extraordinary circumstances, (advanced life support applicants only);~~

~~(11) Such other information as the board shall deem reasonable and necessary to a fair determination of compliance with this article.~~

~~**Sec. 21-167. Investigation of applicant's insurance.**~~

~~Upon receipt of an application for any certificate under this article, the board may cause an investigation to be made of the character and reputation of the applicant as a law abiding citizen; the financial ability of the applicant to render safe and comfortable service and to maintain or replace equipment for such service; the financial responsibility of the applicant to maintain insurance for the payment of personal injury, death and property damage claims and of such other pertinent facts~~

~~which the board may deem relevant in determining the fitness of the applicant to assume the occupation of an operator. The amount of all insurance policy coverage must be in an amount acceptable to the county's current insurance carrier and must name Hernando County as an additional insured. All such insurance policies shall provide for a thirty-day cancellation notice to be sent to the board.~~

~~**Sec. 21-168. Hearings on applications; issuance or refusal.**~~

~~The board will schedule a public hearing regarding the initial issuance of any certificate. The board shall give an applicant and all certificate holders notice of any public hearing affecting certificates prior to the date of the public hearing. At the time and place specified in the notice, the board shall accord all persons attending an opportunity to be heard. The board may issue or refuse to issue a certificate as applied for or may modify the terms and conditions of a certificate applied for as the public convenience and necessity may require in the discretion of the board. After receiving an application for a certificate and after receiving public input at a public hearing and after reviewing financial, technical and character qualifications of the applicant the board may issue a certificate.~~

~~[Factors which the board may use in its issuance of a certificate include the following:]~~

~~(1) Whether existing emergency medical transportation services are~~

~~adequate to meet reasonable public needs.~~

~~(2) The present necessity for the certificate in relation to the volume of existing or projected future emergency calls within the area to be served.~~

~~(3) The financial ability of the applicant to furnish continuous and uninterrupted service at the times required therefor and to meet the financial obligations of the service which the operator proposes to perform.~~

~~(4) The effect on existing medical transportation facilities and services of all kinds, and particularly whether the granting of such certificate will or may seriously impair essential public service as provided by existing service operators.~~

~~(5) The qualifications of the applicant to properly perform the proposed service and to conform to provisions of this article.~~

~~(6) Any objections received from operators provided notice of the application as set out herein.~~

~~(7) Any of the matters set out in section 21-167.~~

~~**Sec. 21-169. Form and contents.**~~

~~(a) Every certificate issued under this article shall state the service territory authorized and such conditions and limitation as the board may deem necessary for protecting the public interest.~~

~~(b) The certificate and any and all renewals thereof shall be valid for a period of two (2) years from the date thereof unless earlier suspended, revoked or terminated.~~

~~(c) The application for renewal must be submitted to the county attorney's office no later than ninety (90) days before expiration and the board shall review all certificates within sixty (60) days of their expiration and, without the necessity of a public hearing, may issue renewals when such renewal is in the public convenience and necessity.~~

~~(d) Should the board determine not to renew a certificate, it shall notify the holder in writing at least within thirty (30) days of the expiration of the certificate of its intended action and the reasons for that action.~~

~~**Sec. 21-170. Transfer of assignment.**~~

~~No certificate issued under this article shall be assigned or transferred by the person to whom it is issued except upon approval of the board of such assignment or transfer. Such approval shall be granted in the same manner and subject to the same application requirements and procedures as original applications for certificates. Any majority transfer of shares of stock or interest of any person or operator so as to cause a change in the directors, officers, majority stockholders or managers of such person or operator shall be deemed a transfer or assignment as contemplated by this article~~

~~and subject to the same rules and regulations as any other transfer or assignment. Further, and in addition to this definition of an event constituting a transfer, any action as stated under chapter 401, Florida Statutes, which defines an assignment and/or transfer shall be deemed by the board to, in fact, be such a transfer of assignment.~~

~~**Sec. 21-171. Grounds for revocation, alteration or suspension.**~~

~~(a) Every certificate issued under this article shall be subject to revocation, alteration or suspension by the board where it shall appear that:~~

~~(1) The operator has failed or neglected to render all services authorized by his/her certificate for a period of three (3) consecutive days during any calendar year without reasonable cause;~~

~~(2) The operator has been convicted of a felony or any criminal offense involving moral turpitude;~~

~~(3) The certificate was obtained by an application in which any material fact was omitted or falsely stated;~~

~~(4) The operator has permitted any vehicle to be operated in violation of the laws of Florida or this article, which violation results in a conviction of the driver or operator of the vehicle of a misdemeanor in the second degree or greater;~~

~~(5) The operator has permitted any person or employee to provide service under his certificate without that person possessing the appropriate license, certificate or permit as required by this article and chapter 401, Florida Statutes;~~

~~(6) The operator has failed to comply with any of the provisions of this article, chapter 401, Florida Statutes, or chapter 64J-1 of the Florida Administrative Code and as amended from time to time;~~

~~(7) The operator, his agents or employees have been found guilty of malpractice or negligence in the operation of the service;~~

~~(8) The operator knowingly allows his agents or employees to violate the provisions of this article, chapter 401, Florida Statutes or chapter 64J-1 of the Florida Administrative Code as amended from time to time and/or any other applicable state or federal law(s).~~

~~(9) Or other good cause, or as provided for otherwise in this article.~~

~~(b) Proceedings for investigation and recommending of revocation, alteration or suspension of a certificate, and any hearing to be held based upon this investigation, shall be undertaken by the board of county commissioners. All complaints shall be investigated within forty-five (45) days and a report thereon made~~

~~to the board, together with findings and recommendations. If revocation, alteration or suspension of any certificate appears warranted, the board shall give fifteen (15) days' notice to the operator holding the certificate that the same will be considered at a specific board meeting, provided the date of such meeting shall not be less than five (5) days from the date of the notice. The board shall thereupon undertake to consider the complaint and either revoke, alter or suspend the certificate or dismiss the complaint.~~

~~**Sec. 21-172. Daily record.**~~

~~Every operator shall maintain a daily record which shall be recorded the place or origin, time of call, time of dispatch, time of arrival at scene, time left for destination, time of arrival at destination, and charges for each trip made and such operating and patient information as may be required by the board. Every operator shall retain and preserve all daily logs for at least five (5) years and such logs shall be available for inspection by the board upon request. Falsification of a record shall be grounds for revocation, alteration or suspension of a certificate.~~

~~**Sec. 21-173. Suitable vehicle.**~~

~~Each vehicle shall be suitable for transportation of persons requesting service, shall meet the appropriate safety, sanitation and maintenance standards and shall be maintained in suitable premises. Every vehicle shall possess an appropriate~~

~~communications system, linking the vehicle with the operator's central place of business. Each vehicle shall conform in all respects to the most recent applicable design criteria as required by chapter 401, Florida Statutes and chapter 64J-1 of the Florida Administrative Code.~~

~~**Sec. 21-174. Records.**~~

~~Each operator shall keep accurate records of receipts for service rendered, operating and other expenses, capital expenditures and such other operating and patient information as may be required by the board or under the provisions of chapter 401, Florida Statutes and chapter 64J-1 of the Florida Administrative Code.~~

~~**Sec. 21-175. Administration and enforcement of ordinance.**~~

~~The responsibility of the administration and enforcement of the provisions of this article is vested in the county administrator. Failure to comply by the operator will result in a report to the board for further action.~~

~~**Sec. 21-176. Violations and penalties.**~~

~~Any person, firm or corporation failing to comply with any provision of this article shall be prosecuted as described in chapter 2, article III as amended from time to time.~~

Secs. 21-~~177~~163 - 21-186. Reserved.

Section 3. Severability. It is declared to be the intent of the Board of County Commissioners that if any section, subsection, clause, sentence, phrase, or provision of this ordinance is for any reason held unconstitutional or invalid, the invalidity thereof shall not affect the validity of the remaining portions of this ordinance.

Section 4. Inclusion in the Code. It is the intention of the Board of County Commissioners of Hernando County, Florida, and it is hereby provided, that the provisions of this Ordinance shall become and be made a part of the Code of Ordinances of Hernando County, Florida. To this end, the sections of this Ordinance may be renumbered or relettered to accomplish such intention, and that the word "ordinance" may be changed to "section," "article," or any other appropriate designation.

Section 5. Conflicting Provisions Repealed. All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

Section 6. Effective Date. This ordinance shall take effect immediately upon receipt of official acknowledgment from the office of the Secretary of State of Florida that this ordinance has been filed with said office.

DRAFT DOCUMENT: F:\1 COUNTY ATTORNEY'S OFFICE\MAT\HCFR\23-691-11\ORDINANCE - COPCN.wpd, June 12, 2025 (10:32am) NOTE: additions/~~deletions~~ = language proposed for addition/deletion to existing Code provisions.

BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY in Regular Session this _____ day of _____ 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

Attest: _____
DOUGLAS CHORVAT, JR.
Clerk and Comptroller

By: _____
BRIAN HAWKINS
Chairman

Approved for Form and Legal Sufficiency

Melissa Tartaglia
_____
County Attorney's Office

BUSINESS IMPACT ESTIMATE[1]

Date: July 28, 2025

I. Proposed Ordinance Title/Reference:

AN ORDINANCE AMENDING CHAPTER 15, ARTICLE III (EMERGENCY AND NON-EMERGENCY MEDICAL TRANSPORTATION), SECTIONS 15-81 THROUGH 15-95, HERNANDO COUNTY ORDINANCES, ESTABLISHING THE HERNANDO COUNTY AMBULANCE CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY ORDINANCE; REPEALING CHAPTER 21 (HEALTH AND SANITATION) ARTICLE X (AMBULANCE TRANSPORTATION SERVICES); RESERVING SECTIONS 21-163—21-186 OF THE CODE; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; AND PROVIDING FOR AN EFFECTIVE DATE.

II. The Proposed Ordinance ☐ does ☐XX does not fall under one of the following enumerated exceptions:[2]

☐ The proposed ordinance relates to the issuance or refinancing of debt;
☐ The proposed ordinance is required for compliance with Federal or State law or regulation;
☐ The proposed ordinance relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
☐ The proposed ordinance is required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant or other financial assistance accepted by the county government;
☐ The proposed ordinance is an emergency ordinance;
☐ The ordinance relates to procurement; or
☐ The proposed ordinance is enacted to implement the following:
  a. Part II of Chapter 163, Florida Statutes, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
  b. Sections 190.005 and 190.046, Florida Statutes, regarding community development districts;
  c. Section 553.73, Florida Statutes, relating to the Florida Building Code; or
  d. Section 633.202, Florida Statutes, relating to the Florida Fire Prevention Code.

III. Summary of Proposed Ordinance and Statement of Public Purpose to be Served:

Currently, the ordinance pertaining to certificates of public convenience and necessity for EMS transportation providers is in Chapter 21 (titled Offenses and Miscellaneous Provisions) of the Hernando County Code of Ordinances. This amended ordinance moves the provisions of the ordinance to Chapter 15, Article III (titled Emergency and Non-Emergency Medical Transportation) with minor changes.

[1] Business impact statement must be posted on the county's website no later than the date that the legal advertisement of the hearing to consider the proposed ordinance is published.
[2] Fla. Stat. § 125.66(3)(c) (2023).

IV. Estimate of Direct Economic Impact on Private/For Profit Businesses: a. Estimate of Direct Business Compliance Costs: N/A b. New Charges/Fees on Businesses Impacted: N/A c. Estimate of Regulatory Costs: N/A
V. Good Faith Estimate of Number of Businesses Likely Impacted: N/A
VI. Any Additional Information:
VII. No Admission or Waiver: Please be advised that by promulgating this Business Impact Estimate, Hernando County admits neither that Fla. Stat. § 125.66(3) requires the preparation of a business impact estimate for the proposed ordinance, nor that the proposed ordinance, if enacted, can be challenged pursuant to Fla. Stat. § 125.675.

Hernando Sun
Your Weekly Local Newspaper.

THE HERNANDO SUN; Published Weekly

Brooksville Hernando County FLORIDA

PUBLISHER'S AFFIDAVIT OF PUBLICATION
STATE OF FLORIDA
COUNTY OF HERNANDO :

Before the undersigned authority, Julie B. Maglio, personally appeared, who on oath, says that she is Editor of the Hernando Sun, a weekly newspaper published at Brooksville in Hernando County, Florida, that the attached copy of the advertisement, being a
CLK25-095 NOTICE OF PUBLIC HEARING OF PROPOSED ORDINANCE

in the matter of
BOCC Public Hearing on Tuesday, August 12, 2025

was published in said newspaper by print in the issue(s) of:
August 1, 2025

and/or by publication on the newspaper's publicly available website, if authorized, on August 1, 2025

Affiant further says that the newspaper complies with all legal requirements for publication in chapter 50, Florida Statutes.

(Signature of Affiant)

Sworn to and subscribed before me
This 4th day of August, 2025.

(Signature of Notary Public)

LISA M. MACNEIL
Commission # HH 254975
Expires April 19, 2026

(Print, Type, or Stamp Commissioned Name of Notary Public)

Personally known ✓ or

produced identification_____

Type of identification produced_____

CLK25-095

NOTICE OF PUBLIC HEARING OF PROPOSED ORDINANCE

NOTICE IS HEREBY GIVEN that the Board of County Commissioners of Hernando County Florida, will hold a public hearing on Tuesday, August 12, 2025, at 9:00 a.m. or soon thereafter, in the Hernando County Government Center, County Commission Chambers, 20 N. Main St., Rm 160, Brooksville, Florida, to consider the following:

AN ORDINANCE AMENDING CHAPTER 15, ARTICLE III (EMERGENCY AND NON-EMERGENCY MEDICAL TRANSPORTATION), SECTIONS 15-81 THROUGH 15-95, HERNANDO COUNTY ORDINANCES, ESTABLISHING THE HERNANDO COUNTY AMBULANCE CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY ORDINANCE; REPEALING CHAPTER 21 (HEALTH AND SANITATION) ARTICLE X (AMBULANCE TRANSPORTATION SERVICES); RESERVING SECTIONS 21-163—21-186 OF THE CODE; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; AND PROVIDING FOR AN EFFECTIVE DATE.

THIS PROPOSED ORDINANCE may be inspected by the public in the office of the Hernando County Fire Rescue Headquarters, 15470 Flight Path Drive, Brooksville, FL 34604, between the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, legal holidays excepted.

YOU HAVE A RIGHT to appear and be heard at this public meeting and/or to send any written objections to the County Commissioners at 15470 Flight Path Drive, Brooksville, Florida 34604.

YOU ARE FURTHER ADVISED that if any person decides to appeal any decision made by the Board of County Commissioners with respect to the subject matter of the hearing, that person will need to ensure a verbatim record of the proceedings is made.

ALL PERSONS INTERESTED in the above matter are invited to attend and be heard.

Public participation is solicited without regard to race, color, national origin, age, sex, religion, disability, or family status. In accordance with the Americans with Disabilities Act, persons with disabilities needing special accommodations to participate in this proceeding should contact Rebecca Hines, Procurement Department, 15470 Flight Path Dr, Brooksville, Florida 34604, Telephone 352-754-4020. If hearing impaired, please call 711 for assistance.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA
/s/ (SEAL)
Douglas A. Chorvat, Jr.
Clerk of the Circuit Court & Comptroller
By: Deputy Clerk

Published: August 1, 2025

From: County Ordinances
To: Heidi Prouse; County Ordinances
Subject: RE: Hernando County Ordinance No. 2025-09 - Adopted on August 12, 2025
Date: Wednesday, October 8, 2025 12:50:40 PM
Attachments: Hernando20251008_Ordinance2025_09_Ack (CORRECTED).pdf

CAUTION: This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good afternoon,

Attached is the acknowledgement letter for Hernando County Corrected Ordinance 2025-09.

Thank you,

David Parrish
Government Operations Consultant II
Office of the General Counsel
Department of State
Room 701 – The Capitol – Tallahassee, FL
P: (850) 245-6270

From: Heidi Prouse <hprouse@hernandoclerk.org>
Sent: Wednesday, October 8, 2025 12:01 PM
To: County Ordinances <CountyOrdinances@dos.fl.gov>
Subject: RE: Hernando County Ordinance No. 2025-09 - Adopted on August 12, 2025

EMAIL RECEIVED FROM EXTERNAL SOURCE

The attachments/links in this message have been scanned by Proofpoint.

Good Afternoon,

It has been brought to our attention that the full scan of the Ordinance No. 2025-09 was not submitted. Please replace your file with the attached 30-page document.

Thank you,

Heidi Prouse
Administrative Services | Administrative Services Supervisor
Office of Doug Chorvat Jr., Clerk of Circuit Court and Comptroller
Phone: (352) 540-6437 | Email: hprouse@hernandoclerk.org
20 N Main Street, Brooksville, FL 34601

Visit our Website | Facebook | Twitter | How are we doing? | Property Fraud Alert

NOTICE:
Please note: Florida has a very broad Public Records Law. Most written communications to or from the Clerk's Office

are public records available to anyone upon request. Your e-mail, including your e-mail address, may therefore, be subject to public disclosure.

From: County Ordinances <CountyOrdinances@dos.fl.gov>
Sent: Wednesday, August 13, 2025 2:02 PM
To: Ordinances <ord@hernandoclerk.org>; County Ordinances <CountyOrdinances@dos.fl.gov>
Cc: Heidi Prouse <hprouse@hernandoclerk.org>; Paige Jefferys <pjefferys@hernandoclerk.org>; Nienke Osinga <nosinga@hernandoclerk.org>
Subject: RE: Hernando County Ordinance No. 2025-09 - Adopted on August 12, 2025

CAUTION: This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good afternoon,

Attached is the acknowledgement letter for Hernando County Ordinance 2025-09.

Thank you,

From: Ordinances <ord@hernandoclerk.org>
Sent: Wednesday, August 13, 2025 9:11 AM
To: County Ordinances <CountyOrdinances@dos.fl.gov>
Cc: Heidi Prouse <hprouse@hernandoclerk.org>; Paige Jefferys <pjefferys@hernandoclerk.org>; Nienke Osinga <nosinga@hernandoclerk.org>
Subject: Hernando County Ordinance No. 2025-09 - Adopted on August 12, 2025

EMAIL RECEIVED FROM EXTERNAL SOURCE

The attachments/links in this message have been scanned by Proofpoint.

Sender Full Name:	Heidi Prouse
Sender Phone number:	352-754-4970
County Name:	Hernando
Ordinance Number:	2025-09

Thank You,

Heidi Prouse
Administrative Services | Administrative Services Supervisor
Office of Doug Chorvat Jr., Clerk of Circuit Court and Comptroller
Phone: (352) 540-6437 | Email: hprouse@hernandoclerk.org
20 N Main Street, Brooksville, FL 34601
Visit our Website | Facebook | Twitter | How are we doing? | Property Fraud Alert

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FLORIDA DEPARTMENT of STATE

RON DESANTIS
Governor

CORD BYRD
Secretary of State

October 8, 2025

Doug Chorvat, Jr.
County Clerk
Hernando County
20 North Main Street, Rm. 362
Brooksville, Florida 34601

Dear Doug Chorvat Jr.,

Pursuant to the provisions of Section 125.66, Florida Statutes, this will acknowledge receipt of your electronic copy of Hernando County Corrected Ordinance No. 2025-09, which was filed in this office on October 8, 2025.

Sincerely,

Alexandra Leijon
Administrative Code and Register Director

AL/dp

From: County Ordinances
To: Ordinances; County Ordinances
Cc: Heidi Prouse; Paige Jefferys; Nienke Osinga
Subject: RE: Hernando County Ordinance No. 2025-09 - Adopted on August 12, 2025
Date: Wednesday, August 13, 2025 2:02:20 PM
Attachments: Hernando20250813_Ordinance2025_09_Ack.pdf

Good afternoon,

Attached is the acknowledgement letter for Hernando County Ordinance 2025-09.

Thank you,

From: Ordinances <ord@hernandoclerk.org>
Sent: Wednesday, August 13, 2025 9:11 AM
To: County Ordinances <CountyOrdinances@dos.fl.gov>
Cc: Heidi Prouse <hprouse@hernandoclerk.org>; Paige Jefferys <pjefferys@hernandoclerk.org>; Nienke Osinga <nosinga@hernandoclerk.org>
Subject: Hernando County Ordinance No. 2025-09 - Adopted on August 12, 2025

EMAIL RECEIVED FROM EXTERNAL SOURCE

The attachments/links in this message have been scanned by Proofpoint.

Sender Full Name:	Heidi Prouse
Sender Phone number:	352-754-4970
County Name:	Hernando
Ordinance Number:	2025-09

Thank You,

Heidi Prouse
Administrative Services | Administrative Services Supervisor
Office of Doug Chorvat Jr., Clerk of Circuit Court and Comptroller
Phone: (352) 540-6437 | Email: hprouse@hernandoclerk.org
20 N Main Street, Brooksville, FL 34601
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FLORIDA DEPARTMENT of STATE

RON DESANTIS
Governor

CORD BYRD
Secretary of State

August 13, 2025

Doug Chorvat, Jr.
County Clerk
Hernando County
20 North Main Street, Rm. 362
Brooksville, Florida 34601

Dear Doug Chorvat Jr.,

Pursuant to the provisions of Section 125.66, Florida Statutes, this will acknowledge receipt of your electronic copy of Hernando County Ordinance No. 2025-09, which was filed in this office on August 13, 2025.

Sincerely,

Alexandra Leijon
Administrative Code and Register Director

AL/dp

DRAFT DOCUMENT: F:\1 COUNTY ATTORNEY'S OFFICE\MAT\HCFR\23-691-11\ORDINANCE - COPCN.wpd, June 12, 2025 (10:32am) NOTE: additions/~~deletions~~ = language proposed for addition/deletion to existing Code provisions.

ORDINANCE NO.: 2025-09

AN ORDINANCE AMENDING CHAPTER 15, ARTICLE III (EMERGENCY AND NON-EMERGENCY MEDICAL TRANSPORTATION), SECTIONS 15-81 THROUGH 15-95, HERNANDO COUNTY ORDINANCES, ESTABLISHING THE HERNANDO COUNTY AMBULANCE CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY ORDINANCE; REPEALING CHAPTER 21 (HEALTH AND SANITATION) ARTICLE X (AMBULANCE TRANSPORTATION SERVICES); RESERVING SECTIONS 21-163—21-186 OF THE CODE; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Raymond H. Alexander, M.D., Emergency Medical Transportation Act (Chapter 401, Part III, Florida Statutes) ("the Act") places responsibility for the improvement and regulation of basic and advanced life support systems in the State of Florida with the Florida Department of Health ("the Department"), except for the issuance of COPCNs which the Act declares is the responsibility of the various counties; and

WHEREAS, the Act requires applicants to the Department for licensure as a basic life support or an advanced life support service to obtain a COPCN from each county in which the applicant will operate; and

WHEREAS, it is in Hernando County's best interests to regulate the application process for, and issuance of, COPCNs according to the needs of Hernando County citizens pursuant to § 401.25(2)(d), Florida Statutes, to comport with the Act; and

WHEREAS, consistency dictates that the best location for the Hernando County Ambulance Certificate of Public Convenience and Necessity Ordinance is Chapter 15, Article III, which is titled Emergency and Non-Emergency Medical Transportation; and

WHEREAS, notice of the public hearing on the matter of amending this ordinance was properly and timely published; and

WHEREAS, the County has considered the record of the public hearing.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY:

Section 1. Chapter 15 (Health and Sanitation), Article III (Emergency and Non-Medical Emergency Medical Transportation), Sections 15-81 through 15-95, which are currently reserved, are amended to read as follows with the underlined matter added and struck-through matter deleted:

Sec. 15-81. Short title.

This article may be cited as the "Hernando County Ambulance Certificate of Public Convenience and Necessity Ordinance."

Sec. 15-82. Primary EMS Provider and First Responder for Emergency Medical Services.

Hernando County Fire and Emergency Services (also known as Hernando County Fire Rescue) is the primary emergency medical services provider and the first responder for emergency medical services in Hernando County.

Sec. 15-83. Definitions.

The following definitions shall apply to this article:

Advanced life support means assessment or treatment by a person qualified by the department through the use of techniques such as endotracheal intubation, the administration of drugs or intravenous fluids, telemetry, cardiac monitoring, cardiac defibrillation, and other techniques described in the EMT-Paramedic National Standard Curriculum or the National EMS Education Standards, pursuant to the rules of the department.

Advanced life support service means any emergency medical transport or non-transport service which uses advanced life support techniques as defined in this article and Chapter 401, Florida Statutes.

Ambulance or emergency medical services vehicle means any privately or publicly owned land or water vehicle that is designed, constructed, reconstructed, maintained, equipped, or operated for, and is used for, or intended to be used for, land or water transportation of sick or injured persons requiring or likely to require medical attention during transport.

Applicant means a person or entity who makes application for a COPCN as hereinafter described.

Basic life support means the assessment or treatment by a person qualified by the department through the use of techniques described in the EMT-Basic National Standard Curriculum or the National EMS Education Standards of the United States Department of Transportation and approved by the department. The term includes the administration of oxygen and other techniques that have been approved and are performed under conditions specified by rules of the department.

Board means the Board of County Commissioners of Hernando County, Florida.

COPCN means a certificate of public convenience and necessity as issued by the board.

County means all incorporated and unincorporated areas within the territorial limits of Hernando County, Florida.

Department means the Florida Department of Health.

EMS means emergency medical services.

Operator means any person owning or acting as agent for the owner of any business or service which furnishes, operates, conducts, maintains, advertises,

engages in, proposes to engage in, or professes to engage in a business or service which offers advanced life support or basic life support service in Hernando County.

Permit means any authorization issued by the department for a vehicle to be operated as basic life support or advanced life support transport vehicle or an advanced life support non-transport vehicle providing basic or advanced life support services.

Person means and includes any individual, firm, corporation, association, partnership, or governmental entity.

State means the State of Florida.

Sec. 15-84. COPCN required.

(a) All providers of the services described in this Article must comply with this Article's requirements to provide said services. Every person or operator owning or acting as agent for the owner of any business or service which furnishes, operates, conducts, maintains, advertises, engages in, proposes to engage in, or professes to engage in an advanced life support transport service, basic life support transport service, or any other licensed EMS provider pursuant to chapter 401, Florida Statutes, or chapter 64J-1 of the Florida Administrative Code, as amended from time to time, within Hernando County shall first obtain a COPCN as an advanced life support service, basic life support service or other licensed EMS

provider, as applicable, prior to offering such services to the public. The application for a COPCN shall be in a form provided by the board and shall be in writing, signed and sworn to by the applicant, and shall be filed with the Hernando County Attorney's Office.

(b) The application shall provide proof that the applicant has met all appropriate requirements and obtained all appropriate certificates, licenses and permits from the state as provided for by chapter 401, Florida Statutes, chapter 64J-1 of the Florida Administrative Code and all other applicable state or federal laws.

(c) The COPCN required hereunder shall be in addition to all certificates, licenses and permits required by chapter 401, Florida Statutes.

(d) A fee (which has been set by resolution) will accompany each application to offset administrative costs incurred in processing the application.

Sec. 15-85. Application for COPCN.

Every application for a COPCN under this article shall contain the following:

(a) The name and business address of the owner or operator of the advanced life support or basic life support service, or proposed service;

(b) The name under which the applicant will operate;

(c) A list of the names and addresses of all officers, directors, members

and shareholders of applicant;

(d) The territory the applicant desires to serve; number of vehicles; a brief description of the kind or type, passenger capacity, arrangement, size, and gross weight of each vehicle;

(e) The location and description of each place from which applicant's service is intended to operate;

(f) The training and experience of the applicant in the transportation and care of patients;

(g) A description of each vehicle to be used in the applicant's business or service, including the make, model, year of manufacture, mileage and vehicle identification number (VIN); state or federal aviation or marine agency registration number, where applicable; and the color scheme, insignia, name, monogram, or other distinguishing characteristics to be used to designate the applicant's vehicle or vehicles;

(h) The names and addresses of at least three (3) residents of the county available as references;

(i) A written agreement of the applicant to file, in event that the application is granted and prior to its effectiveness, copies of public liability, property damage and malpractice insurance or a surety bond conditioned for the payment and

satisfaction of any final judgment as required or provided for in this article and chapter 401, Florida Statutes;

(j) A written statement certifying that the applicant will provide continuous service on a 24-hour-day, seven-day-week basis, and that the minimum level of patient care rendered and will always be advanced life support, basic life support or other EMS service, as applicable, with the exception of disasters or extraordinary circumstances (advanced life support applicants only);

(k) Such other information as the board deems necessary to determine compliance with this article.

Sec. 15-86. Suitable vehicle.

The applicant shall provide with its application for a COPCN evidence that its vehicle(s) comply with § 401.26(2)(a) through (f), Florida Statutes. Failure to provide such evidence may result in denial of the application.

Sec. 15-87. Investigation of applicant's insurance.

Upon receipt of an application for a COPCN under this article, the board may cause an investigation to be made of the character and reputation of the applicant as a law abiding citizen; the financial ability of the applicant to render safe and comfortable service and to maintain or replace equipment for such service; the financial responsibility of the applicant to maintain insurance for the payment of

personal injury, death and property damage claims and of such other pertinent facts which the board deems relevant in determining the fitness of the applicant to assume the occupation of an operator. All insurance policy coverage must be in an amount acceptable to the county's current insurance carrier and must name Hernando County as an additional insured. All such insurance policies shall provide for a thirty-day cancellation notice to be sent to the board.

Sec. 15-88. Hearings on applications; issuance or denial.

The board will schedule a public hearing regarding the initial issuance of any COPCN. The board shall give an applicant and all COPCN holders notice of any public hearing affecting COPCNs prior to the date of the public hearing. At the time and place specified in the notice, the board shall accord all persons attending an opportunity to be heard. The board may, in its sole discretion, issue or refuse to issue a COPCN as applied for or may modify the terms and conditions of a COPCN applied for as the public convenience and necessity may require. After reviewing an application for a COPCN and after receiving public input at a public hearing and after reviewing financial, technical and character qualifications of the applicant the board may issue a COPCN.

Factors that the board may consider in the issuance of a COPCN include the following:

(a) Whether existing emergency medical transportation services are adequate to meet reasonable public needs.

(b) The present necessity for the COPCN in relation to the volume of existing or projected future emergency calls within the area to be served.

(c) The financial ability of the applicant to furnish continuous and uninterrupted service at the times required therefor and to meet the financial obligations of the service which the operator proposes to perform.

(d) The effect on existing medical transportation facilities and services of all kinds, and particularly whether the granting of such COPCN will or may seriously impair essential public service provided by existing service operators.

(e) The qualifications of the applicant to properly perform the proposed service and to conform to provisions of this article.

(f) Any objections received from operators provided notice of the application.

(g) Any of the matters set out in section 15-85.

Sec. 15-89. Form and content of COCPNs.

(a) Every COPCN issued under this article shall state the service territory authorized and such conditions and limitations the board deems necessary for

protecting the public interest.

(b) The COPCN and any and all renewals thereof shall be valid for a period of two (2) years from the date of issuance unless earlier suspended, revoked or terminated.

(c) The application for renewal must be submitted to the county attorney's office no later than ninety (90) days before expiration and the board shall review all COPCNs within sixty (60) days of their expiration and, without the necessity of a public hearing, may issue renewals when such renewal supports public convenience and necessity.

(d) Should the board determine not to renew a COPCN, it shall notify the holder in writing within thirty (30) days of the expiration of the COPCN of its intended action and the reasons for non-renewal.

Sec. 15-90. Grounds for revocation, alteration or suspension.

(a) Every COPCN issued under this article shall be subject to revocation, alteration or suspension by the board when it appears that:

(1) The operator has failed or neglected to render all services authorized by his/her COPCN for a period of three (3) consecutive days during any calendar year without reasonable cause;

(2) The operator has been convicted of a felony or any criminal offense involving moral turpitude;

(3) The COPCN was obtained through an application in which any material fact was omitted or falsely stated;

(4) The operator has permitted any vehicle to be operated in violation of the laws of Florida or this article, which violation results in a conviction of the driver or operator of the vehicle of a misdemeanor in the second degree or greater;

(5) The operator has permitted any person or employee to provide service under his COPCN without that person possessing the appropriate license, certificate or permit as required by this article and chapter 401, Florida Statutes;

(6) The operator has failed to comply with any of the provisions of this article, chapter 401, Florida Statutes, or chapter 64J-1 of the Florida Administrative Code, as amended from time to time;

(7) The operator, his agents or employees have been found guilty of malpractice or negligence in the operation of the service;

(8) The operator knowingly allows his agents or employees to violate the provisions of this article, chapter 401, Florida Statutes or chapter

64J-1 of the Florida Administrative Code, as amended from time to time or any other applicable state or federal law.

(9) Any other good cause, or as provided for otherwise in this article.

(b) Proceedings for investigation and recommending of revocation, alteration or suspension of a COPCN, and any hearing to be held based upon this investigation, shall be undertaken by the board. All complaints shall be investigated within forty-five (45) days and a report thereon made to the board, together with findings and recommendations. If revocation, alteration or suspension of any COPCN appears warranted, the board shall give fifteen (15) days' notice to the operator holding the COPCN that the same will be considered at a specific board meeting, provided the date of such meeting shall not be less than five (5) days from the date of the notice. The board shall thereupon undertake to consider the complaint and either revoke, alter or suspend the COPCN or dismiss the complaint.

Sec. 15-91. Transfer or assignment.

No COPCN issued under this article shall be assigned or transferred by the person to whom it is issued except upon approval of the board. Such approval shall be granted in the same manner and subject to the same application requirements and procedures as original applications for COPCNs. Any majority transfer of shares of

stock or interest of any person or operator so as to cause a change in the directors, officers, majority stockholders or managers of such person or operator shall be deemed a transfer or assignment as contemplated by this article and subject to the same rules and regulations as any other transfer or assignment. Further, and in addition to this definition of an event constituting a transfer, any action as stated under chapter 401, Florida Statutes, which defines an assignment and/or transfer shall be deemed by the board to be a transfer or assignment.

Sec. 15-92. Daily record.

Every operator shall maintain a daily record in which shall be recorded the place of origin, time of call, time of dispatch, time of arrival at scene, time left for destination, and charges for each trip made, along with such operating and patient information required by the board. Pursuant to § 401.30, Fla. Stat., the names of patients and other patient-identifying information is confidential and exempt from the provisions of Chapter 119, Florida Statutes, and may not be disclosed without the consent of the patient except as provided in § 401.30(4), Florida Statutes. Every operator shall retain and preserve all daily logs for at least five (5) years and such logs shall be available for inspection by the board upon request, subject to the confidentiality and exemption provisions of Chapters 119 and 401, Florida Statutes. Falsification of a record shall be grounds for revocation, alteration or suspension of

the operator's COPCN.

Sec. 15-93. Maintenance of records.

Each operator shall keep accurate records of receipts for service rendered, operating and other expenses, capital expenditures and such other operating and patient information required by the board or under the provisions of chapter 401, Florida Statutes, and chapter 64J-1 of the Florida Administrative Code. Pursuant to § 401.30, Florida Statutes, the names of patients and other patient-identifying information is confidential and exempt from the provisions of Chapter 119, Florida Statutes, and may not be disclosed without the consent of the patient except as provided in § 401.30(4), Florida Statutes.

Sec. 15-94. Administration and enforcement of ordinance.

Responsibility for the administration and enforcement of the provisions of this article is vested in the county administrator. The operator's failure to comply with this article will result in a report by the county administrator to the board for further action, which may include suspension or revocation of the operator's COPCN.

Sec. 15-95. Violations and penalties.

Any person, firm or corporation failing to comply with any provision of this article shall be prosecuted as described in chapter 2, article III, as amended from time to time.

Secs. 15-~~81~~96 -15-120. - Reserved.

Section 2. Chapter 21 (Offenses and Miscellaneous Provisions) Article X (Ambulance Transportation Services) is amended to read as follows with underlined matter added and struck-through matter deleted:

~~ARTICLE X. AMBULANCE TRANSPORTATION SERVICES~~

~~**Sec. 21-163. Short title.**~~

~~This article may be cited as the "County Ambulance Certificate of Public Convenience and Necessity Ordinance."~~

~~**Sec. 21-164. Definitions.**~~

~~The following definitions shall apply to this article:~~

~~*Advanced life support* means treatment of life threatening medical emergencies through the use of techniques such as endotracheal intubation, the administration of drugs, intravenous fluids, telemetry, cardiac monitoring and cardiac defibrillation by a qualified person, pursuant to rule of the department.~~

~~*Advanced life support service* means any emergency medical transport or nontransport service which uses advanced life support techniques as defined in this article and chapter 401, Florida Statutes.~~

~~*Ambulance or emergency medical services vehicle* means any privately or~~

~~publicly owned land, air or water vehicle that is designed, constructed, reconstructed, maintained, equipped or operated for, and is used for, or intended to be used for, air, land or water transportation of sick or injured persons who are in need of emergency medical attention during transport.~~

~~*Applicant* means every person who may make application for a certificate of public convenience and necessity as hereinafter described.~~

~~*Basic life support* means treatment of life threatening medical emergencies by a qualified person through the use of techniques such as patient assessment, basic cardiopulmonary resuscitation, splinting, obstetrical assistance, bandaging, administration of oxygen, application of medical antishock trousers and other techniques that an EMT is authorized to do pursuant to chapter 401, Florida Statutes.~~

~~Board means the Board of County Commissioners of Hernando County, Florida.~~

~~*Certificate* means a certificate of public convenience and necessity as issued by the board.~~

~~*Certification* means any authorization issued pursuant to the provisions of this article or chapter 401, Florida Statutes, to a person to act in a capacity regulated by this article or chapter 401, Florida Statutes.~~

~~*County* means all incorporated and unincorporated areas within the territorial limits of Hernando County, Florida.~~

~~*Department* means the Department of Health and Rehabilitative Services.~~

~~EMS means emergency medical services.~~

~~*Operator* means any person owning or acting as agent for the owner of any business or service which furnishes, operates, conducts, maintains, advertises, engages in, proposes to engage in, or professes to engage in a business or service which offers advanced life support or basic life support service.~~

~~*Permit* means any authorization issued pursuant to the provisions of chapter 401, Florida Statutes, for a vehicle to be operated as a transport or a nontransport vehicle providing advance life support services.~~

~~*Person* means and includes any individual, firm, corporation, association, partnership or governmental entity.~~

~~*State* means the State of Florida.~~

~~**Sec. 21-165. Certificate required.**~~

~~(a) Every person or operator owning or acting as agent for the owner of any business or service which furnishes, operates, conducts, maintains, advertises, engages in, proposes to engage in, or professes to engage in an advanced life support transport service, basic life support transport service, or any other licensed EMS provider pursuant to chapter 401, Florida Statutes, and/or chapter 64J-1 of the Florida~~

~~Administrative Code, as amended from time to time, within Hernando County shall first obtain a certificate of public convenience and necessity as an advance life support service prior to offering such services to the public. The application of such certificate shall be in a form provided by the board and shall be in writing, signed and sworn to by the applicant, and shall be filed with the board.~~

~~(b) The application shall provide proof that the applicant has met all appropriate requirements and obtained all appropriate certificates, licenses and permits from the state as provided for by chapter 401, Florida Statutes, chapter 64J-1 of the Florida Administrative Code and all other applicable state or federal laws.~~

~~(c) The certificates required hereunder shall be in addition to all certificates, licenses and permits required by chapter 401, Florida Statutes.~~

~~(d) A fee to be set by fee resolution will accompany each application to offset administrative costs incurred in processing the application.~~

~~**Sec. 21-166. Application for certificate.**~~

~~Every application for a certificate under this article shall contain the following:~~

~~(1) The name and business address of the owner or operator of the advanced life support or basic life support service, or proposed service;~~

~~(2) The name under which the applicant will operate;~~

~~(3) A list of the names and addresses of all officers, directors and shareholders of applicant;~~

~~(4) The territory which the applicant desires to serve; number of vehicles; a brief description of the kind or type, passenger capacity, arrangement, size and gross weight of each vehicle;~~

~~(5) The location and description of each place from which applicant's service is intended to operate;~~

~~(6) The training and experience of the applicant in the transportation and care of patients;~~

~~(7) A description of each vehicle to be used in the applicant's business or service, including the make, model, year of manufacture, mileage and vehicle identification number (VIN); state or federal aviation or marine agency registration number, where applicable; and the color scheme, insignia, name, monogram, or other distinguishing characteristics to be used to designate the applicant's vehicle or vehicles;~~

~~(8) The names and addresses of at least three (3) residents of the county available as references;~~

~~(9) An agreement of the applicants to file, in event that the application shall be granted and prior to its effectiveness, copies of public liability, property damage and malpractice insurance or a surety bond conditioned for the payment and satisfaction of any final judgment as required or provided for in this article and chapter 401, Florida Statutes;~~

~~(10) A statement certifying that the applicant will provide continuous service on a 24-hour-day, seven-day-week basis, and the minimum level of patient care rendered and/or available will always be advanced life support, with the exceptions of disasters or extraordinary circumstances, (advanced life support applicants only);~~

~~(11) Such other information as the board shall deem reasonable and necessary to a fair determination of compliance with this article.~~

~~**Sec. 21-167. Investigation of applicant's insurance.**~~

~~Upon receipt of an application for any certificate under this article, the board may cause an investigation to be made of the character and reputation of the applicant as a law abiding citizen; the financial ability of the applicant to render safe and comfortable service and to maintain or replace equipment for such service; the financial responsibility of the applicant to maintain insurance for the payment of personal injury, death and property damage claims and of such other pertinent facts~~

~~which the board may deem relevant in determining the fitness of the applicant to assume the occupation of an operator. The amount of all insurance policy coverage must be in an amount acceptable to the county's current insurance carrier and must name Hernando County as an additional insured. All such insurance policies shall provide for a thirty-day cancellation notice to be sent to the board.~~

~~**Sec. 21-168. Hearings on applications; issuance or refusal.**~~

~~The board will schedule a public hearing regarding the initial issuance of any certificate. The board shall give an applicant and all certificate holders notice of any public hearing affecting certificates prior to the date of the public hearing. At the time and place specified in the notice, the board shall accord all persons attending an opportunity to be heard. The board may issue or refuse to issue a certificate as applied for or may modify the terms and conditions of a certificate applied for as the public convenience and necessity may require in the discretion of the board. After receiving an application for a certificate and after receiving public input at a public hearing and after reviewing financial, technical and character qualifications of the applicant the board may issue a certificate.~~

~~[Factors which the board may use in its issuance of a certificate include the following:]~~

~~(1) Whether existing emergency medical transportation services are~~

~~adequate to meet reasonable public needs.~~

~~(2) The present necessity for the certificate in relation to the volume of existing or projected future emergency calls within the area to be served.~~

~~(3) The financial ability of the applicant to furnish continuous and uninterrupted service at the times required therefor and to meet the financial obligations of the service which the operator proposes to perform.~~

~~(4) The effect on existing medical transportation facilities and services of all kinds, and particularly whether the granting of such certificate will or may seriously impair essential public service as provided by existing service operators.~~

~~(5) The qualifications of the applicant to properly perform the proposed service and to conform to provisions of this article.~~

~~(6) Any objections received from operators provided notice of the application as set out herein.~~

~~(7) Any of the matters set out in section 21-167.~~

~~**Sec. 21-169. Form and contents.**~~

~~(a) Every certificate issued under this article shall state the service territory authorized and such conditions and limitation as the board may deem necessary for protecting the public interest.~~

~~(b) The certificate and any and all renewals thereof shall be valid for a period of two (2) years from the date thereof unless earlier suspended, revoked or terminated.~~

~~(c) The application for renewal must be submitted to the county attorney's office no later than ninety (90) days before expiration and the board shall review all certificates within sixty (60) days of their expiration and, without the necessity of a public hearing, may issue renewals when such renewal is in the public convenience and necessity.~~

~~(d) Should the board determine not to renew a certificate, it shall notify the holder in writing at least within thirty (30) days of the expiration of the certificate of its intended action and the reasons for that action.~~

~~**Sec. 21-170. Transfer of assignment.**~~

~~No certificate issued under this article shall be assigned or transferred by the person to whom it is issued except upon approval of the board of such assignment or transfer. Such approval shall be granted in the same manner and subject to the same application requirements and procedures as original applications for certificates. Any majority transfer of shares of stock or interest of any person or operator so as to cause a change in the directors, officers, majority stockholders or managers of such person or operator shall be deemed a transfer or assignment as contemplated by this article~~

~~and subject to the same rules and regulations as any other transfer or assignment. Further, and in addition to this definition of an event constituting a transfer, any action as stated under chapter 401, Florida Statutes, which defines an assignment and/or transfer shall be deemed by the board to, in fact, be such a transfer of assignment.~~

~~**Sec. 21-171. Grounds for revocation, alteration or suspension.**~~

~~(a) Every certificate issued under this article shall be subject to revocation, alteration or suspension by the board where it shall appear that:~~

~~(1) The operator has failed or neglected to render all services authorized by his/her certificate for a period of three (3) consecutive days during any calendar year without reasonable cause;~~

~~(2) The operator has been convicted of a felony or any criminal offense involving moral turpitude;~~

~~(3) The certificate was obtained by an application in which any material fact was omitted or falsely stated;~~

~~(4) The operator has permitted any vehicle to be operated in violation of the laws of Florida or this article, which violation results in a conviction of the driver or operator of the vehicle of a misdemeanor in the second degree or greater;~~

~~(5) The operator has permitted any person or employee to provide service under his certificate without that person possessing the appropriate license, certificate or permit as required by this article and chapter 401, Florida Statutes;~~

~~(6) The operator has failed to comply with any of the provisions of this article, chapter 401, Florida Statutes, or chapter 64J-1 of the Florida Administrative Code and as amended from time to time;~~

~~(7) The operator, his agents or employees have been found guilty of malpractice or negligence in the operation of the service;~~

~~(8) The operator knowingly allows his agents or employees to violate the provisions of this article, chapter 401, Florida Statutes or chapter 64J-1 of the Florida Administrative Code as amended from time to time and/or any other applicable state or federal law(s).~~

~~(9) Or other good cause, or as provided for otherwise in this article.~~

~~(b) Proceedings for investigation and recommending of revocation, alteration or suspension of a certificate, and any hearing to be held based upon this investigation, shall be undertaken by the board of county commissioners. All complaints shall be investigated within forty-five (45) days and a report thereon made~~

~~to the board, together with findings and recommendations. If revocation, alteration or suspension of any certificate appears warranted, the board shall give fifteen (15) days' notice to the operator holding the certificate that the same will be considered at a specific board meeting, provided the date of such meeting shall not be less than five (5) days from the date of the notice. The board shall thereupon undertake to consider the complaint and either revoke, alter or suspend the certificate or dismiss the complaint.~~

~~**Sec. 21-172. Daily record.**~~

~~Every operator shall maintain a daily record which shall be recorded the place or origin, time of call, time of dispatch, time of arrival at scene, time left for destination, time of arrival at destination, and charges for each trip made and such operating and patient information as may be required by the board. Every operator shall retain and preserve all daily logs for at least five (5) years and such logs shall be available for inspection by the board upon request. Falsification of a record shall be grounds for revocation, alteration or suspension of a certificate.~~

~~**Sec. 21-173. Suitable vehicle.**~~

~~Each vehicle shall be suitable for transportation of persons requesting service, shall meet the appropriate safety, sanitation and maintenance standards and shall be maintained in suitable premises. Every vehicle shall possess an appropriate~~

~~communications system, linking the vehicle with the operator's central place of business. Each vehicle shall conform in all respects to the most recent applicable design criteria as required by chapter 401, Florida Statutes and chapter 64J-1 of the Florida Administrative Code.~~

~~**Sec. 21-174. Records.**~~

~~Each operator shall keep accurate records of receipts for service rendered, operating and other expenses, capital expenditures and such other operating and patient information as may be required by the board or under the provisions of chapter 401, Florida Statutes and chapter 64J-1 of the Florida Administrative Code.~~

~~**Sec. 21-175. Administration and enforcement of ordinance.**~~

~~The responsibility of the administration and enforcement of the provisions of this article is vested in the county administrator. Failure to comply by the operator will result in a report to the board for further action.~~

~~**Sec. 21-176. Violations and penalties.**~~

~~Any person, firm or corporation failing to comply with any provision of this article shall be prosecuted as described in chapter 2, article III as amended from time to time.~~

Secs. 21-~~177~~163 - 21-186. Reserved.

Section 3. Severability. It is declared to be the intent of the Board of County Commissioners that if any section, subsection, clause, sentence, phrase, or provision of this ordinance is for any reason held unconstitutional or invalid, the invalidity thereof shall not affect the validity of the remaining portions of this ordinance.

Section 4. Inclusion in the Code. It is the intention of the Board of County Commissioners of Hernando County, Florida, and it is hereby provided, that the provisions of this Ordinance shall become and be made a part of the Code of Ordinances of Hernando County, Florida. To this end, the sections of this Ordinance may be renumbered or relettered to accomplish such intention, and that the word "ordinance" may be changed to "section," "article," or any other appropriate designation.

Section 5. Conflicting Provisions Repealed. All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

Section 6. Effective Date. This ordinance shall take effect immediately upon receipt of official acknowledgment from the office of the Secretary of State of Florida that this ordinance has been filed with said office.

BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY in Regular Session this 12 day of August 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

Attest: Heidi Prause Deputy Clerk for
DOUGLAS CHORVAT, JR.
Clerk and Comptroller

By: _____
BRIAN HAWKINS
Chairman

BOARD OF COUNTY COMMISSIONERS HERNANDO COUNTY, FLORIDA SEAL

Approved for Form and Legal Sufficiency

Melissa Tartaglia
County Attorney's Office

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Budget
Prepared By: Albert Bertram
Initiator: Albert Bertram
DOC ID: 16092
Legal Request Number:
Bid/Contract Number:

TITLE

Budget Resolutions to Transfer Funds to Cover Additional Billing for Medical Insurance Self Insurance Funds for FY 2024-25

RESULT:	**ADOPTED**
MOVER:	John Allocco
SECONDER:	Steve Champion
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

RESOLUTION NO.: 2025-_____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY AMENDING THE BUDGET TO REFLECT DECREASED FUNDS OR REVENUES ANTICIPATED IN THE 2025 BUDGET, PURSUANT TO §129.06 OF THE FLORIDA STATUTES, AND MAKING THE CORRESPONDING BUDGET AMENDMENTS SO THAT REVENUES AND EXPENDITURES ARE EQUAL.

WHEREAS, Hernando County did not receive the funds anticipated when the budget for the 2025 Fiscal Year was adopted; and,

WHEREAS, pursuant to §129.06 of the Florida Statutes, the budget for Fiscal Year 2025 must be amended to account for the reduced revenues; and,

WHEREAS, these reduced revenues must be a reduction to the budget in the proper fund; and,

WHEREAS, the total 2025 Fiscal Year Adopted Budget will be adjusted in the amount set forth below and the total estimated receipts, including balances brought forward, shall equal the total of the appropriations and reserves.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, AS FOLLOWS:

REVENUES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
5121-3899090	Balance Forward Cash	3,938,410.00	(2,192,560.00)	1,745,850.00
				0.00
				0.00
	TOTAL	$3,938,410.00	($2,192,560.00)	$1,745,850.00

EXPENSES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
5121-08121-5909910	Budget Res For Contingency	2,652,978.00	(2,192,560.00)	460,418.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
	TOTAL	$2,652,978.00	($2,192,560.00)	$460,418.00

ADOPTED this _____ day of _____, 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

Attest: _____
DOUGLAS A. CHORVAT, JR.
Clerk of Circuit Court & Comptroller

By: _____
BRIAN HAWKINS
Chairperson

**** Reference: Legistar # / Mtg Date. LS 16092 / 8.12.2025**

Office of Management and Budget use only:

Fund: 5121 Department No.: 08121 Approved by: ED Date: 7/21/2025 BR2025-044

Revised: 11/19/2024

RESOLUTION NO.: 2025-_____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY AMENDING THE BUDGET TO REFLECT INCREASED FUNDS OR REVENUES NOT ANTICIPATED IN THE 2024 BUDGET, PURSUANT TO §129.06 OF THE FLORIDA STATUTES, APPROPRIATING AND EXPENDING INCREASED FUNDS AS PROVIDED BY THE AMENDED BUDGET; AND ADDING INCREASED AND UNANTICIPATED REVENUES TO THE PROPER FUND OF THE BUDGET.

WHEREAS, Hernando County is in receipt of funds not anticipated when the budget for the 2025 Fiscal Year was adopted; and,

WHEREAS, pursuant to §129.06 of the Florida Statutes, the budget for Fiscal Year 2025 must be amended to account for these unanticipated increased revenues; and,

WHEREAS, the total 2025 Fiscal Year Adopted Budget will be adjusted in the amount set forth below and the total estimated receipts, including balances brought forward, shall equal the total of the appropriations and reserves.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, AS FOLLOWS:

REVENUES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
5121-3819500	Transfer/Medical Self In	1,550,400.00	3,078,000.00	$4,628,400.00
		$1,550,400.00	$3,078,000.00	$4,628,400.00

EXPENSES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
SEE ATTACHED	SEE ATTACHED	1,537,200.00	3,078,000.00	$4,615,200.00
		$1,537,200.00	$3,078,000.00	$4,615,200.00

ADOPTED this _____ day of _____, 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

Attest: _____
DOUGLAS A. CHORVAT, JR.
Clerk of Circuit Court & Comptroller

By: _____
Brian Hawkins
Chairman

**** Reference: Legistar # / Mtg Date.** **LS16092 / 08.12.25**

Office of Management and Budget use only:

Fund Number: Multiple Department No. Various Approved by: ED Date: 07/25/2025 BR2025-046

Revised 4/9/21

SELECTION CRITERIA:

DEPARTMENT	ACCOUNT	PERIOD	DESCRIPTION	CURRENT BALANCE	ADJUSTMENT AMOUNT	ADJUSTMENT BALANCE	ENTERED BY
CONTROL NUMBER: R25-044							
5121	MEDICAL INSUR S 3899090	BALANCE FORWARD 10/25	R25-044	3938410.00	-2192560.00	1745850.00	aspradle
08121	MEDICAL INSUR S 5909910	BUDGET RES FOR 10/25	R25-044	2652978.00	-2192560.00	3535694.81	aspradle
TOTAL ADJUSTMENT AMOUNT:					-4385120.00		

SELECTION CRITERIA:

DEPARTMENT	ACCOUNT	PERIOD	DESCRIPTION	CURRENT BALANCE	ADJUSTMENT AMOUNT	ADJUSTMENT BALANCE	ENTERED BY
CONTROL NUMBER: R25-46							
5121	MEDICAL INSUR S 3819500	TRANSFER/MEDICA 10/25	R25-46	1544400.00	3078000.00	4622400.00	aspradle
01051	BOARD OF CO COM 5951210	TRNSF-HLTH SELF 10/25	R25-46	8000.00	16018.74	24018.74	aspradle
01101	COUNTY ADMINIST 5951210	TRNSF-HLTH SELF 10/25	R25-46	8480.00	16979.86	25459.86	aspradle
01102	OFFICE-PUBLIC I 5951210	TRNSF-HLTH SELF 10/25	R25-46	6400.00	12814.99	19214.99	aspradle
01151	OFFICE OF MGMT 5951210	TRNSF-HLTH SELF 10/25	R25-46	8240.00	16499.30	24739.30	aspradle
01152	GRANT MANAGEMEN 5951210	TRNSF-HLTH SELF 10/25	R25-46	4800.00	9611.24	14411.24	aspradle
01201	COUNTY ATTORNEY 5951210	TRNSF-HLTH SELF 10/25	R25-46	12800.00	25629.98	38429.98	aspradle
01231	SENSITIVE LANDS 5951210	TRNSF-HLTH SELF 10/25	R25-46	1776.00	3556.16	5332.16	aspradle
01251	HUMAN RESOURCES 5951210	TRNSF-HLTH SELF 10/25	R25-46	6000.00	12014.05	18014.05	aspradle
01401	PURCHASING AND 5951210	TRNSF-HLTH SELF 10/25	R25-46	14160.00	28353.16	42513.16	aspradle
01421	ANIMAL SERVICES 5951210	TRNSF-HLTH SELF 10/25	R25-46	.00	12014.05	12014.05	aspradle
01461	AQUATIC SERVICE 5951210	TRNSF-HLTH SELF 10/25	R25-46	9776.00	19574.89	29350.89	aspradle
01531	CODE ENFORCEMEN 5951210	TRNSF-HLTH SELF 10/25	R25-46	19600.00	39245.90	58845.90	aspradle
01701	FACILITIES MAIN 5951210	TRNSF-HLTH SELF 10/25	R25-46	60800.00	121742.39	182542.39	aspradle
01751	PLANNING 5951210	TRNSF-HLTH SELF 10/25	R25-46	34600.00	69281.03	103881.03	aspradle
01771	BUSINESS DEVELO 5951210	TRNSF-HLTH SELF 10/25	R25-46	3200.00	6407.49	9607.49	aspradle
01801	VETERAN'S SERVI 5951210	TRNSF-HLTH SELF 10/25	R25-46	4816.00	9643.28	14459.28	aspradle
02401	EMERGENCY MANAG 5951210	TRNSF-HLTH SELF 10/25	R25-46	7840.00	15698.36	23538.36	aspradle
03711	SOCIAL SERVICES 5951210	TRNSF-HLTH SELF 10/25	R25-46	12800.00	25629.98	38429.98	aspradle
04441	PARKS & RECREAT 5951210	TRNSF-HLTH SELF 10/25	R25-46	61856.00	123856.86	185712.86	aspradle
04601	LIBRARY SERVICE 5951210	TRNSF-HLTH SELF 10/25	R25-46	54576.00	109279.81	163855.81	aspradle
34017	FED GRT-FTA 530 5951210	TRNSF-HLTH SELF 10/25	R25-46	.00	9611.24	9611.24	aspradle
03721	HHS-QLTY IMPR & 5951210	TRNSF-HLTH SELF 10/25	R25-46	3200.00	6407.49	9607.49	aspradle
35071	HHS - CDBG ENTI 5951210	TRNSF-HLTH SELF 10/25	R25-46	3200.00	6407.49	9607.49	aspradle
34015	FED GRT-FTA 530 5951210	TRNSF-HLTH SELF 10/25	R25-46	4800.00	9611.24	14411.24	aspradle
01352	ENGINEERING 5951210	TRNSF-HLTH SELF 10/25	R25-46	28160.00	56385.95	84545.95	aspradle
03051	ROAD MAINTENANC 5951210	TRNSF-HLTH SELF 10/25	R25-46	105200.00	210646.37	315846.37	aspradle
03071	DPW-ADMINISTRAT 5951210	TRNSF-HLTH SELF 10/25	R25-46	14720.00	29474.47	44194.47	aspradle
03081	DPW-TRAFFIC DIV 5951210	TRNSF-HLTH SELF 10/25	R25-46	24400.00	48857.14	73257.14	aspradle
34051	PLANNING TRANS 5951210	TRNSF-HLTH SELF 10/25	R25-46	80.00	160.19	240.19	aspradle
34054	MPO-CITRUS TD P 5951210	TRNSF-HLTH SELF 10/25	R25-46	80.00	160.19	240.19	aspradle
34055	MPO-FHWA PL FUN 5951210	TRNSF-HLTH SELF 10/25	R25-46	4384.00	8778.27	13162.27	aspradle
34056	MPO-HERNANDO TD 5951210	TRNSF-HLTH SELF 10/25	R25-46	128.00	256.30	384.30	aspradle
34059	MPO-CITRUS TD P 5951210	TRNSF-HLTH SELF 10/25	R25-46	128.00	256.30	384.30	aspradle
03302	MOSQUITO CONTRO 5951210	TRNSF-HLTH SELF 10/25	R25-46	12832.00	25694.05	38526.05	aspradle
02351	COURT INNOV-DRU 5951210	TRNSF-HLTH SELF 10/25	R25-46	4800.00	9611.24	14411.24	aspradle
38206	COURTS-SAMHSA D 5951210	TRNSF-HLTH SELF 10/25	R25-46	1600.00	3203.75	4803.75	aspradle
02348	YOUTH COURT 5951210	TRNSF-HLTH SELF 10/25	R25-46	1600.00	3203.75	4803.75	aspradle
02811	TOURIST DEVELOP 5951210	TRNSF-HLTH SELF 10/25	R25-46	6720.00	13455.74	20175.74	aspradle
02375	COURTS TECHNOLO 5951210	TRNSF-HLTH SELF 10/25	R25-46	4800.00	9611.24	14411.24	aspradle
02261	HC FIRE RESCUE 5951210	TRNSF-HLTH SELF 10/25	R25-46	317696.00	636136.02	953832.02	aspradle
02491	HC FIRE RESCUE 5951210	TRNSF-HLTH SELF 10/25	R25-46	220352.00	441220.05	661572.05	aspradle
02495	HCFR-PARAMEDICI 5951210	TRNSF-HLTH SELF 10/25	R25-46	6400.00	12814.99	19214.99	aspradle
07091	HCUD ADMINISTRA 5951210	TRNSF-HLTH SELF 10/25	R25-46	4720.00	9451.05	14171.05	aspradle
07093	HCUD-FINANCE AD 5951210	TRNSF-HLTH SELF 10/25	R25-46	9600.00	19222.48	28822.48	aspradle
07096	HCUD ENGINEERIN 5951210	TRNSF-HLTH SELF 10/25	R25-46	23520.00	47095.08	70615.08	aspradle
07098	HCUD BILLING 5951210	TRNSF-HLTH SELF 10/25	R25-46	15200.00	30435.60	45635.60	aspradle
07100	HCUD METER READ 5951210	TRNSF-HLTH SELF 10/25	R25-46	14400.00	28833.72	43233.72	aspradle
07101	HCUD CUSTOMER S 5951210	TRNSF-HLTH SELF 10/25	R25-46	18880.00	37804.22	56684.22	aspradle
07111	HCUD WATER OPER 5951210	TRNSF-HLTH SELF 10/25	R25-46	70400.00	140964.87	211364.87	aspradle
07121	HCUD WASTEWATER 5951210	TRNSF-HLTH SELF 10/25	R25-46	76800.00	153779.86	230579.86	aspradle
07151	WATER CONSERVAT 5951210	TRNSF-HLTH SELF 10/25	R25-46	3200.00	6407.49	9607.49	aspradle
07411	AIRPORT OPERATI 5951210	TRNSF-HLTH SELF 10/25	R25-46	12480.00	24989.23	37469.23	aspradle

SELECTION CRITERIA:

DEPARTMENT		ACCOUNT	PERIOD	DESCRIPTION	CURRENT BALANCE	ADJUSTMENT AMOUNT	ADJUSTMENT BALANCE	ENTERED BY
07602	CLASS I OPERATI	5951210	10/25	TRNSF-HLTH SELF R25-46	28800.00	57667.45	86467.45	aspradle
07604	CONVENIENCE CEN	5951210	10/25	TRNSF-HLTH SELF R25-46	17520.00	35081.03	52601.03	aspradle
07811	BUILDING DIVISI	5951210	10/25	TRNSF-HLTH SELF R25-46	80360.00	160908.20	241268.20	aspradle
08101	WORKER'S COMP S	5951210	10/25	TRNSF-HLTH SELF R25-46	2480.00	4965.82	7445.82	aspradle
08021	VEHICLE MAINTEN	5951210	10/25	TRNSF-HLTH SELF R25-46	20000.00	40046.84	60046.84	aspradle
07603	RECYCLING OPERA	5951210	10/25	TRNSF-HLTH SELF R25-46	7088.00	14192.60	21280.60	aspradle
07606	HOUSEHOLD HAZ W	5951210	10/25	TRNSF-HLTH SELF R25-46	3680.00	7368.62	11048.62	aspradle
07607	WASTE TIRE OPER	5951210	10/25	TRNSF-HLTH SELF R25-46	752.00	1505.76	2257.76	aspradle
08011	CENTRAL FUELING	5951210	10/25	TRNSF-HLTH SELF R25-46	1280.00	2563.00	3843.00	aspradle
08151	RISK MANAGEMENT	5951210	10/25	TRNSF-HLTH SELF R25-46	2960.00	5926.93	8886.93	aspradle
08031	FLEET REPLACEME	5951210	10/25	TRNSF-HLTH SELF R25-46	1280.00	2563.00	3843.00	aspradle
08121	MEDICAL INSUR S	5951210	10/25	TRNSF-HLTH SELF R25-46	1360.00	2723.19	4083.19	aspradle
09552	STORMWATER MGMT	5951210	10/25	TRNSF-HLTH SELF R25-46	3840.00	7688.99	11528.99	aspradle
05981	CONTINGENCIES R	5909999	10/25	BUDG RES/CASH F R25-46	24036187.00	-725888.99	23310298.01	aspradle
03151	TTF-DEBT SRV/TF	5909910	10/25	BUDGET RES FOR R25-46	5118896.00	-345363.93	4773532.07	aspradle
01761	HERNANDO/CITRUS	5909910	10/25	BUDGET RES FOR R25-46	698160.00	-9611.24	688548.76	aspradle
03302	MOSQUITO CONTRO	5909910	10/25	BUDGET RES FOR R25-46	211801.00	-25694.05	186106.95	aspradle
02351	COURT INNOV-DRU	5909910	10/25	BUDGET RES FOR R25-46	130484.00	-12814.99	117669.01	aspradle
02348	YOUTH COURT	5909910	10/25	BUDGET RES FOR R25-46	102960.00	-3203.75	99756.25	aspradle
02811	TOURIST DEVELOP	5909910	10/25	BUDGET RES FOR R25-46	3599306.80	-13455.74	3585851.06	aspradle
02375	COURTS TECHNOLO	5909910	10/25	BUDGET RES FOR R25-46	38723.00	-9611.24	29111.76	aspradle
02261	HC FIRE RESCUE	5909910	10/25	BUDGET RES FOR R25-46	14268494.00	-636136.02	13632357.98	aspradle
02491	HC FIRE RESCUE	5909910	10/25	BUDGET RES FOR R25-46	7170326.00	-454035.04	6716290.96	aspradle
07099	HCUD-DEBT SVS/T	5909999	10/25	BUDG RES/CASH F R25-46	16978435.00	-473994.38	16504440.62	aspradle
07411	AIRPORT OPERATI	5909910	10/25	BUDGET RES FOR R25-46	4233290.00	-24989.23	4208300.77	aspradle
07602	CLASS I OPERATI	5909910	10/25	BUDGET RES FOR R25-46	10097371.00	-115815.46	9981555.54	aspradle
07811	BUILDING DIVISI	5909999	10/25	BUDG RES/CASH F R25-46	3107876.00	-160908.20	2946967.80	aspradle
08011	CENTRAL FUELING	5909910	10/25	BUDGET RES FOR R25-46	104752.00	-2563.00	102189.00	aspradle
08151	RISK MANAGEMENT	5909927	10/25	BUDGET RES-FUTU R25-46	1435067.00	-5926.93	1429140.07	aspradle
08101	WORKER'S COMP S	5909927	10/25	BUDGET RES-FUTU R25-46	5658859.00	-4965.81	5653893.19	aspradle
08021	VEHICLE MAINTEN	5909910	10/25	BUDGET RES FOR R25-46	763804.00	-40046.84	723757.16	aspradle
08031	FLEET REPLACEME	5909920	10/25	BUDGET RES-REPA R25-46	806414.00	-2563.00	803851.00	aspradle
09552	STORMWATER MGMT	5909910	10/25	BUDGET RES FOR R25-46	466762.00	-7688.99	459073.01	aspradle
08121	MEDICAL INSUR S	5909910	10/25	BUDGET RES FOR R25-46	2652978.00	3075276.81	5728254.81	aspradle

TOTAL ADJUSTMENT AMOUNT: 6156000.00

SELECTION CRITERIA: orgn.fund='5121'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-5121 MEDICAL INSUR SELF-INS
DEPARTMENT-08121 MEDICAL INSUR SELF-INS
1ST SUBTOTAL-510 * PERSONAL SERVICES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5101200	SALARIES & WAGES-REGULAR	70,413.00	9,355.12	.00	51,885.75	18,527.25	73.69
5101212	SALARY-MARKET ADJUSTMENT	1,421.00	.00	.00	.00	1,421.00	.00
5102100	FICA TAXES-MATCHING	5,387.00	683.47	.00	3,847.84	1,539.16	71.43
5102200	RETIREMENT CONTRIBUTIONS	13,992.00	2,341.73	.00	10,997.55	2,994.45	78.60
5102210	RETIREMENT CONT-GASB68/7	1,075.00	.00	.00	.00	1,075.00	.00
5102300	LIFE & HEALTH INSURANCE	20,215.00	2,313.61	.00	223,869.41	-203,654.41	1107.44
5102320	MEDICAL SELF INS PREMIUM	3,894,048.00	.00	.00	1,739,274.06	2,154,773.94	44.66
5102321	MEDICAL SELF INS CLAIMS	15,107,720.00	351,513.63	.00	9,303,859.04	5,803,860.96	61.58
5102400	WORKERS COMP PREMIUMS	92.00	12.18	.00	67.51	24.49	73.38
5102600	OPEB-TOT LIAB PORTION	328.00	.00	.00	.00	328.00	.00
	TOTAL * PERSONAL SERVICES	19,114,691.00	366,219.74	.00	11,333,801.16	7,780,889.84	59.29
1ST SUBTOTAL-530 * OPERATING EXPENSES							
5303401	CONTRACTED SERVICES	1,470,982.00	3,680.68	.00	774,874.93	696,107.07	52.68
5304101	COMM SVC,DEVICES,ACCESSR	1,500.00	.00	.00	49.87	1,450.13	3.32
5304302	UTILITY SRV-ELECTRIC	3,300.00	.00	.00	1,317.39	1,982.61	39.92
5304303	UTILITY SRV-WTR,SWR,LPGA	1,000.00	.00	.00	356.99	643.01	35.70
5304304	UTILITY SRV-TRASH REMOVA	250.00	.00	.00	.00	250.00	.00
5304401	RENTAL/LEASE-EQUIPMENT	1,600.00	71.61	368.83	681.70	549.47	65.66
5304405	RENTAL/LEASE-BUILDINGS	56,692.00	.00	.00	39,769.00	16,923.00	70.15
5304501	INSURANCE & BONDS-PREMIU	1,841.00	.00	.00	2,492.46	-651.46	135.39
5304601	REPAIR/MAINT-BLDG & GRD	5,000.00	.00	.00	.00	5,000.00	.00
5304959	FEES/COSTS-BANK CHARGES	500.00	.00	.00	.00	500.00	.00
5304965	FEES / COSTS-NEW HIRES	.00	.00	.00	528.59	-528.59	.00
5305101	OFFICE SUPPLIES	750.00	.00	.00	.00	750.00	.00
5305228	OPER SUPP-EMPLOYEE ACTIV	3,000.00	.00	.00	255.10	2,744.90	8.50
5305264	UNCAPITALIZED EQUIPMENT	43,200.00	.00	.00	13,977.00	29,223.00	32.35
5305274	UNCAP EQUIP-TECH	.00	.00	.00	3,833.17	-3,833.17	.00
5305401	BOOKS/PUBLICATIONS/SUBSC	950.00	.00	.00	.00	950.00	.00
5305402	DUES AND MEMBERSHIPS	1,000.00	.00	.00	.00	1,000.00	.00
5305506	EDUC-TRAINING & TUITION	3,500.00	.00	.00	.00	3,500.00	.00
	TOTAL * OPERATING EXPENSES	1,595,065.00	3,752.29	368.83	838,136.20	756,559.97	52.57
1ST SUBTOTAL-590 * NON-OPERATING EXPENSES							
5909910	BUDGET RES FOR CONTINGNC	2,652,978.00	.00	.00	.00	2,652,978.00	.00
	TOTAL * NON-OPERATING EXPENSE	2,652,978.00	.00	.00	.00	2,652,978.00	.00
1ST SUBTOTAL-591 *TRANSFERS TO OTHER FUNDS							
5951210	TRNSF-HLTH SELF INS(5121	1,360.00	.00	.00	.00	1,360.00	.00
	TOTAL *TRANSFERS TO OTHER FUN	1,360.00	.00	.00	.00	1,360.00	.00
	TOTAL MEDICAL INSUR SELF-INS	23,364,094.00	369,972.03	368.83	12,171,937.36	11,191,787.81	52.10
	TOTAL MEDICAL INSUR SELF-INS	23,364,094.00	369,972.03	368.83	12,171,937.36	11,191,787.81	52.10

SELECTION CRITERIA: orgn.fund='5121'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-5121 MEDICAL INSUR SELF-INS
DEPARTMENT-08121 MEDICAL INSUR SELF-INS
1ST SUBTOTAL-591 *TRANSFERS TO OTHER FUNDS

ACCOUNT - - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
TOTAL REPORT	23,364,094.00	369,972.03	368.83	12,171,937.36	11,191,787.81	52.10

SELECTION CRITERIA: orgn.fund='5121'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-5121 MEDICAL INSUR SELF-INS
DEPARTMENT- TITLE NOT FOUND
1ST SUBTOTAL-34 * CHARGES FOR SERVICES

ACCOUNT - - - - - TITLE - - - - -	BUDGET	PERIOD RECEIPTS	RECEIVABLES	YEAR TO DATE RECEIPTS	AVAILABLE BALANCE	YTD/ BUD
3412030 INT SVC-INSURANCE CHARGE	17,512,084.00	219,266.10	.00	8,986,379.70	8,525,704.30	51.32
3412040 INT SVC-WELLNESS CTR	363,200.00	.00	.00	361,600.00	1,600.00	99.56
TOTAL * CHARGES FOR SERVICES	17,875,284.00	219,266.10	.00	9,347,979.70	8,527,304.30	52.30
1ST SUBTOTAL-36 * MISCELLANEOUS REVENUE						
3669096 DONATION-EMPL WELLNESS	.00	.00	.00	1,076,292.60	-1,076,292.60	.00
3699001 MISC REV-MISC CHARGES	.00	.00	.00	1,777.12	-1,777.12	.00
3699300 MISC REV-REF PR YR EXP	.00	268.89	.00	18,137.12	-18,137.12	.00
TOTAL * MISCELLANEOUS REVENUE	.00	268.89	.00	1,096,206.84	-1,096,206.84	.00
1ST SUBTOTAL-38 * OTHER SOURCES						
3819500 TRANSFER/MEDICAL SELF IN	1,550,400.00	.00	.00	6,000.00	1,544,400.00	.39
3899090 BALANCE FORWARD-CASH	3,938,410.00	.00	.00	.00	3,938,410.00	.00
TOTAL * OTHER SOURCES	5,488,810.00	.00	.00	6,000.00	5,482,810.00	.11
TOTAL TITLE NOT FOUND	23,364,094.00	219,534.99	.00	10,450,186.54	12,913,907.46	44.73
TOTAL MEDICAL INSUR SELF-INS	23,364,094.00	219,534.99	.00	10,450,186.54	12,913,907.46	44.73
TOTAL REPORT	23,364,094.00	219,534.99	.00	10,450,186.54	12,913,907.46	44.73

Mid-Year Adjustment - Medical Self Insurance Fund Claims

Revenue Budget Ledger Entries

Fund Level	Budget Unit	Account Code	Account Title	Fiscal Year	Current Budget	Increase / (Decrease)	Amended Budget
5121	5121	3819500	TRANSFER/MEDICAL SELF INS	25	1,550,400	3,078,000	4,628,400
				TOTAL	**1,550,400**	**3,078,000**	**4,628,400**

Expenditure Budget Ledger Entries

Fund Level	Budget Unit	Account Code	Account Title	Fiscal Year	Current Budget	Increase / (Decrease)	Amended Budget
0011	01051	5951210	TRNSF-HLTH SELF INS (5121)	25	8,000	16,019	24,019
0011	01101	5951210	TRNSF-HLTH SELF INS (5121)	25	8,480	16,980	25,460
0011	01102	5951210	TRNSF-HLTH SELF INS (5121)	25	6,400	12,815	19,215
0011	01151	5951210	TRNSF-HLTH SELF INS (5121)	25	8,240	16,499	24,739
0011	01152	5951210	TRNSF-HLTH SELF INS (5121)	25	4,800	9,611	14,411
0011	01201	5951210	TRNSF-HLTH SELF INS (5121)	25	12,800	25,630	38,430
0011	01231	5951210	TRNSF-HLTH SELF INS (5121)	25	1,776	3,556	5,332
0011	01251	5951210	TRNSF-HLTH SELF INS (5121)	25	6,000	12,014	18,014
0011	01401	5951210	TRNSF-HLTH SELF INS (5121)	25	14,160	28,353	42,513
0011	01421	5951210	TRNSF-HLTH SELF INS (5121)	25	6,000	12,014	18,014
0011	01461	5951210	TRNSF-HLTH SELF INS (5121)	25	9,776	19,575	29,351
0011	01531	5951210	TRNSF-HLTH SELF INS (5121)	25	19,600	39,246	58,846
0011	01701	5951210	TRNSF-HLTH SELF INS (5121)	25	60,800	121,742	182,542
0011	01751	5951210	TRNSF-HLTH SELF INS (5121)	25	34,600	69,281	103,881
0011	01771	5951210	TRNSF-HLTH SELF INS (5121)	25	3,200	6,407	9,607
0011	01801	5951210	TRNSF-HLTH SELF INS (5121)	25	4,816	9,643	14,459
0011	02401	5951210	TRNSF-HLTH SELF INS (5121)	25	7,840	15,698	23,538
0011	03711	5951210	TRNSF-HLTH SELF INS (5121)	25	12,800	25,630	38,430
0011	04441	5951210	TRNSF-HLTH SELF INS (5121)	25	61,856	123,857	185,713
0011	04601	5951210	TRNSF-HLTH SELF INS (5121)	25	54,576	109,280	163,856
0011	34017	5951210	TRNSF-HLTH SELF INS (5121)	25	4,800	9,611	14,411
0011	03721	5951210	TRNSF-HLTH SELF INS (5121)	25	3,200	6,407	9,607
0011	35071	5951210	TRNSF-HLTH SELF INS (5121)	25	3,200	6,407	9,607
0011	34015	5951210	TRNSF-HLTH SELF INS (5121)	25	4,800	9,611	14,411
1011	01352	5951210	TRNSF-HLTH SELF INS (5121)	25	28,160	56,386	84,546
1011	03051	5951210	TRNSF-HLTH SELF INS (5121)	25	105,200	210,646	315,846
1011	03071	5951210	TRNSF-HLTH SELF INS (5121)	25	14,720	29,474	44,194
1011	03081	5951210	TRNSF-HLTH SELF INS (5121)	25	24,400	48,857	73,257
1031	34051	5951210	TRNSF-HLTH SELF INS (5121)	25	80	160	240
1031	34054	5951210	TRNSF-HLTH SELF INS (5121)	25	80	160	240
1031	34055	5951210	TRNSF-HLTH SELF INS (5121)	25	4,384	8,778	13,162
1031	34056	5951210	TRNSF-HLTH SELF INS (5121)	25	128	256	384
1031	34059	5951210	TRNSF-HLTH SELF INS (5121)	25	128	256	384
1171	03302	5951210	TRNSF-HLTH SELF INS (5121)	25	12,832	25,694	38,526
1242	02351	5951210	TRNSF-HLTH SELF INS (5121)	25	4,800	9,611	14,411
1242	38206	5951210	TRNSF-HLTH SELF INS (5121)	25	1,600	3,204	4,804
1248	02348	5951210	TRNSF-HLTH SELF INS (5121)	25	1,600	3,204	4,804
1261	02811	5951210	TRNSF-HLTH SELF INS (5121)	25	6,720	13,456	20,176
1482	02375	5951210	TRNSF-HLTH SELF INS (5121)	25	4,800	9,611	14,411
1661	02261	5951210	TRNSF-HLTH SELF INS (5121)	25	317,696	636,136	953,832
1691	02491	5951210	TRNSF-HLTH SELF INS (5121)	25	220,352	441,220	661,572

1691	02495	5951210	TRNSF-HLTH SELF INS (5121)	25	6,400	12,815	19,215
4111	07091	5951210	TRNSF-HLTH SELF INS (5121)	25	4,720	9,451	14,171
4111	07093	5951210	TRNSF-HLTH SELF INS (5121)	25	9,600	19,222	28,822
4111	07096	5951210	TRNSF-HLTH SELF INS (5121)	25	23,520	47,095	70,615
4111	07098	5951210	TRNSF-HLTH SELF INS (5121)	25	15,200	30,436	45,636
4111	07100	5951210	TRNSF-HLTH SELF INS (5121)	25	14,400	28,834	43,234
4111	07101	5951210	TRNSF-HLTH SELF INS (5121)	25	18,880	37,804	56,684
4111	07111	5951210	TRNSF-HLTH SELF INS (5121)	25	70,400	140,965	211,365
4111	07121	5951210	TRNSF-HLTH SELF INS (5121)	25	76,800	153,780	230,580
4111	07151	5951210	TRNSF-HLTH SELF INS (5121)	25	3,200	6,407	9,607
4311	07411	5951210	TRNSF-HLTH SELF INS (5121)	25	12,480	24,989	37,469
4411	07602	5951210	TRNSF-HLTH SELF INS (5121)	25	28,800	57,667	86,467
4411	07603	5951210	TRNSF-HLTH SELF INS (5121)	25	7,088	14,193	21,281
4411	07604	5951210	TRNSF-HLTH SELF INS (5121)	25	17,520	35,081	52,601
4411	07606	5951210	TRNSF-HLTH SELF INS (5121)	25	3,680	7,369	11,049
4411	07607	5951210	TRNSF-HLTH SELF INS (5121)	25	752	1,506	2,258
4611	07811	5951210	TRNSF-HLTH SELF INS (5121)	25	80,360	160,908	241,268
5011	08011	5951210	TRNSF-HLTH SELF INS (5121)	25	1,280	2,563	3,843
5021	08151	5951210	TRNSF-HLTH SELF INS (5121)	25	2,960	5,927	8,887
5031	08101	5951210	TRNSF-HLTH SELF INS (5121)	25	2,480	4,966	7,446
5071	08021	5951210	TRNSF-HLTH SELF INS (5121)	25	20,000	40,047	60,047
5081	08031	5951210	TRNSF-HLTH SELF INS (5121)	25	1,280	2,563	3,843
5121	08121	5951210	TRNSF-HLTH SELF INS (5121)	25	1,360	2,723	4,083
7552	09552	5951210	TRNSF-HLTH SELF INS (5121)	25	3,840	7,689	11,529
0011	05981	5909999	BUDGET RES-STABILIZATION	25	24,036,187	(725,889)	23,310,298
1011	03151	5909910	BUDGET RES FOR CONTINGNCY	25	5,118,896	(345,364)	4,773,532
1031	01761	5909910	BUDGET RES FOR CONTINGNCY	25	698,160	(9,611)	688,549
1171	03302	5909910	BUDGET RES FOR CONTINGNCY	25	211,801	(25,694)	186,107
1242	02351	5909910	BUDGET RES FOR CONTINGNCY	25	130,484	(12,815)	117,669
1248	02348	5909910	BUDGET RES FOR CONTINGNCY	25	102,960	(3,204)	99,756
1261	02811	5909910	BUDGET RES FOR CONTINGNCY	25	3,599,307	(13,456)	3,585,851
1482	02375	5909910	BUDGET RES FOR CONTINGNCY	25	38,723	(9,611)	29,112
1661	02261	5909910	BUDGET RES FOR CONTINGNCY	25	14,268,494	(636,136)	13,632,358
1691	02491	5909910	BUDGET RES FOR CONTINGNCY	25	7,170,326	(454,035)	6,716,291
4111	07099	5909999	BUDG RES/CASH FORWARD	25	20,965,869	(473,994)	20,491,875
4311	07411	5909910	BUDGET RES FOR CONTINGNCY	25	4,233,290	(24,989)	4,208,301
4411	07602	5909910	BUDGET RES FOR CONTINGNCY	25	10,097,371	(115,815)	9,981,556
4611	07811	5909999	BUDG RES/CASH FORWARD	25	3,107,876	(160,908)	2,946,968
5011	08011	5909910	BUDGET RES FOR CONTINGNCY	25	104,752	(2,563)	102,189
5021	08151	5909927	BUDGET RES-FUTURE CLAIMS	25	1,435,067	(5,927)	1,429,140
5031	08101	5909927	BUDGET RES-FUTURE CLAIMS	25	5,658,859	(4,966)	5,653,893
5071	08021	5909910	BUDGET RES FOR CONTINGNCY	25	763,804	(40,047)	723,757
5081	08031	5909920	BUDGET RES-REPAIR & REPLC	25	806,414	(2,563)	803,851
5121	08121	5909910	BUDGET RES FOR CONTINGNCY	25	2,652,978	(2,723)	2,650,255
7552	09552	5909910	BUDGET RES FOR CONTINGNCY	25	466,762	(7,689)	459,073
							-
5121	08121	5909910	BUDGET RES FOR CONTINGNCY	25	460,418	3,078,000	3,538,418
				TOTAL	**107,665,998**	**3,078,000**	**110,743,998**

HERNANDO CO BOARD OF CO COMMISSIONERS
Expenditure Ledger Short Listing

SELECTION CRITERIA: orgn.yr='25' and account.acct='5951210' AND expledgr.yr = orgn.yr AND expledgr.key_orgn = orgn.key_

YEAR	DEPARTMENT		ACCOUNT	BUDGET CONTROL ORGN/ACCOUNT STATUS				
	BUDGET	PERIOD EXPENSES	YTD EXPENSES	ENCUMBRANCES	BALANCE			
25	01051	BOARD OF CO COMMISSIONERS	5951210	TRNSF-HLTH SELF INS(5121)01051		5951210	Active	
	8,000.00	.00	.00	.00	8,000.00			
25	01101	COUNTY ADMINISTRATION	5951210	TRNSF-HLTH SELF INS(5121)01101		5951210	Active	
	8,480.00	.00	.00	.00	8,480.00			
25	01102	OFFICE-PUBLIC INFORMATION	5951210	TRNSF-HLTH SELF INS(5121)01102		5951210	Active	
	6,400.00	.00	.00	.00	6,400.00			
25	01151	OFFICE OF MGMT AND BUDGET	5951210	TRNSF-HLTH SELF INS(5121)01151		5951210	Active	
	8,240.00	.00	.00	.00	8,240.00			
25	01152	GRANT MANAGEMENT	5951210	TRNSF-HLTH SELF INS(5121)01152		5951210	Active	
	4,800.00	.00	.00	.00	4,800.00			
25	01201	COUNTY ATTORNEY'S OFFICE	5951210	TRNSF-HLTH SELF INS(5121)01201		5951210	Active	
	12,800.00	.00	.00	.00	12,800.00			
25	01231	SENSITIVE LANDS	5951210	TRNSF-HLTH SELF INS(5121)01231		5951210	Active	
	1,776.00	.00	.00	.00	1,776.00			
25	01251	HUMAN RESOURCES	5951210	TRNSF-HLTH SELF INS(5121)01251		5951210	Active	
	6,000.00	.00	.00	.00	6,000.00			
25	01352	ENGINEERING	5951210	TRNSF-HLTH SELF INS(5121)01352		5951210	Active	
	28,160.00	.00	.00	.00	28,160.00			
25	01401	PURCHASING AND CONTRACTS	5951210	TRNSF-HLTH SELF INS(5121)01401		5951210	Active	
	14,160.00	.00	.00	.00	14,160.00			
25	01421	ANIMAL SERVICES	5951210	TRNSF-HLTH SELF INS(5121)01421		5951210	Active	
	6,000.00	.00	6,000.00	.00	.00			
25	01461	AQUATIC SERVICES	5951210	TRNSF-HLTH SELF INS(5121)01461		5951210	Active	
	9,776.00	.00	.00	.00	9,776.00			
25	01462	WATERWAYS MAINTENANCE-TT	5951210	TRNSF-HLTH SELF INS(5121)01462		5951210	Active	
	.00	.00	.00	.00	.00			
25	01463	NATURAL RESOURCES	5951210	TRNSF-HLTH SELF INS(5121)01463		590	Active	
	.00	.00	.00	.00	.00			
25	01531	CODE ENFORCEMENT	5951210	TRNSF-HLTH SELF INS(5121)01531		5951210	Active	
	19,600.00	.00	.00	.00	19,600.00			
25	01701	FACILITIES MAINTENANCE	5951210	TRNSF-HLTH SELF INS(5121)01701		5951210	Active	
	60,800.00	.00	.00	.00	60,800.00			
25	01751	PLANNING	5951210	TRNSF-HLTH SELF INS(5121)01751		5951210	Active	
	34,600.00	.00	.00	.00	34,600.00			
25	01761	HERNANDO/CITRUS MPO GEN	5951210	TRNSF-HLTH SELF INS(5121)01761		5951210	Active	
	.00	.00	.00	.00	.00			
25	01771	BUSINESS DEVELOPMENT	5951210	TRNSF-HLTH SELF INS(5121)01771		5951210	Active	
	3,200.00	.00	.00	.00	3,200.00			
25	01791	MASS TRANSIT	5951210	TRNSF-HLTH SELF INS(5121)01791		5951210	Active	
	.00	.00	.00	.00	.00			
25	01801	VETERAN'S SERVICES	5951210	TRNSF-HLTH SELF INS(5121)01801		5951210	Active	
	4,816.00	.00	.00	.00	4,816.00			
25	02261	HC FIRE RESCUE - FIRE	5951210	TRNSF-HLTH SELF INS(5121)02261		5951210	Active	
	317,696.00	.00	.00	.00	317,696.00			
25	02262	LOGISTICS - FIRE	5951210	TRNSF-HLTH SELF INS(5121)02262		5951210	Active	
	.00	.00	.00	.00	.00			
25	02263	HCFR TRAINING - FIRE	5951210	TRNSF-HLTH SELF INS(5121)02263		5951210	Active	
	.00	.00	.00	.00	.00			
25	02264	EMS DIVISION-FIRE	5951210	TRNSF-HLTH SELF INS(5121)02264		5951210	Active	
	.00	.00	.00	.00	.00			
25	02348	YOUTH COURT	5951210	TRNSF-HLTH SELF INS(5121)02348		5951210	Active	
	1,600.00	.00	.00	.00	1,600.00			
25	02351	COURT INNOV-DRUG COURT	5951210	TRNSF-HLTH SELF INS(5121)02351		5951210	Active	
	4,800.00	.00	.00	.00	4,800.00			
25	02375	COURTS TECHNOLOGY	5951210	TRNSF-HLTH SELF INS(5121)02375		5951210	Active	

HERNANDO CO BOARD OF CO COMMISSIONERS
Expenditure Ledger Short Listing

SELECTION CRITERIA: orgn.yr='25' and account.acct='5951210' AND expledgr.yr = orgn.yr AND expledgr.key_orgn = orgn.key_

YEAR	DEPARTMENT		ACCOUNT	BUDGET	PERIOD EXPENSES	YTD EXPENSES	ENCUMBRANCES	BALANCE	CONTROL ORGN/ACCOUNT STATUS
25	02401	EMERGENCY MANAGEMENT	5951210 TRNSF-HLTH SELF INS(5121)02401	4,800.00	.00	.00	.00	4,800.00	5951210 Active
25	02491	HC FIRE RESCUE - RESCUE	5951210 TRNSF-HLTH SELF INS(5121)02491	7,840.00	.00	.00	.00	7,840.00	5951210 Active
25	02492	LOGISTICS - RESCUE	5951210 TRNSF-HLTH SELF INS(5121)02492	220,352.00	.00	.00	.00	220,352.00	5951210 Active
25	02493	HCFR TRAINING - RESCUE	5951210 TRNSF-HLTH SELF INS(5121)02493	.00	.00	.00	.00	.00	5951210 Active
25	02494	EMS DIVISION-RESCUE	5951210 TRNSF-HLTH SELF INS(5121)02494	.00	.00	.00	.00	.00	5951210 Active
25	02495	HCFR-PARAMEDICINE PGM	5951210 TRNSF-HLTH SELF INS(5121)02495	.00	.00	.00	.00	.00	5951210 Active
25	02811	TOURIST DEVELOPMENT	5951210 TRNSF-HLTH SELF INS(5121)02811	6,400.00	.00	.00	.00	6,400.00	5951210 Active
25	03051	ROAD MAINTENANCE DIVISION	5951210 TRNSF-HLTH SELF INS(5121)03051	6,720.00	.00	.00	.00	6,720.00	5951210 Active
25	03071	DPW-ADMINISTRATION	5951210 TRNSF-HLTH SELF INS(5121)03071	105,200.00	.00	.00	.00	105,200.00	5951210 Active
25	03081	DPW-TRAFFIC DIVISION	5951210 TRNSF-HLTH SELF INS(5121)03081	14,720.00	.00	.00	.00	14,720.00	5951210 Active
25	03151	TTF-DEBT SRV/TFR/RSRV	5951210 TRNSF-HLTH SELF INS(5121)03151	24,400.00	.00	.00	.00	24,400.00	5951210 Active
25	03232	ROAD MAINT-LOGT 1-6	5951210 TRNSF-HLTH SELF INS(5121)03232	.00	.00	.00	.00	.00	5951210 Active
25	03302	MOSQUITO CONTROL LOCAL	5951210 TRNSF-HLTH SELF INS(5121)03302	.00	.00	.00	.00	.00	5951210 Active
25	03673	AFFORDABLE HSNG R 07-181	5951210 TRNSF-HLTH SELF INS(5121)03673	12,832.00	.00	.00	.00	12,832.00	5951210 Active
25	03711	SOCIAL SERVICES	5951210 TRNSF-HLTH SELF INS(5121)03711	.00	.00	.00	.00	.00	5951210 Active
25	03721	HHS-QLTY IMPR & CARE CORD	5951210 TRNSF-HLTH SELF INS(5121)03721	12,800.00	.00	.00	.00	12,800.00	5951210 Active
25	04441	PARKS & RECREATION	5951210 TRNSF-HLTH SELF INS(5121)04441	3,200.00	.00	.00	.00	3,200.00	5951210 Active
25	04571	FL BOATING IMPRVMNT PGM	5951210 TRNSF-HLTH SELF INS(5121)04571	61,856.00	.00	.00	.00	61,856.00	5951210 Active
25	04601	LIBRARY SERVICES	5951210 TRNSF-HLTH SELF INS(5121)04601	.00	.00	.00	.00	.00	5951210 Active
25	05901	DEBT SERVICE/TRANSFERS	5951210 TRNSF-HLTH SELF INS(5121)05901	54,576.00	.00	.00	.00	54,576.00	5951210 Active
25	07091	HCUD ADMINISTRATION	5951210 TRNSF-HLTH SELF INS(5121)07091	.00	.00	.00	.00	.00	5951210 Active
25	07093	HCUD-FINANCE ADMIN	5951210 TRNSF-HLTH SELF INS(5121)07093	4,720.00	.00	.00	.00	4,720.00	5951210 Active
25	07096	HCUD ENGINEERING	5951210 TRNSF-HLTH SELF INS(5121)07096	9,600.00	.00	.00	.00	9,600.00	5951210 Active
25	07098	HCUD BILLING	5951210 TRNSF-HLTH SELF INS(5121)07098	23,520.00	.00	.00	.00	23,520.00	5951210 Active
25	07099	HCUD-DEBT SVS/TRFRS/RESRV	5951210 TRNSF-HLTH SELF INS(5121)07099	15,200.00	.00	.00	.00	15,200.00	5951210 Active
25	07100	HCUD METER READING	5951210 TRNSF-HLTH SELF INS(5121)07100	.00	.00	.00	.00	.00	5951210 Active
25	07101	HCUD CUSTOMER SVS/FINANCE	5951210 TRNSF-HLTH SELF INS(5121)07101	14,400.00	.00	.00	.00	14,400.00	5951210 Active
				18,880.00	.00	.00	.00	18,880.00	

HERNANDO CO BOARD OF CO COMMISSIONERS
Expenditure Ledger Short Listing

SELECTION CRITERIA: orgn.yr='25' and account.acct='5951210' AND expledgr.yr = orgn.yr AND expledgr.key_orgn = orgn.key_

YEAR	DEPARTMENT		ACCOUNT	BUDGET CONTROL ORGN/ACCOUNT STATUS			
	BUDGET	PERIOD EXPENSES	YTD EXPENSES	ENCUMBRANCES	BALANCE		
25	07111	HCUD WATER OPERATIONS	5951210 TRNSF-HLTH SELF INS(5121)07111			5951210	Active
	70,400.00	.00	.00	.00	70,400.00		
25	07121	HCUD WASTEWATER OPERATION	5951210 TRNSF-HLTH SELF INS(5121)07121			5951210	Active
	76,800.00	.00	.00	.00	76,800.00		
25	07151	WATER CONSERVATION	5951210 TRNSF-HLTH SELF INS(5121)07151			5951210	Active
	3,200.00	.00	.00	.00	3,200.00		
25	07411	AIRPORT OPERATIONS	5951210 TRNSF-HLTH SELF INS(5121)07411			5951210	Active
	12,480.00	.00	.00	.00	12,480.00		
25	07602	CLASS I OPERATIONS	5951210 TRNSF-HLTH SELF INS(5121)07602			5951210	Active
	28,800.00	.00	.00	.00	28,800.00		
25	07603	RECYCLING OPERATIONS	5951210 TRNSF-HLTH SELF INS(5121)07603			5951210	Active
	7,088.00	.00	.00	.00	7,088.00		
25	07604	CONVENIENCE CENTER OPER	5951210 TRNSF-HLTH SELF INS(5121)07604			5951210	Active
	17,520.00	.00	.00	.00	17,520.00		
25	07606	HOUSEHOLD HAZ WSTE OPER	5951210 TRNSF-HLTH SELF INS(5121)07606			5951210	Active
	3,680.00	.00	.00	.00	3,680.00		
25	07607	WASTE TIRE OPERATIONS	5951210 TRNSF-HLTH SELF INS(5121)07607			5951210	Active
	752.00	.00	.00	.00	752.00		
25	07811	BUILDING DIVISION	5951210 TRNSF-HLTH SELF INS(5121)07811			5951210	Active
	80,360.00	.00	.00	.00	80,360.00		
25	08011	CENTRAL FUELING SYSTEM	5951210 TRNSF-HLTH SELF INS(5121)08011			5951210	Active
	1,280.00	.00	.00	.00	1,280.00		
25	08021	VEHICLE MAINTENANCE	5951210 TRNSF-HLTH SELF INS(5121)08021			5951210	Active
	20,000.00	.00	.00	.00	20,000.00		
25	08031	FLEET REPLACEMENT PROGRAM	5951210 TRNSF-HLTH SELF INS(5121)08031			5951210	Active
	1,280.00	.00	.00	.00	1,280.00		
25	08101	WORKER'S COMP SELF INS	5951210 TRNSF-HLTH SELF INS(5121)08101			5951210	Active
	2,480.00	.00	.00	.00	2,480.00		
25	08121	MEDICAL INSUR SELF-INS	5951210 TRNSF-HLTH SELF INS(5121)08121			5951210	Active
	1,360.00	.00	.00	.00	1,360.00		
25	08151	RISK MANAGEMENT	5951210 TRNSF-HLTH SELF INS(5121)08151			5951210	Active
	2,960.00	.00	.00	.00	2,960.00		
25	09552	STORMWATER MGMT MSTU	5951210 TRNSF-HLTH SELF INS(5121)09552			5951210	Active
	3,840.00	.00	.00	.00	3,840.00		
25	34001	MASS TRANSIT-FTA SEC 5307	5951210 TRNSF-HLTH SELF INS(5121)34001			5951210	Active
	.00	.00	.00	.00	.00		
25	34015	FED GRT-FTA 5307 #20.507	5951210 TRNSF-HLTH SELF INS(5121)34015			5951210	Active
	4,800.00	.00	.00	.00	4,800.00		
25	34017	FED GRT-FTA 5307 ARPA	5951210 TRNSF-HLTH SELF INS(5121)34017			5951210	Active
	4,800.00	.00	.00	.00	4,800.00		
25	34050	MPO-FHWA PL FUNDS 20.205	5951210 TRNSF-HLTH SELF INS(5121)34050			5951210	Active
	.00	.00	.00	.00	.00		
25	34051	PLANNING TRANS DISADV(TD)	5951210 TRNSF-HLTH SELF INS(5121)34051			5951210	Active
	80.00	.00	.00	.00	80.00		
25	34054	MPO-CITRUS TD PLANNING	5951210 TRNSF-HLTH SELF INS(5121)34054			5951210	Active
	80.00	.00	.00	.00	80.00		
25	34055	MPO-FHWA PL FUNDS	5951210 TRNSF-HLTH SELF INS(5121)34055			5951210	Active
	4,384.00	.00	.00	.00	4,384.00		
25	34056	MPO-HERNANDO TD PLANNING	5951210 TRNSF-HLTH SELF INS(5121)34056			5951210	Active
	128.00	.00	.00	.00	128.00		
25	34059	MPO-CITRUS TD PLANNING	5951210 TRNSF-HLTH SELF INS(5121)34059			5951210	Active
	128.00	.00	.00	.00	128.00		
25	35051	SHIP GRANT - HOUSING AUTH	5951210 TRNSF-HLTH SELF INS(5121)35051			5951210	Active
	.00	.00	.00	.00	.00		
25	35071	HHS - CDBG ENTITLEMENT	5951210 TRNSF-HLTH SELF INS(5121)35071			5951210	Active

HERNANDO CO BOARD OF CO COMMISSIONERS
Expenditure Ledger Short Listing

SELECTION CRITERIA: orgn.yr='25' and account.acct='5951210' AND expledgr.yr = orgn.yr AND expledgr.key_orgn = orgn.key_

YEAR	DEPARTMENT		ACCOUNT	BUDGET CONTROL	ORGN/ACCOUNT STATUS
	BUDGET	PERIOD EXPENSES	YTD EXPENSES	ENCUMBRANCES	BALANCE	
	3,200.00	.00	.00	.00	3,200.00	
25	36011	MOSQ CONTROL STATE 1	5951210	TRNSF-HLTH SELF INS(5121)36011		5951210 Active
	.00	.00	.00	.00	.00	
25	38206	COURTS-SAMHSA DRUG COURT	5951210	TRNSF-HLTH SELF INS(5121)38206		5951210 Active
	1,600.00	.00	.00	.00	1,600.00	
25	38208	COURTS-SAMHSA DRUG COURTS	5951210	TRNSF-HLTH SELF INS(5121)38208		5951210 Active
	.00	.00	.00	.00	.00	

RESOLUTION NO.: 2025-138

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY AMENDING THE BUDGET TO REFLECT DECREASED FUNDS OR REVENUES ANTICIPATED IN THE 2025 BUDGET, PURSUANT TO §129.06 OF THE FLORIDA STATUTES, AND MAKING THE CORRESPONDING BUDGET AMENDMENTS SO THAT REVENUES AND EXPENDITURES ARE EQUAL.

WHEREAS, Hernando County did not receive the funds anticipated when the budget for the 2025 Fiscal Year was adopted; and,

WHEREAS, pursuant to §129.06 of the Florida Statutes, the budget for Fiscal Year 2025 must be amended to account for the reduced revenues; and,

WHEREAS, these reduced revenues must be a reduction to the budget in the proper fund; and,

WHEREAS, the total 2025 Fiscal Year Adopted Budget will be adjusted in the amount set forth below and the total estimated receipts, including balances brought forward, shall equal the total of the appropriations and reserves.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, AS FOLLOWS:

REVENUES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
5121-3899090	Balance Forward Cash	3,938,410.00	(2,192,560.00)	1,745,850.00
				0.00
				0.00
	TOTAL	$3,938,410.00	($2,192,560.00)	$1,745,850.00

EXPENSES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
5121-08121-5909910	Budget Res For Contingency	2,652,978.00	(2,192,560.00)	460,418.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
	TOTAL	$2,652,978.00	($2,192,560.00)	$460,418.00

SEAL

ADOPTED this 12th day of August, 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

Attest: Heidi Pruse, Deputy Clerk
DOUGLAS A. CHORVAT, JR.
Clerk of Circuit Court & Comptroller

By: _____
BRIAN HAWKINS
Chairperson

** **Reference: Legistar # / Mtg Date. LS 16092 / 8.12.2025**

Office of Management and Budget use only:

Fund: 5121 Department No.: 08121 Approved by: ED Date: 7/21/2025 BR2025-044

Revised: 11/19/2024

RESOLUTION NO.: 2025-139

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY AMENDING THE BUDGET TO REFLECT INCREASED FUNDS OR REVENUES NOT ANTICIPATED IN THE 2024 BUDGET, PURSUANT TO §129.06 OF THE FLORIDA STATUTES, APPROPRIATING AND EXPENDING INCREASED FUNDS AS PROVIDED BY THE AMENDED BUDGET; AND ADDING INCREASED AND UNANTICIPATED REVENUES TO THE PROPER FUND OF THE BUDGET.

WHEREAS, Hernando County is in receipt of funds not anticipated when the budget for the 2025 Fiscal Year was adopted; and,

WHEREAS, pursuant to §129.06 of the Florida Statutes, the budget for Fiscal Year 2025 must be amended to account for these unanticipated increased revenues; and,

WHEREAS, the total 2025 Fiscal Year Adopted Budget will be adjusted in the amount set forth below and the total estimated receipts, including balances brought forward, shall equal the total of the appropriations and reserves.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, AS FOLLOWS:

REVENUES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
5121-3819500	Transfer/Medical Self In	1,550,400.00	3,078,000.00	$4,628,400.00
		$1,550,400.00	$3,078,000.00	$4,628,400.00

EXPENSES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
SEE ATTACHED	SEE ATTACHED	1,537,200.00	3,078,000.00	$4,615,200.00
		$1,537,200.00	$3,078,000.00	$4,615,200.00

BOARD OF COUNTY COMMISSIONERS HERNANDO COUNTY, FLORIDA SEAL

Attest: Heidi Prause, Deputy Clerk

DOUGLAS A. CHORVAT, JR.
Clerk of Circuit Court & Comptroller

ADOPTED this 12th day of August, 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

By: _____
Brian Hawkins,
Chairman

** **Reference: Legistar # / Mtg Date.** LS16092 / 08.12.25

Office of Management and Budget use only:

Fund Number: Multiple Department No. Various Approved by: ED Date: 07/25/2025 BR2025-046

Revised 4/9/21

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: BCC Records
Prepared By: Heidi Prouse
Initiator: Heidi Prouse
DOC ID: 16308
Legal Request Number:
Bid/Contract Number:

TITLE

Budget Resolutions to Transfer Funds to Cover Additional Billing for Medical Insurance Self Insurance Funds for FY 2024-25

RESOLUTION NO.: 2025-_____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY AMENDING THE BUDGET TO REFLECT DECREASED FUNDS OR REVENUES ANTICIPATED IN THE 2025 BUDGET, PURSUANT TO §129.06 OF THE FLORIDA STATUTES, AND MAKING THE CORRESPONDING BUDGET AMENDMENTS SO THAT REVENUES AND EXPENDITURES ARE EQUAL.

WHEREAS, Hernando County did not receive the funds anticipated when the budget for the 2025 Fiscal Year was adopted; and,

WHEREAS, pursuant to §129.06 of the Florida Statutes, the budget for Fiscal Year 2025 must be amended to account for the reduced revenues; and,

WHEREAS, these reduced revenues must be a reduction to the budget in the proper fund; and,

WHEREAS, the total 2025 Fiscal Year Adopted Budget will be adjusted in the amount set forth below and the total estimated receipts, including balances brought forward, shall equal the total of the appropriations and reserves.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, AS FOLLOWS:

REVENUES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
5121-3899090	Balance Forward Cash	3,938,410.00	(2,192,560.00)	1,745,850.00
				0.00
				0.00
	TOTAL	$3,938,410.00	($2,192,560.00)	$1,745,850.00

EXPENSES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
5121-08121-5909910	Budget Res For Contingency	2,652,978.00	(2,192,560.00)	460,418.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
	TOTAL	$2,652,978.00	($2,192,560.00)	$460,418.00

ADOPTED this _____ day of _____, 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

Attest: _____
DOUGLAS A. CHORVAT, JR.
Clerk of Circuit Court & Comptroller

By: _____
BRIAN HAWKINS
Chairperson

**** Reference: Legistar # / Mtg Date. LS 16092 / 8.12.2025**

Office of Management and Budget use only:

Fund: 5121 Department No.: 08121 Approved by: ED Date: 7/21/2025 BR2025-044

Revised: 11/19/2024

RESOLUTION NO.: 2025-_____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY AMENDING THE BUDGET TO REFLECT INCREASED FUNDS OR REVENUES NOT ANTICIPATED IN THE 2024 BUDGET, PURSUANT TO §129.06 OF THE FLORIDA STATUTES, APPROPRIATING AND EXPENDING INCREASED FUNDS AS PROVIDED BY THE AMENDED BUDGET; AND ADDING INCREASED AND UNANTICIPATED REVENUES TO THE PROPER FUND OF THE BUDGET.

WHEREAS, Hernando County is in receipt of funds not anticipated when the budget for the 2025 Fiscal Year was adopted; and,

WHEREAS, pursuant to §129.06 of the Florida Statutes, the budget for Fiscal Year 2025 must be amended to account for these unanticipated increased revenues; and,

WHEREAS, the total 2025 Fiscal Year Adopted Budget will be adjusted in the amount set forth below and the total estimated receipts, including balances brought forward, shall equal the total of the appropriations and reserves.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, AS FOLLOWS:

REVENUES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
5121-3819500	Transfer/Medical Self In	1,550,400.00	3,078,000.00	$4,628,400.00
		$1,550,400.00	$3,078,000.00	$4,628,400.00

EXPENSES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
SEE ATTACHED	SEE ATTACHED	1,537,200.00	3,078,000.00	$4,615,200.00
		$1,537,200.00	$3,078,000.00	$4,615,200.00

ADOPTED this _____ day of _____, 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

Attest: _____
DOUGLAS A. CHORVAT, JR.
Clerk of Circuit Court & Comptroller

By: _____
Brian Hawkins
Chairman

**** Reference: Legistar # / Mtg Date. LS16092 / 08.12.25**

Office of Management and Budget use only:

Fund Number: Multiple Department No. Various Approved by: ED Date: 07/25/2025 BR2025-046

Revised 4/9/21

HERNANDO CO BOARD OF CO COMMISSIONERS
PROPOSED BUDGET AMENDMENTS LISTING

SELECTION CRITERIA:

DEPARTMENT	ACCOUNT	PERIOD	DESCRIPTION	CURRENT BALANCE	ADJUSTMENT AMOUNT	ADJUSTMENT BALANCE	ENTERED BY
CONTROL NUMBER: R25-044							
5121	MEDICAL INSUR S 3899090	BALANCE FORWARD 10/25	R25-044	3938410.00	-2192560.00	1745850.00	aspradle
08121	MEDICAL INSUR S 5909910	BUDGET RES FOR 10/25	R25-044	2652978.00	-2192560.00	3535694.81	aspradle
TOTAL ADJUSTMENT AMOUNT:					-4385120.00		

SELECTION CRITERIA:

DEPARTMENT	ACCOUNT	PERIOD	DESCRIPTION	CURRENT BALANCE	ADJUSTMENT AMOUNT	ADJUSTMENT BALANCE	ENTERED BY
CONTROL NUMBER: R25-46							
5121	MEDICAL INSUR S 3819500	TRANSFER/MEDICA 10/25	R25-46	1544400.00	3078000.00	4622400.00	aspradle
01051	BOARD OF CO COM 5951210	TRNSF-HLTH SELF 10/25	R25-46	8000.00	16018.74	24018.74	aspradle
01101	COUNTY ADMINIST 5951210	TRNSF-HLTH SELF 10/25	R25-46	8480.00	16979.86	25459.86	aspradle
01102	OFFICE-PUBLIC I 5951210	TRNSF-HLTH SELF 10/25	R25-46	6400.00	12814.99	19214.99	aspradle
01151	OFFICE OF MGMT 5951210	TRNSF-HLTH SELF 10/25	R25-46	8240.00	16499.30	24739.30	aspradle
01152	GRANT MANAGEMEN 5951210	TRNSF-HLTH SELF 10/25	R25-46	4800.00	9611.24	14411.24	aspradle
01201	COUNTY ATTORNEY 5951210	TRNSF-HLTH SELF 10/25	R25-46	12800.00	25629.98	38429.98	aspradle
01231	SENSITIVE LANDS 5951210	TRNSF-HLTH SELF 10/25	R25-46	1776.00	3556.16	5332.16	aspradle
01251	HUMAN RESOURCES 5951210	TRNSF-HLTH SELF 10/25	R25-46	6000.00	12014.05	18014.05	aspradle
01401	PURCHASING AND 5951210	TRNSF-HLTH SELF 10/25	R25-46	14160.00	28353.16	42513.16	aspradle
01421	ANIMAL SERVICES 5951210	TRNSF-HLTH SELF 10/25	R25-46	.00	12014.05	12014.05	aspradle
01461	AQUATIC SERVICE 5951210	TRNSF-HLTH SELF 10/25	R25-46	9776.00	19574.89	29350.89	aspradle
01531	CODE ENFORCEMEN 5951210	TRNSF-HLTH SELF 10/25	R25-46	19600.00	39245.90	58845.90	aspradle
01701	FACILITIES MAIN 5951210	TRNSF-HLTH SELF 10/25	R25-46	60800.00	121742.39	182542.39	aspradle
01751	PLANNING 5951210	TRNSF-HLTH SELF 10/25	R25-46	34600.00	69281.03	103881.03	aspradle
01771	BUSINESS DEVELO 5951210	TRNSF-HLTH SELF 10/25	R25-46	3200.00	6407.49	9607.49	aspradle
01801	VETERAN'S SERVI 5951210	TRNSF-HLTH SELF 10/25	R25-46	4816.00	9643.28	14459.28	aspradle
02401	EMERGENCY MANAG 5951210	TRNSF-HLTH SELF 10/25	R25-46	7840.00	15698.36	23538.36	aspradle
03711	SOCIAL SERVICES 5951210	TRNSF-HLTH SELF 10/25	R25-46	12800.00	25629.98	38429.98	aspradle
04441	PARKS & RECREAT 5951210	TRNSF-HLTH SELF 10/25	R25-46	61856.00	123856.86	185712.86	aspradle
04601	LIBRARY SERVICE 5951210	TRNSF-HLTH SELF 10/25	R25-46	54576.00	109279.81	163855.81	aspradle
34017	FED GRT-FTA 530 5951210	TRNSF-HLTH SELF 10/25	R25-46	.00	9611.24	9611.24	aspradle
03721	HHS-QLTY IMPR & 5951210	TRNSF-HLTH SELF 10/25	R25-46	3200.00	6407.49	9607.49	aspradle
35071	HHS - CDBG ENTI 5951210	TRNSF-HLTH SELF 10/25	R25-46	3200.00	6407.49	9607.49	aspradle
34015	FED GRT-FTA 530 5951210	TRNSF-HLTH SELF 10/25	R25-46	4800.00	9611.24	14411.24	aspradle
01352	ENGINEERING 5951210	TRNSF-HLTH SELF 10/25	R25-46	28160.00	56385.95	84545.95	aspradle
03051	ROAD MAINTENANC 5951210	TRNSF-HLTH SELF 10/25	R25-46	105200.00	210646.37	315846.37	aspradle
03071	DPW-ADMINISTRAT 5951210	TRNSF-HLTH SELF 10/25	R25-46	14720.00	29474.47	44194.47	aspradle
03081	DPW-TRAFFIC DIV 5951210	TRNSF-HLTH SELF 10/25	R25-46	24400.00	48857.14	73257.14	aspradle
34051	PLANNING TRANS 5951210	TRNSF-HLTH SELF 10/25	R25-46	80.00	160.19	240.19	aspradle
34054	MPO-CITRUS TD P 5951210	TRNSF-HLTH SELF 10/25	R25-46	80.00	160.19	240.19	aspradle
34055	MPO-FHWA PL FUN 5951210	TRNSF-HLTH SELF 10/25	R25-46	4384.00	8778.27	13162.27	aspradle
34056	MPO-HERNANDO TD 5951210	TRNSF-HLTH SELF 10/25	R25-46	128.00	256.30	384.30	aspradle
34059	MPO-CITRUS TD P 5951210	TRNSF-HLTH SELF 10/25	R25-46	128.00	256.30	384.30	aspradle
03302	MOSQUITO CONTRO 5951210	TRNSF-HLTH SELF 10/25	R25-46	12832.00	25694.05	38526.05	aspradle
02351	COURT INNOV-DRU 5951210	TRNSF-HLTH SELF 10/25	R25-46	4800.00	9611.24	14411.24	aspradle
38206	COURTS-SAMHSA D 5951210	TRNSF-HLTH SELF 10/25	R25-46	1600.00	3203.75	4803.75	aspradle
02348	YOUTH COURT 5951210	TRNSF-HLTH SELF 10/25	R25-46	1600.00	3203.75	4803.75	aspradle
02811	TOURIST DEVELOP 5951210	TRNSF-HLTH SELF 10/25	R25-46	6720.00	13455.74	20175.74	aspradle
02375	COURTS TECHNOLO 5951210	TRNSF-HLTH SELF 10/25	R25-46	4800.00	9611.24	14411.24	aspradle
02261	HC FIRE RESCUE 5951210	TRNSF-HLTH SELF 10/25	R25-46	317696.00	636136.02	953832.02	aspradle
02491	HC FIRE RESCUE 5951210	TRNSF-HLTH SELF 10/25	R25-46	220352.00	441220.05	661572.05	aspradle
02495	HCFR-PARAMEDICI 5951210	TRNSF-HLTH SELF 10/25	R25-46	6400.00	12814.99	19214.99	aspradle
07091	HCUD ADMINISTRA 5951210	TRNSF-HLTH SELF 10/25	R25-46	4720.00	9451.05	14171.05	aspradle
07093	HCUD-FINANCE AD 5951210	TRNSF-HLTH SELF 10/25	R25-46	9600.00	19222.48	28822.48	aspradle
07096	HCUD ENGINEERIN 5951210	TRNSF-HLTH SELF 10/25	R25-46	23520.00	47095.08	70615.08	aspradle
07098	HCUD BILLING 5951210	TRNSF-HLTH SELF 10/25	R25-46	15200.00	30435.60	45635.60	aspradle
07100	HCUD METER READ 5951210	TRNSF-HLTH SELF 10/25	R25-46	14400.00	28833.72	43233.72	aspradle
07101	HCUD CUSTOMER S 5951210	TRNSF-HLTH SELF 10/25	R25-46	18880.00	37804.22	56684.22	aspradle
07111	HCUD WATER OPER 5951210	TRNSF-HLTH SELF 10/25	R25-46	70400.00	140964.87	211364.87	aspradle
07121	HCUD WASTEWATER 5951210	TRNSF-HLTH SELF 10/25	R25-46	76800.00	153779.86	230579.86	aspradle
07151	WATER CONSERVAT 5951210	TRNSF-HLTH SELF 10/25	R25-46	3200.00	6407.49	9607.49	aspradle
07411	AIRPORT OPERATI 5951210	TRNSF-HLTH SELF 10/25	R25-46	12480.00	24989.23	37469.23	aspradle

SELECTION CRITERIA:

DEPARTMENT		ACCOUNT	PERIOD	DESCRIPTION	CURRENT BALANCE	ADJUSTMENT AMOUNT	ADJUSTMENT BALANCE	ENTERED BY
07602	CLASS I OPERATI	5951210	10/25	TRNSF-HLTH SELF R25-46	28800.00	57667.45	86467.45	aspradle
07604	CONVENIENCE CEN	5951210	10/25	TRNSF-HLTH SELF R25-46	17520.00	35081.03	52601.03	aspradle
07811	BUILDING DIVISI	5951210	10/25	TRNSF-HLTH SELF R25-46	80360.00	160908.20	241268.20	aspradle
08101	WORKER'S COMP S	5951210	10/25	TRNSF-HLTH SELF R25-46	2480.00	4965.82	7445.82	aspradle
08021	VEHICLE MAINTEN	5951210	10/25	TRNSF-HLTH SELF R25-46	20000.00	40046.84	60046.84	aspradle
07603	RECYCLING OPERA	5951210	10/25	TRNSF-HLTH SELF R25-46	7088.00	14192.60	21280.60	aspradle
07606	HOUSEHOLD HAZ W	5951210	10/25	TRNSF-HLTH SELF R25-46	3680.00	7368.62	11048.62	aspradle
07607	WASTE TIRE OPER	5951210	10/25	TRNSF-HLTH SELF R25-46	752.00	1505.76	2257.76	aspradle
08011	CENTRAL FUELING	5951210	10/25	TRNSF-HLTH SELF R25-46	1280.00	2563.00	3843.00	aspradle
08151	RISK MANAGEMENT	5951210	10/25	TRNSF-HLTH SELF R25-46	2960.00	5926.93	8886.93	aspradle
08031	FLEET REPLACEME	5951210	10/25	TRNSF-HLTH SELF R25-46	1280.00	2563.00	3843.00	aspradle
08121	MEDICAL INSUR S	5951210	10/25	TRNSF-HLTH SELF R25-46	1360.00	2723.19	4083.19	aspradle
09552	STORMWATER MGMT	5951210	10/25	TRNSF-HLTH SELF R25-46	3840.00	7688.99	11528.99	aspradle
05981	CONTINGENCIES R	5909999	10/25	BUDG RES/CASH F R25-46	24036187.00	-725888.99	23310298.01	aspradle
03151	TTF-DEBT SRV/TF	5909910	10/25	BUDGET RES FOR R25-46	5118896.00	-345363.93	4773532.07	aspradle
01761	HERNANDO/CITRUS	5909910	10/25	BUDGET RES FOR R25-46	698160.00	-9611.24	688548.76	aspradle
03302	MOSQUITO CONTRO	5909910	10/25	BUDGET RES FOR R25-46	211801.00	-25694.05	186106.95	aspradle
02351	COURT INNOV-DRU	5909910	10/25	BUDGET RES FOR R25-46	130484.00	-12814.99	117669.01	aspradle
02348	YOUTH COURT	5909910	10/25	BUDGET RES FOR R25-46	102960.00	-3203.75	99756.25	aspradle
02811	TOURIST DEVELOP	5909910	10/25	BUDGET RES FOR R25-46	3599306.80	-13455.74	3585851.06	aspradle
02375	COURTS TECHNOLO	5909910	10/25	BUDGET RES FOR R25-46	38723.00	-9611.24	29111.76	aspradle
02261	HC FIRE RESCUE	5909910	10/25	BUDGET RES FOR R25-46	14268494.00	-636136.02	13632357.98	aspradle
02491	HC FIRE RESCUE	5909910	10/25	BUDGET RES FOR R25-46	7170326.00	-454035.04	6716290.96	aspradle
07099	HCUD-DEBT SVS/T	5909999	10/25	BUDG RES/CASH F R25-46	16978435.00	-473994.38	16504440.62	aspradle
07411	AIRPORT OPERATI	5909910	10/25	BUDGET RES FOR R25-46	4233290.00	-24989.23	4208300.77	aspradle
07602	CLASS I OPERATI	5909910	10/25	BUDGET RES FOR R25-46	10097371.00	-115815.46	9981555.54	aspradle
07811	BUILDING DIVISI	5909999	10/25	BUDG RES/CASH F R25-46	3107876.00	-160908.20	2946967.80	aspradle
08011	CENTRAL FUELING	5909910	10/25	BUDGET RES FOR R25-46	104752.00	-2563.00	102189.00	aspradle
08151	RISK MANAGEMENT	5909927	10/25	BUDGET RES-FUTU R25-46	1435067.00	-5926.93	1429140.07	aspradle
08101	WORKER'S COMP S	5909927	10/25	BUDGET RES-FUTU R25-46	5658859.00	-4965.81	5653893.19	aspradle
08021	VEHICLE MAINTEN	5909910	10/25	BUDGET RES FOR R25-46	763804.00	-40046.84	723757.16	aspradle
08031	FLEET REPLACEME	5909920	10/25	BUDGET RES-REPA R25-46	806414.00	-2563.00	803851.00	aspradle
09552	STORMWATER MGMT	5909910	10/25	BUDGET RES FOR R25-46	466762.00	-7688.99	459073.01	aspradle
08121	MEDICAL INSUR S	5909910	10/25	BUDGET RES FOR R25-46	2652978.00	3075276.81	5728254.81	aspradle

TOTAL ADJUSTMENT AMOUNT: 6156000.00

HERNANDO CO BOARD OF CO COMMISSIONERS
EXPENDITURE STATUS REPORT

SELECTION CRITERIA: orgn.fund='5121'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-5121 MEDICAL INSUR SELF-INS
DEPARTMENT-08121 MEDICAL INSUR SELF-INS
1ST SUBTOTAL-510 * PERSONAL SERVICES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5101200	SALARIES & WAGES-REGULAR	70,413.00	9,355.12	.00	51,885.75	18,527.25	73.69
5101212	SALARY-MARKET ADJUSTMENT	1,421.00	.00	.00	.00	1,421.00	.00
5102100	FICA TAXES-MATCHING	5,387.00	683.47	.00	3,847.84	1,539.16	71.43
5102200	RETIREMENT CONTRIBUTIONS	13,992.00	2,341.73	.00	10,997.55	2,994.45	78.60
5102210	RETIREMENT CONT-GASB68/7	1,075.00	.00	.00	.00	1,075.00	.00
5102300	LIFE & HEALTH INSURANCE	20,215.00	2,313.61	.00	223,869.41	-203,654.41	1107.44
5102320	MEDICAL SELF INS PREMIUM	3,894,048.00	.00	.00	1,739,274.06	2,154,773.94	44.66
5102321	MEDICAL SELF INS CLAIMS	15,107,720.00	351,513.63	.00	9,303,859.04	5,803,860.96	61.58
5102400	WORKERS COMP PREMIUMS	92.00	12.18	.00	67.51	24.49	73.38
5102600	OPEB-TOT LIAB PORTION	328.00	.00	.00	.00	328.00	.00
	TOTAL * PERSONAL SERVICES	19,114,691.00	366,219.74	.00	11,333,801.16	7,780,889.84	59.29
1ST SUBTOTAL-530 * OPERATING EXPENSES							
5303401	CONTRACTED SERVICES	1,470,982.00	3,680.68	.00	774,874.93	696,107.07	52.68
5304101	COMM SVC,DEVICES,ACCESSR	1,500.00	.00	.00	49.87	1,450.13	3.32
5304302	UTILITY SRV-ELECTRIC	3,300.00	.00	.00	1,317.39	1,982.61	39.92
5304303	UTILITY SRV-WTR,SWR,LPGA	1,000.00	.00	.00	356.99	643.01	35.70
5304304	UTILITY SRV-TRASH REMOVA	250.00	.00	.00	.00	250.00	.00
5304401	RENTAL/LEASE-EQUIPMENT	1,600.00	71.61	368.83	681.70	549.47	65.66
5304405	RENTAL/LEASE-BUILDINGS	56,692.00	.00	.00	39,769.00	16,923.00	70.15
5304501	INSURANCE & BONDS-PREMIU	1,841.00	.00	.00	2,492.46	-651.46	135.39
5304601	REPAIR/MAINT-BLDG & GRD	5,000.00	.00	.00	.00	5,000.00	.00
5304959	FEES/COSTS-BANK CHARGES	500.00	.00	.00	.00	500.00	.00
5304965	FEES / COSTS-NEW HIRES	.00	.00	.00	528.59	-528.59	.00
5305101	OFFICE SUPPLIES	750.00	.00	.00	.00	750.00	.00
5305228	OPER SUPP-EMPLOYEE ACTIV	3,000.00	.00	.00	255.10	2,744.90	8.50
5305264	UNCAPITALIZED EQUIPMENT	43,200.00	.00	.00	13,977.00	29,223.00	32.35
5305274	UNCAP EQUIP-TECH	.00	.00	.00	3,833.17	-3,833.17	.00
5305401	BOOKS/PUBLICATIONS/SUBSC	950.00	.00	.00	.00	950.00	.00
5305402	DUES AND MEMBERSHIPS	1,000.00	.00	.00	.00	1,000.00	.00
5305506	EDUC-TRAINING & TUITION	3,500.00	.00	.00	.00	3,500.00	.00
	TOTAL * OPERATING EXPENSES	1,595,065.00	3,752.29	368.83	838,136.20	756,559.97	52.57
1ST SUBTOTAL-590 * NON-OPERATING EXPENSES							
5909910	BUDGET RES FOR CONTINGNC	2,652,978.00	.00	.00	.00	2,652,978.00	.00
	TOTAL * NON-OPERATING EXPENSE	2,652,978.00	.00	.00	.00	2,652,978.00	.00
1ST SUBTOTAL-591 *TRANSFERS TO OTHER FUNDS							
5951210	TRNSF-HLTH SELF INS(5121	1,360.00	.00	.00	.00	1,360.00	.00
	TOTAL *TRANSFERS TO OTHER FUN	1,360.00	.00	.00	.00	1,360.00	.00
	TOTAL MEDICAL INSUR SELF-INS	23,364,094.00	369,972.03	368.83	12,171,937.36	11,191,787.81	52.10
	TOTAL MEDICAL INSUR SELF-INS	23,364,094.00	369,972.03	368.83	12,171,937.36	11,191,787.81	52.10

SELECTION CRITERIA: orgn.fund='5121'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-5121 MEDICAL INSUR SELF-INS
DEPARTMENT-08121 MEDICAL INSUR SELF-INS
1ST SUBTOTAL-591 *TRANSFERS TO OTHER FUNDS

ACCOUNT - - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
TOTAL REPORT	23,364,094.00	369,972.03	368.83	12,171,937.36	11,191,787.81	52.10

SELECTION CRITERIA: orgn.fund='5121'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-5121 MEDICAL INSUR SELF-INS
DEPARTMENT- TITLE NOT FOUND
1ST SUBTOTAL-34 * CHARGES FOR SERVICES

ACCOUNT - - - - - TITLE - - - - -	BUDGET	PERIOD RECEIPTS	RECEIVABLES	YEAR TO DATE RECEIPTS	AVAILABLE BALANCE	YTD/ BUD
3412030 INT SVC-INSURANCE CHARGE	17,512,084.00	219,266.10	.00	8,986,379.70	8,525,704.30	51.32
3412040 INT SVC-WELLNESS CTR	363,200.00	.00	.00	361,600.00	1,600.00	99.56
TOTAL * CHARGES FOR SERVICES	17,875,284.00	219,266.10	.00	9,347,979.70	8,527,304.30	52.30
1ST SUBTOTAL-36 * MISCELLANEOUS REVENUE						
3669096 DONATION-EMPL WELLNESS	.00	.00	.00	1,076,292.60	-1,076,292.60	.00
3699001 MISC REV-MISC CHARGES	.00	.00	.00	1,777.12	-1,777.12	.00
3699300 MISC REV-REF PR YR EXP	.00	268.89	.00	18,137.12	-18,137.12	.00
TOTAL * MISCELLANEOUS REVENUE	.00	268.89	.00	1,096,206.84	-1,096,206.84	.00
1ST SUBTOTAL-38 * OTHER SOURCES						
3819500 TRANSFER/MEDICAL SELF IN	1,550,400.00	.00	.00	6,000.00	1,544,400.00	.39
3899090 BALANCE FORWARD-CASH	3,938,410.00	.00	.00	.00	3,938,410.00	.00
TOTAL * OTHER SOURCES	5,488,810.00	.00	.00	6,000.00	5,482,810.00	.11
TOTAL TITLE NOT FOUND	23,364,094.00	219,534.99	.00	10,450,186.54	12,913,907.46	44.73
TOTAL MEDICAL INSUR SELF-INS	23,364,094.00	219,534.99	.00	10,450,186.54	12,913,907.46	44.73
TOTAL REPORT	23,364,094.00	219,534.99	.00	10,450,186.54	12,913,907.46	44.73

Mid-Year Adjustment - Medical Self Insurance Fund Claims

Revenue Budget Ledger Entries

Fund Level	Budget Unit	Account Code	Account Title	Fiscal Year	Current Budget	Increase / (Decrease)	Amended Budget
5121	5121	3819500	TRANSFER/MEDICAL SELF INS	25	1,550,400	3,078,000	4,628,400
				TOTAL	**1,550,400**	**3,078,000**	**4,628,400**

Expenditure Budget Ledger Entries

Fund Level	Budget Unit	Account Code	Account Title	Fiscal Year	Current Budget	Increase / (Decrease)	Amended Budget
0011	01051	5951210	TRNSF-HLTH SELF INS (5121)	25	8,000	16,019	24,019
0011	01101	5951210	TRNSF-HLTH SELF INS (5121)	25	8,480	16,980	25,460
0011	01102	5951210	TRNSF-HLTH SELF INS (5121)	25	6,400	12,815	19,215
0011	01151	5951210	TRNSF-HLTH SELF INS (5121)	25	8,240	16,499	24,739
0011	01152	5951210	TRNSF-HLTH SELF INS (5121)	25	4,800	9,611	14,411
0011	01201	5951210	TRNSF-HLTH SELF INS (5121)	25	12,800	25,630	38,430
0011	01231	5951210	TRNSF-HLTH SELF INS (5121)	25	1,776	3,556	5,332
0011	01251	5951210	TRNSF-HLTH SELF INS (5121)	25	6,000	12,014	18,014
0011	01401	5951210	TRNSF-HLTH SELF INS (5121)	25	14,160	28,353	42,513
0011	01421	5951210	TRNSF-HLTH SELF INS (5121)	25	6,000	12,014	18,014
0011	01461	5951210	TRNSF-HLTH SELF INS (5121)	25	9,776	19,575	29,351
0011	01531	5951210	TRNSF-HLTH SELF INS (5121)	25	19,600	39,246	58,846
0011	01701	5951210	TRNSF-HLTH SELF INS (5121)	25	60,800	121,742	182,542
0011	01751	5951210	TRNSF-HLTH SELF INS (5121)	25	34,600	69,281	103,881
0011	01771	5951210	TRNSF-HLTH SELF INS (5121)	25	3,200	6,407	9,607
0011	01801	5951210	TRNSF-HLTH SELF INS (5121)	25	4,816	9,643	14,459
0011	02401	5951210	TRNSF-HLTH SELF INS (5121)	25	7,840	15,698	23,538
0011	03711	5951210	TRNSF-HLTH SELF INS (5121)	25	12,800	25,630	38,430
0011	04441	5951210	TRNSF-HLTH SELF INS (5121)	25	61,856	123,857	185,713
0011	04601	5951210	TRNSF-HLTH SELF INS (5121)	25	54,576	109,280	163,856
0011	34017	5951210	TRNSF-HLTH SELF INS (5121)	25	4,800	9,611	14,411
0011	03721	5951210	TRNSF-HLTH SELF INS (5121)	25	3,200	6,407	9,607
0011	35071	5951210	TRNSF-HLTH SELF INS (5121)	25	3,200	6,407	9,607
0011	34015	5951210	TRNSF-HLTH SELF INS (5121)	25	4,800	9,611	14,411
1011	01352	5951210	TRNSF-HLTH SELF INS (5121)	25	28,160	56,386	84,546
1011	03051	5951210	TRNSF-HLTH SELF INS (5121)	25	105,200	210,646	315,846
1011	03071	5951210	TRNSF-HLTH SELF INS (5121)	25	14,720	29,474	44,194
1011	03081	5951210	TRNSF-HLTH SELF INS (5121)	25	24,400	48,857	73,257
1031	34051	5951210	TRNSF-HLTH SELF INS (5121)	25	80	160	240
1031	34054	5951210	TRNSF-HLTH SELF INS (5121)	25	80	160	240
1031	34055	5951210	TRNSF-HLTH SELF INS (5121)	25	4,384	8,778	13,162
1031	34056	5951210	TRNSF-HLTH SELF INS (5121)	25	128	256	384
1031	34059	5951210	TRNSF-HLTH SELF INS (5121)	25	128	256	384
1171	03302	5951210	TRNSF-HLTH SELF INS (5121)	25	12,832	25,694	38,526
1242	02351	5951210	TRNSF-HLTH SELF INS (5121)	25	4,800	9,611	14,411
1242	38206	5951210	TRNSF-HLTH SELF INS (5121)	25	1,600	3,204	4,804
1248	02348	5951210	TRNSF-HLTH SELF INS (5121)	25	1,600	3,204	4,804
1261	02811	5951210	TRNSF-HLTH SELF INS (5121)	25	6,720	13,456	20,176
1482	02375	5951210	TRNSF-HLTH SELF INS (5121)	25	4,800	9,611	14,411
1661	02261	5951210	TRNSF-HLTH SELF INS (5121)	25	317,696	636,136	953,832
1691	02491	5951210	TRNSF-HLTH SELF INS (5121)	25	220,352	441,220	661,572

1691	02495	5951210	TRNSF-HLTH SELF INS (5121)	25	6,400	12,815	19,215
4111	07091	5951210	TRNSF-HLTH SELF INS (5121)	25	4,720	9,451	14,171
4111	07093	5951210	TRNSF-HLTH SELF INS (5121)	25	9,600	19,222	28,822
4111	07096	5951210	TRNSF-HLTH SELF INS (5121)	25	23,520	47,095	70,615
4111	07098	5951210	TRNSF-HLTH SELF INS (5121)	25	15,200	30,436	45,636
4111	07100	5951210	TRNSF-HLTH SELF INS (5121)	25	14,400	28,834	43,234
4111	07101	5951210	TRNSF-HLTH SELF INS (5121)	25	18,880	37,804	56,684
4111	07111	5951210	TRNSF-HLTH SELF INS (5121)	25	70,400	140,965	211,365
4111	07121	5951210	TRNSF-HLTH SELF INS (5121)	25	76,800	153,780	230,580
4111	07151	5951210	TRNSF-HLTH SELF INS (5121)	25	3,200	6,407	9,607
4311	07411	5951210	TRNSF-HLTH SELF INS (5121)	25	12,480	24,989	37,469
4411	07602	5951210	TRNSF-HLTH SELF INS (5121)	25	28,800	57,667	86,467
4411	07603	5951210	TRNSF-HLTH SELF INS (5121)	25	7,088	14,193	21,281
4411	07604	5951210	TRNSF-HLTH SELF INS (5121)	25	17,520	35,081	52,601
4411	07606	5951210	TRNSF-HLTH SELF INS (5121)	25	3,680	7,369	11,049
4411	07607	5951210	TRNSF-HLTH SELF INS (5121)	25	752	1,506	2,258
4611	07811	5951210	TRNSF-HLTH SELF INS (5121)	25	80,360	160,908	241,268
5011	08011	5951210	TRNSF-HLTH SELF INS (5121)	25	1,280	2,563	3,843
5021	08151	5951210	TRNSF-HLTH SELF INS (5121)	25	2,960	5,927	8,887
5031	08101	5951210	TRNSF-HLTH SELF INS (5121)	25	2,480	4,966	7,446
5071	08021	5951210	TRNSF-HLTH SELF INS (5121)	25	20,000	40,047	60,047
5081	08031	5951210	TRNSF-HLTH SELF INS (5121)	25	1,280	2,563	3,843
5121	08121	5951210	TRNSF-HLTH SELF INS (5121)	25	1,360	2,723	4,083
7552	09552	5951210	TRNSF-HLTH SELF INS (5121)	25	3,840	7,689	11,529
0011	05981	5909999	BUDGET RES-STABILIZATION	25	24,036,187	(725,889)	23,310,298
1011	03151	5909910	BUDGET RES FOR CONTINGNCY	25	5,118,896	(345,364)	4,773,532
1031	01761	5909910	BUDGET RES FOR CONTINGNCY	25	698,160	(9,611)	688,549
1171	03302	5909910	BUDGET RES FOR CONTINGNCY	25	211,801	(25,694)	186,107
1242	02351	5909910	BUDGET RES FOR CONTINGNCY	25	130,484	(12,815)	117,669
1248	02348	5909910	BUDGET RES FOR CONTINGNCY	25	102,960	(3,204)	99,756
1261	02811	5909910	BUDGET RES FOR CONTINGNCY	25	3,599,307	(13,456)	3,585,851
1482	02375	5909910	BUDGET RES FOR CONTINGNCY	25	38,723	(9,611)	29,112
1661	02261	5909910	BUDGET RES FOR CONTINGNCY	25	14,268,494	(636,136)	13,632,358
1691	02491	5909910	BUDGET RES FOR CONTINGNCY	25	7,170,326	(454,035)	6,716,291
4111	07099	5909999	BUDG RES/CASH FORWARD	25	20,965,869	(473,994)	20,491,875
4311	07411	5909910	BUDGET RES FOR CONTINGNCY	25	4,233,290	(24,989)	4,208,301
4411	07602	5909910	BUDGET RES FOR CONTINGNCY	25	10,097,371	(115,815)	9,981,556
4611	07811	5909999	BUDG RES/CASH FORWARD	25	3,107,876	(160,908)	2,946,968
5011	08011	5909910	BUDGET RES FOR CONTINGNCY	25	104,752	(2,563)	102,189
5021	08151	5909927	BUDGET RES-FUTURE CLAIMS	25	1,435,067	(5,927)	1,429,140
5031	08101	5909927	BUDGET RES-FUTURE CLAIMS	25	5,658,859	(4,966)	5,653,893
5071	08021	5909910	BUDGET RES FOR CONTINGNCY	25	763,804	(40,047)	723,757
5081	08031	5909920	BUDGET RES-REPAIR & REPLC	25	806,414	(2,563)	803,851
5121	08121	5909910	BUDGET RES FOR CONTINGNCY	25	2,652,978	(2,723)	2,650,255
7552	09552	5909910	BUDGET RES FOR CONTINGNCY	25	466,762	(7,689)	459,073
							-
5121	08121	5909910	BUDGET RES FOR CONTINGNCY	25	460,418	3,078,000	3,538,418
				TOTAL	**107,665,998**	**3,078,000**	**110,743,998**

HERNANDO CO BOARD OF CO COMMISSIONERS
Expenditure Ledger Short Listing

SELECTION CRITERIA: orgn.yr='25' and account.acct='5951210' AND expledgr.yr = orgn.yr AND expledgr.key_orgn = orgn.key_

YEAR	DEPARTMENT		ACCOUNT	BUDGET CONTROL	ORGN/ACCOUNT STATUS
	BUDGET	PERIOD EXPENSES	YTD EXPENSES	ENCUMBRANCES	BALANCE	
25	01051	BOARD OF CO COMMISSIONERS	5951210 TRNSF-HLTH SELF INS(5121)01051		5951210 Active
	8,000.00	.00	.00	.00	8,000.00	
25	01101	COUNTY ADMINISTRATION	5951210 TRNSF-HLTH SELF INS(5121)01101		5951210 Active
	8,480.00	.00	.00	.00	8,480.00	
25	01102	OFFICE-PUBLIC INFORMATION	5951210 TRNSF-HLTH SELF INS(5121)01102		5951210 Active
	6,400.00	.00	.00	.00	6,400.00	
25	01151	OFFICE OF MGMT AND BUDGET	5951210 TRNSF-HLTH SELF INS(5121)01151		5951210 Active
	8,240.00	.00	.00	.00	8,240.00	
25	01152	GRANT MANAGEMENT	5951210 TRNSF-HLTH SELF INS(5121)01152		5951210 Active
	4,800.00	.00	.00	.00	4,800.00	
25	01201	COUNTY ATTORNEY'S OFFICE	5951210 TRNSF-HLTH SELF INS(5121)01201		5951210 Active
	12,800.00	.00	.00	.00	12,800.00	
25	01231	SENSITIVE LANDS	5951210 TRNSF-HLTH SELF INS(5121)01231		5951210 Active
	1,776.00	.00	.00	.00	1,776.00	
25	01251	HUMAN RESOURCES	5951210 TRNSF-HLTH SELF INS(5121)01251		5951210 Active
	6,000.00	.00	.00	.00	6,000.00	
25	01352	ENGINEERING	5951210 TRNSF-HLTH SELF INS(5121)01352		5951210 Active
	28,160.00	.00	.00	.00	28,160.00	
25	01401	PURCHASING AND CONTRACTS	5951210 TRNSF-HLTH SELF INS(5121)01401		5951210 Active
	14,160.00	.00	.00	.00	14,160.00	
25	01421	ANIMAL SERVICES	5951210 TRNSF-HLTH SELF INS(5121)01421		5951210 Active
	6,000.00	.00	6,000.00	.00	.00	
25	01461	AQUATIC SERVICES	5951210 TRNSF-HLTH SELF INS(5121)01461		5951210 Active
	9,776.00	.00	.00	.00	9,776.00	
25	01462	WATERWAYS MAINTENANCE-TT	5951210 TRNSF-HLTH SELF INS(5121)01462		5951210 Active
	.00	.00	.00	.00	.00	
25	01463	NATURAL RESOURCES	5951210 TRNSF-HLTH SELF INS(5121)01463		590 Active
	.00	.00	.00	.00	.00	
25	01531	CODE ENFORCEMENT	5951210 TRNSF-HLTH SELF INS(5121)01531		5951210 Active
	19,600.00	.00	.00	.00	19,600.00	
25	01701	FACILITIES MAINTENANCE	5951210 TRNSF-HLTH SELF INS(5121)01701		5951210 Active
	60,800.00	.00	.00	.00	60,800.00	
25	01751	PLANNING	5951210 TRNSF-HLTH SELF INS(5121)01751		5951210 Active
	34,600.00	.00	.00	.00	34,600.00	
25	01761	HERNANDO/CITRUS MPO GEN	5951210 TRNSF-HLTH SELF INS(5121)01761		5951210 Active
	.00	.00	.00	.00	.00	
25	01771	BUSINESS DEVELOPMENT	5951210 TRNSF-HLTH SELF INS(5121)01771		5951210 Active
	3,200.00	.00	.00	.00	3,200.00	
25	01791	MASS TRANSIT	5951210 TRNSF-HLTH SELF INS(5121)01791		5951210 Active
	.00	.00	.00	.00	.00	
25	01801	VETERAN'S SERVICES	5951210 TRNSF-HLTH SELF INS(5121)01801		5951210 Active
	4,816.00	.00	.00	.00	4,816.00	
25	02261	HC FIRE RESCUE - FIRE	5951210 TRNSF-HLTH SELF INS(5121)02261		5951210 Active
	317,696.00	.00	.00	.00	317,696.00	
25	02262	LOGISTICS - FIRE	5951210 TRNSF-HLTH SELF INS(5121)02262		5951210 Active
	.00	.00	.00	.00	.00	
25	02263	HCFR TRAINING - FIRE	5951210 TRNSF-HLTH SELF INS(5121)02263		5951210 Active
	.00	.00	.00	.00	.00	
25	02264	EMS DIVISION-FIRE	5951210 TRNSF-HLTH SELF INS(5121)02264		5951210 Active
	.00	.00	.00	.00	.00	
25	02348	YOUTH COURT	5951210 TRNSF-HLTH SELF INS(5121)02348		5951210 Active
	1,600.00	.00	.00	.00	1,600.00	
25	02351	COURT INNOV-DRUG COURT	5951210 TRNSF-HLTH SELF INS(5121)02351		5951210 Active
	4,800.00	.00	.00	.00	4,800.00	
25	02375	COURTS TECHNOLOGY	5951210 TRNSF-HLTH SELF INS(5121)02375		5951210 Active

SELECTION CRITERIA: orgn.yr='25' and account.acct='5951210' AND expledgr.yr = orgn.yr AND expledgr.key_orgn = orgn.key_

YEAR	DEPARTMENT		ACCOUNT	BUDGET	PERIOD EXPENSES	YTD EXPENSES	ENCUMBRANCES	BALANCE	CONTROL ORGN/ACCOUNT	STATUS
25	02401	EMERGENCY MANAGEMENT	5951210 TRNSF-HLTH SELF INS(5121)02401	4,800.00	.00	.00	.00	4,800.00	5951210	Active
25	02491	HC FIRE RESCUE - RESCUE	5951210 TRNSF-HLTH SELF INS(5121)02491	7,840.00	.00	.00	.00	7,840.00	5951210	Active
25	02492	LOGISTICS - RESCUE	5951210 TRNSF-HLTH SELF INS(5121)02492	220,352.00	.00	.00	.00	220,352.00	5951210	Active
25	02493	HCFR TRAINING - RESCUE	5951210 TRNSF-HLTH SELF INS(5121)02493	.00	.00	.00	.00	.00	5951210	Active
25	02494	EMS DIVISION-RESCUE	5951210 TRNSF-HLTH SELF INS(5121)02494	.00	.00	.00	.00	.00	5951210	Active
25	02495	HCFR-PARAMEDICINE PGM	5951210 TRNSF-HLTH SELF INS(5121)02495	.00	.00	.00	.00	.00	5951210	Active
25	02811	TOURIST DEVELOPMENT	5951210 TRNSF-HLTH SELF INS(5121)02811	6,400.00	.00	.00	.00	6,400.00	5951210	Active
25	03051	ROAD MAINTENANCE DIVISION	5951210 TRNSF-HLTH SELF INS(5121)03051	6,720.00	.00	.00	.00	6,720.00	5951210	Active
25	03071	DPW-ADMINISTRATION	5951210 TRNSF-HLTH SELF INS(5121)03071	105,200.00	.00	.00	.00	105,200.00	5951210	Active
25	03081	DPW-TRAFFIC DIVISION	5951210 TRNSF-HLTH SELF INS(5121)03081	14,720.00	.00	.00	.00	14,720.00	5951210	Active
25	03151	TTF-DEBT SRV/TFR/RSRV	5951210 TRNSF-HLTH SELF INS(5121)03151	24,400.00	.00	.00	.00	24,400.00	5951210	Active
25	03232	ROAD MAINT-LOGT 1-6	5951210 TRNSF-HLTH SELF INS(5121)03232	.00	.00	.00	.00	.00	5951210	Active
25	03302	MOSQUITO CONTROL LOCAL	5951210 TRNSF-HLTH SELF INS(5121)03302	.00	.00	.00	.00	.00	5951210	Active
25	03673	AFFORDABLE HSNG R 07-181	5951210 TRNSF-HLTH SELF INS(5121)03673	12,832.00	.00	.00	.00	12,832.00	5951210	Active
25	03711	SOCIAL SERVICES	5951210 TRNSF-HLTH SELF INS(5121)03711	.00	.00	.00	.00	.00	5951210	Active
25	03721	HHS-QLTY IMPR & CARE CORD	5951210 TRNSF-HLTH SELF INS(5121)03721	12,800.00	.00	.00	.00	12,800.00	5951210	Active
25	04441	PARKS & RECREATION	5951210 TRNSF-HLTH SELF INS(5121)04441	3,200.00	.00	.00	.00	3,200.00	5951210	Active
25	04571	FL BOATING IMPRVMNT PGM	5951210 TRNSF-HLTH SELF INS(5121)04571	61,856.00	.00	.00	.00	61,856.00	5951210	Active
25	04601	LIBRARY SERVICES	5951210 TRNSF-HLTH SELF INS(5121)04601	.00	.00	.00	.00	.00	5951210	Active
25	05901	DEBT SERVICE/TRANSFERS	5951210 TRNSF-HLTH SELF INS(5121)05901	54,576.00	.00	.00	.00	54,576.00	5951210	Active
25	07091	HCUD ADMINISTRATION	5951210 TRNSF-HLTH SELF INS(5121)07091	.00	.00	.00	.00	.00	5951210	Active
25	07093	HCUD-FINANCE ADMIN	5951210 TRNSF-HLTH SELF INS(5121)07093	4,720.00	.00	.00	.00	4,720.00	5951210	Active
25	07096	HCUD ENGINEERING	5951210 TRNSF-HLTH SELF INS(5121)07096	9,600.00	.00	.00	.00	9,600.00	5951210	Active
25	07098	HCUD BILLING	5951210 TRNSF-HLTH SELF INS(5121)07098	23,520.00	.00	.00	.00	23,520.00	5951210	Active
25	07099	HCUD-DEBT SVS/TRFRS/RESRV	5951210 TRNSF-HLTH SELF INS(5121)07099	15,200.00	.00	.00	.00	15,200.00	5951210	Active
25	07100	HCUD METER READING	5951210 TRNSF-HLTH SELF INS(5121)07100	.00	.00	.00	.00	.00	5951210	Active
25	07101	HCUD CUSTOMER SVS/FINANCE	5951210 TRNSF-HLTH SELF INS(5121)07101	14,400.00	.00	.00	.00	14,400.00	5951210	Active
				18,880.00	.00	.00	.00	18,880.00		

SELECTION CRITERIA: orgn.yr='25' and account.acct='5951210' AND expledgr.yr = orgn.yr AND expledgr.key_orgn = orgn.key_

YEAR	DEPARTMENT	BUDGET	PERIOD EXPENSES	ACCOUNT	YTD EXPENSES	ENCUMBRANCES	BUDGET CONTROL	BALANCE	ORGN/ACCOUNT STATUS
25	07111	70,400.00	HCUD WATER OPERATIONS	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)07111	70,400.00	5951210 Active
25	07121	76,800.00	HCUD WASTEWATER OPERATION	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)07121	76,800.00	5951210 Active
25	07151	3,200.00	WATER CONSERVATION	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)07151	3,200.00	5951210 Active
25	07411	12,480.00	AIRPORT OPERATIONS	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)07411	12,480.00	5951210 Active
25	07602	28,800.00	CLASS I OPERATIONS	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)07602	28,800.00	5951210 Active
25	07603	7,088.00	RECYCLING OPERATIONS	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)07603	7,088.00	5951210 Active
25	07604	17,520.00	CONVENIENCE CENTER OPER	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)07604	17,520.00	5951210 Active
25	07606	3,680.00	HOUSEHOLD HAZ WSTE OPER	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)07606	3,680.00	5951210 Active
25	07607	752.00	WASTE TIRE OPERATIONS	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)07607	752.00	5951210 Active
25	07811	80,360.00	BUILDING DIVISION	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)07811	80,360.00	5951210 Active
25	08011	1,280.00	CENTRAL FUELING SYSTEM	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)08011	1,280.00	5951210 Active
25	08021	20,000.00	VEHICLE MAINTENANCE	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)08021	20,000.00	5951210 Active
25	08031	1,280.00	FLEET REPLACEMENT PROGRAM	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)08031	1,280.00	5951210 Active
25	08101	2,480.00	WORKER'S COMP SELF INS	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)08101	2,480.00	5951210 Active
25	08121	1,360.00	MEDICAL INSUR SELF-INS	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)08121	1,360.00	5951210 Active
25	08151	2,960.00	RISK MANAGEMENT	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)08151	2,960.00	5951210 Active
25	09552	3,840.00	STORMWATER MGMT MSTU	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)09552	3,840.00	5951210 Active
25	34001	.00	MASS TRANSIT-FTA SEC 5307	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)34001	.00	5951210 Active
25	34015	4,800.00	FED GRT-FTA 5307 #20.507	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)34015	4,800.00	5951210 Active
25	34017	4,800.00	FED GRT-FTA 5307 ARPA	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)34017	4,800.00	5951210 Active
25	34050	.00	MPO-FHWA PL FUNDS 20.205	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)34050	.00	5951210 Active
25	34051	80.00	PLANNING TRANS DISADV(TD)	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)34051	80.00	5951210 Active
25	34054	80.00	MPO-CITRUS TD PLANNING	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)34054	80.00	5951210 Active
25	34055	4,384.00	MPO-FHWA PL FUNDS	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)34055	4,384.00	5951210 Active
25	34056	128.00	MPO-HERNANDO TD PLANNING	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)34056	128.00	5951210 Active
25	34059	128.00	MPO-CITRUS TD PLANNING	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)34059	128.00	5951210 Active
25	35051	.00	SHIP GRANT - HOUSING AUTH	5951210	.00	.00	TRNSF-HLTH SELF INS(5121)35051	.00	5951210 Active
25	35071		HHS - CDBG ENTITLEMENT	5951210			TRNSF-HLTH SELF INS(5121)35071		5951210 Active

HERNANDO CO BOARD OF CO COMMISSIONERS
Expenditure Ledger Short Listing

SELECTION CRITERIA: orgn.yr='25' and account.acct='5951210' AND expledgr.yr = orgn.yr AND expledgr.key_orgn = orgn.key_

YEAR	DEPARTMENT		ACCOUNT	BUDGET CONTROL	ORGN/ACCOUNT STATUS
	BUDGET	PERIOD EXPENSES	YTD EXPENSES	ENCUMBRANCES	BALANCE	
	3,200.00	.00	.00	.00	3,200.00	
25	36011	MOSQ CONTROL STATE 1	5951210	TRNSF-HLTH SELF INS(5121)36011		5951210 Active
	.00	.00	.00	.00	.00	
25	38206	COURTS-SAMHSA DRUG COURT	5951210	TRNSF-HLTH SELF INS(5121)38206		5951210 Active
	1,600.00	.00	.00	.00	1,600.00	
25	38208	COURTS-SAMHSA DRUG COURTS	5951210	TRNSF-HLTH SELF INS(5121)38208		5951210 Active
	.00	.00	.00	.00	.00	

RESOLUTION NO.: 2025-138

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY AMENDING THE BUDGET TO REFLECT DECREASED FUNDS OR REVENUES ANTICIPATED IN THE 2025 BUDGET, PURSUANT TO §129.06 OF THE FLORIDA STATUTES, AND MAKING THE CORRESPONDING BUDGET AMENDMENTS SO THAT REVENUES AND EXPENDITURES ARE EQUAL.

WHEREAS, Hernando County did not receive the funds anticipated when the budget for the 2025 Fiscal Year was adopted; and,

WHEREAS, pursuant to §129.06 of the Florida Statutes, the budget for Fiscal Year 2025 must be amended to account for the reduced revenues; and,

WHEREAS, these reduced revenues must be a reduction to the budget in the proper fund; and,

WHEREAS, the total 2025 Fiscal Year Adopted Budget will be adjusted in the amount set forth below and the total estimated receipts, including balances brought forward, shall equal the total of the appropriations and reserves.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, AS FOLLOWS:

REVENUES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
5121-3899090	Balance Forward Cash	3,938,410.00	(2,192,560.00)	1,745,850.00
				0.00
				0.00
	TOTAL	$3,938,410.00	($2,192,560.00)	$1,745,850.00

EXPENSES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
5121-08121-5909910	Budget Res For Contingency	2,652,978.00	(2,192,560.00)	460,418.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
	TOTAL	$2,652,978.00	($2,192,560.00)	$460,418.00

SEAL

ADOPTED this 12th day of August, 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

By: _____
BRIAN HAWKINS
Chairperson

Attest: Heidi Pruse, Deputy Clerk
DOUGLAS A. CHORVAT, JR.
Clerk of Circuit Court & Comptroller

** **Reference: Legistar # / Mtg Date. LS 16092 / 8.12.2025**

Office of Management and Budget use only:

Fund: 5121 Department No.: 08121 Approved by: ED Date: 7/21/2025 BR2025-044

Revised: 11/19/2024

RESOLUTION NO.: 2025-139

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY AMENDING THE BUDGET TO REFLECT INCREASED FUNDS OR REVENUES NOT ANTICIPATED IN THE 2024 BUDGET, PURSUANT TO §129.06 OF THE FLORIDA STATUTES, APPROPRIATING AND EXPENDING INCREASED FUNDS AS PROVIDED BY THE AMENDED BUDGET; AND ADDING INCREASED AND UNANTICIPATED REVENUES TO THE PROPER FUND OF THE BUDGET.

WHEREAS, Hernando County is in receipt of funds not anticipated when the budget for the 2025 Fiscal Year was adopted; and,

WHEREAS, pursuant to §129.06 of the Florida Statutes, the budget for Fiscal Year 2025 must be amended to account for these unanticipated increased revenues; and,

WHEREAS, the total 2025 Fiscal Year Adopted Budget will be adjusted in the amount set forth below and the total estimated receipts, including balances brought forward, shall equal the total of the appropriations and reserves.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, AS FOLLOWS:

REVENUES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
5121-3819500	Transfer/Medical Self In	1,550,400.00	3,078,000.00	$4,628,400.00
		$1,550,400.00	$3,078,000.00	$4,628,400.00

EXPENSES

Account Number	Account Name	Present Budget	Increase/ Decrease	Amended Budget
SEE ATTACHED	SEE ATTACHED	1,537,200.00	3,078,000.00	$4,615,200.00
		$1,537,200.00	$3,078,000.00	$4,615,200.00

BOARD OF COUNTY COMMISSIONERS HERNANDO COUNTY, FLORIDA SEAL

Attest: Heidi Prause, Deputy Clerk

DOUGLAS A. CHORVAT, JR.
Clerk of Circuit Court & Comptroller

ADOPTED this 12th day of August, 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

By: _____
Brian Hawkins,
Chairman

** **Reference: Legistar # / Mtg Date.** LS16092 / 08.12.25

Office of Management and Budget use only:

Fund Number: Multiple Department No. Various Approved by: ED Date: 07/25/2025 BR2025-046

Revised 4/9/21

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Procurement Department
Prepared By: Joseph Goulart
Initiator: Carla Rossiter-Smith
DOC ID: 16148
Legal Request Number: 2024 504-1
Bid/Contract Number: 25-CG00926/JG

TITLE

Award of Construction Agreement to Augustine Construction, Inc., for Linden Drive Sidewalk Local Agency Program Project From County Line Road to Spring Hill Drive (Contract No. 25-CG00926/JG; Amount: $1,202,741.20)

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	John Allocco
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

S LINDEN DR SIDEWALK FROM COUNTY LINE RD TO SPRING HILL DR LAP 438651-1-58-01 (REBID)

25-CG00926/JG

County of Hernando

15470 Flight Path Drive

Brooksville, FL 34604

County of Hernando

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

I. INTRODUCTION.....
II. SOLICITATION - OFFER - AWARD.....
III. SOLICITATION .....
IV. OFFER .....
V. AWARD .....
VI. PROJECT BID SPECIFICATIONS.....
VII. SOLICITATION INSTRUCTIONS.....
VIII. GENERAL CONDITIONS.....
IX. SPECIAL CONDITIONS.....
X. SUPPLEMENTARY REQUIREMENTS FOR FEDERAL/STATE .....
XI. SUPPLEMENTARY CONDITIONS (LAP DIV 1 SPECS).....
XII. ADDT'L SUP CONDITIONS PREVAIL WAGE REQS.....
XIII. ADDT'L SUP CONDITIONS DBE GOOD FAITH .....
XIV. FHWA – FORM 1273 Items.....
XV. SCOPE AND SPECIFICATIONS.....
XVI. GENERAL REQUIREMENTS AND TECHNICAL SPECIFICATIONS .....
XVII. PRICING PROPOSAL.....
XVIII. VENDOR QUESTIONNAIRE .....

Attachments:

A - 438651-1-58-01 SPECS 06.10.24

B - A - 438651-1-58-01 Plans

C - B - 438651-1-54-01 Survey Docs

D - FL Wage_Determination_20240250

E - V-C DBE Bid Package

F - V-D FHWA 1273

G - 438651-1-58-1 Signed Clear Letters

H - Specification Acknowledgement 11 14 23

I - LAP_Construction_Checklist_05.23.24_full_signed

J - 438651_1_South_Linden_Drive_Revised_PCR_091323 (2)

K - Holiday Schedule - 2024

L - Holiday Schedule - 2025

1. INTRODUCTION

1.1. Summary

INVITATION TO BID (ITB)

NOTICE IS HEREBY GIVEN THAT THE

BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA,

IS ACCEPTING BIDS FOR:

ITB NO. SOLICITATION # 25-CG00926/JG

FOR

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

The Board of County Commissioners of Hernando County, Florida, ("the County"), is soliciting Vendors/Contractors that are active in construction activities to build a five (5) foot, ADA Compliant sidewalk on the west side of South Linden Drive from County Line Road to Spring Hill Drive.

Offers for furnishing the above will be received and accepted up to 10:00 am, local time, Monday, December 16, 2024, via the Hernando County Procurement Department eProcurement Portal. Only electronic submittals through the eProcurement portal shall be accepted by the County.

The Board of County Commissioners of Hernando County, Florida, reserves the right to accept or reject any or all bids and waive informalities and minor irregularities in offers received in accordance with the Bid Documents and the Hernando County Procurement Ordinance.

Interested firms may secure the Bid Documents, plans, drawings, and all other pertinent information by visiting the County's eProcurement Portal. For additional project information, please visit the Hernando County Procurement Department website at www.hernandocounty.us or submit a question via the Q&A Tab in the County's eProcurement Portal.

The Procurement Department will post addenda on the County's eProcurement Portal to all questions in accordance with the Solicitation Instructions. It is the responsibility of prospective Bidders to visit the eProcurement Portal to ensure that they are aware of all addenda issued relative to this Solicitation.

1.2. Background

This is a FDOT Local Agency project, FPN #438651-1-58-01. This project utilizes Federal Grant Funds passed through FDOT and all Local Agency Project compliance is applicable. FHWA1273 is applicable to this project.

ISSUED BY:

BOARD OF COUNTY COMMISSIONERS

HERNANDO COUNTY, FLORIDA

Brian Hawkins, Chairman

Jerry Campbell, Vice Chairman

John Allocco, Second Vice Chairman

Steven Champion

Ryan Amsler

SUBMIT BID OFFER TO:

HERNANDO COUNTY

PROCUREMENT DEPARTMENT

via Hernando County's ePROCUREMENT PORTAL

Carla Rossiter-Smith

Chief Procurement Officer

1.3. Contact Information

Joe Goulart
Purchasing Agent II
Email: jgoulart@co.hernando.fl.us
Phone: (352) 754-4020

Department:
Department of Public Works

Department Head:
J Scott Herring, P.E.
Public Works Director/County Engineer

1.4. Timeline

Release Project Date	November 13, 2024
Pre-Proposal Meeting (Mandatory)	November 20, 2024, 10:00am Department of Public Works 1525 East Jefferson Street Brooksville, FL 34601
Question Submission Deadline	November 25, 2024, 5:00pm

Proposal Submission Deadline	December 16, 2024, 10:00am Join Zoom Meeting https://hernandoclerk.zoom.us/j/91886331588?pwd=x1WiG9yT2OooUEnmXxR2kjODzDv1vY.1&from=addon Meeting ID: 918 8633 1588 Passcode: 973339 --- One tap mobile +13052241968,,91886331588#,,,,*973339# US +13126266799,,91886331588#,,,,*973339# US (Chicago) --- Dial by your location • +1 305 224 1968 US • +1 312 626 6799 US (Chicago) • +1 646 558 8656 US (New York) • +1 646 931 3860 US • +1 301 715 8592 US (Washington DC) • +1 309 205 3325 US • +1 386 347 5053 US • +1 507 473 4847 US • +1 564 217 2000 US • +1 669 444 9171 US • +1 669 900 6833 US (San Jose) • +1 689 278 1000 US • +1 719 359 4580 US • +1 253 205 0468 US • +1 253 215 8782 US (Tacoma) • +1 346 248 7799 US (Houston) • +1 360 209 5623 US Meeting ID: 918 8633 1588 Passcode: 973339 Find your local number: https://hernandoclerk.zoom.us/u/abbdF1XeQM

2. SOLICITATION - OFFER - AWARD

ISSUED BY:

BOARD OF COUNTY COMMISSIONERS

HERNANDO COUNTY, FLORIDA

Brian Hawkins, Chairman

Jerry Campbell, Vice Chairman

John Allocco, Second Vice Chairman

Steve Champion

Ryan Amsler

SUBMIT BID OFFER TO:

HERNANDO COUNTY

PROCUREMENT DEPARTMENT

via Hernando County's ePROCUREMENT PORTAL

Carla Rossiter-Smith

Chief Procurement Officer

3. SOLICITATION

SEALED OFFERS, FOR FURNISHING THE SERVICES, SUPPLIES OR EQUIPMENT DESCRIBED HEREIN WILL BE RECEIVED BY THE OFFICE OF HERNANDO COUNTY PROCURMENT DEPARTMENT, VIA THE COUNTY'S eProcurement Portal UNTIL 10:00 am, LOCAL TIME ON Monday, December 16, 2024. NO BID OFFERS WILL BE ACCEPTED AFTER THE ABOVE SHOWN DATE AND TIME. THIS IS AN ADVERTISED SOLICITATION AND THE RESPONDING BIDDERS WILL BE PUBLICLY READ IN THE PROCUREMENT DEPARTMENT CONFERENCE ROOM AT 10:00 am ON Monday, December 16, 2024. PURSUANT TO FS 119.071 SEALED BIDS, PROPOSALS, OR REPLIES RECEIVED BY AN AGENCY PURSUANT TO A COMPETITIVE SOLICITATION ARE EXEMPT FROM FINAL INSPECTION UNTIL SUCH TIME AS THE AGENCY PROVIDES NOTICE OF AN INTENDED DECISION OR UNTIL THIRTY (30) DAYS AFTER OPENING THE BIDS, PROPOSALS, OR FINAL REPLIES, WHICHEVER IS EARLIER.

4. OFFER

THE UNDERSIGNED, BEING DULY AUTHORIZED TO SUBMIT THIS BID ON BEHALF OF THE BIDDER, AGREES THAT IF THIS OFFER IS ACCEPTED WITHIN NINETY (90) DAYS FROM THE BID OPENING DATE, TO FURNISH TO HERNANDO COUNTY ANY AND ALL ITEMS FOR WHICH PRICES ARE OFFERED IN THIS BID SOLICITATION AT THE PRICE(S) SO OFFERED, DELIVERED AT DESIGNATED POINT(S), WITHIN THE TIME PERIOD SPECIFIED, AND ACCORDING TO THE TERMS AND CONDITIONS REQUIRED IN THE SOLICITATION FOR BIDS.

5. AWARD

UPON AWARD, PLEASE SUBMIT INVOICES TO:

Hernando County

Department of Public Works

1525 East Jefferson Street,

Brooksville, FL 34601

6. PROJECT BID SPECIFICATIONS

6.1. ADVERTISEMENT OF BID

INVITATION TO BID

NOTICE IS HEREBY GIVEN that the Board of County Commissions of Hernando County, Florida, is accepting Bids for:

CONSTRUCTION CONTRACT ITB NO. SOLICITATION NO. 25-CG00926/JG

FOR

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

Hernando County Board of County Commissioners is soliciting Vendors/Contractors that are active in Construction activities to build a five (5) foot ADA compliant sidewalk on the west side of South Linden Dr from County Line Road to Spring Hill Drive

Offers for furnishing the above will be received and accepted up to 10:00 AM. (local time), Monday, December 16, 2024, via Hernando County Procurement Department's eProcurement Portal. Only electronic submittals through the eProcurement portal shall be accepted by the County.

The Board of County Commissioners of Hernando County, Florida reserves the right to accept or reject any or all bids and waive informalities and minor irregularities in offers received in accordance with the bid documents and the Hernando County Procurement Ordinance.

Interested firms may secure the bid documents and plans and drawings and all other pertinent information by visiting the County's eProcurement Portal. For additional project information, please visit the Hernando County Board of County Commissioners Procurement Department at www.hernandocounty.us, or by submitting a question via the Q&A Tab in the County's eProcurement Portal.

Bidder shall submit with its bid a Bid Bond, Certified Check, Cashier's Check, or Official Bank Check in the dollar amount representing not less than five percent (5%) of the total amount bid as a guarantee to enter into a contract, and shall provide a contract performance and payment bond in the amount of one hundred percent (100%) of the total bid price within fifteen (15) calendar days from the date of notification of the award.

Ex parte Communication: Please note that to ensure the proper and fair evaluation of a submittal, the County prohibits ex parte communication (i.e., unsolicited) initiated by the bidder to the County official or employee evaluating or considering the submittals prior to the time a decision has been made. Communication between bidder and the County will be initiated by the appropriate County official or employee in order to obtain information or clarification needed to develop a proper and accurate evaluation of the submittal. Ex parte communication may be grounds for disqualifying the offending bidder from consideration or award of the solicitation or any future solicitation.

Procurement Department will post addenda on ePROCUREMENT PORTAL to all questions in accordance with the Solicitation Instructions. It is the responsibility of prospective the bidder to visit the County's portal to ensure that they are aware of all Addenda issued relative to this Solicitation.

Pursuant to Florida Statutes 119.071 sealed bids, proposals or replies received by an agency pursuant to a competitive Solicitation are exempt from inspection until such time as the agency provides notice of an intended decision or until thirty (30) days after opening the bids, proposals, or final replies whichever is earlier.

NOTICE TO BIDDER

To ensure that your bid is responsive, you are urged to request clarification or guidance on any issues involving this Solicitation before submission of your response. Your method of contact for this solicitation is the Q&A Tab in the County's ePROCUREMENT PORTAL.

6.2. MANDATORY Pre-Bid Conference

MANDATORY Pre-Bid Conference will be held

Wednesday, November 20, 2024,

at 10:00 a.m.,

at the

Department of Public Works 1525 East Jefferson Street Brooksville, FL 34601.

Representatives of County will be present to discuss the project. It is recommended that the bidder attend and participate in the conference. THIS CONFERENCE WILL BE HELD ONLY ONCE AND FAILURE TO ATTEND AND SIGN IN SHALL DISQUALIFY ANY BIDDER NOT ATTENDING FROM SUBMITTING A BID. ATTENDEES MUST BE PRESENT AT THE START OF THE PRE-BID CONFERENCE. ARRIVAL AFTER THE START OF THE PRE-BID CONFERENCE SHALL BE CAUSE FOR DISQUALIFICATION.

7. SOLICITATION INSTRUCTIONS

7.1. DEFINITION OF TERMS LAP

DEFINITION OF TERMS Where the following terms, or their pronouns, occur herein, the intent and meaning shall be as follows:

A. **ADDENDA**: Written or graphic instruments issued prior to the opening of bids which clarify, correct, or change the bidding requirements or the proposed Contract Documents.

B. **AGENCY**: the Federal or State agency named as such in the Contract. This project is financed in whole or in part through FDOT LAP and the term Agency, as used herein, shall refer to FDOT LAP.

C. **APPLICATION FOR PAYMENT**: The form acceptable to Engineer which is to be used by Vendor/Contractor during the course of the work in requesting progress or final payments and which is to be accompanied by such supporting documentation as is required by the Contract Documents.

D. **BID**: The offer or proposal of a Bidder submitted on the prescribed form setting forth the prices for the work to be performed.

E. **BID BOND/GUARANTEE**: The certified check or surety bond furnished by the Bidder with his bid as evidence of good faith.

F. **BID DOCUMENTS**: The bidding requirements and the proposed Contract Documents, including all addenda.

G. **BIDDER**: The term “Bidder” used herein refers to the dealer/manufacturer or business organization submitting a bid to the County in response to this Solicitation.

H. **CHANGE ORDER**: A document recommended by Engineer which is signed by Vendor/Contractor and County and Agency and authorizes an addition, deletion, or revision in the work or an adjustment in the contract price or the contract times, issued on or after the Effective Date of the Agreement.

I. **CONSTRUCTION ADMINISTRATOR**: Scott Nelson, J Scott Herring, P.E. and D. Todd Crosby P.E. shall act as the “Construction Administrator” for the work pertaining to the acceptance and approval of Applications for Payment pursuant to the provisions of the Florida Prompt Payment Act, Part VII, Ch. 218.735, F.S.

J. **CONTRACT**: The written Construction Contract executed by the County and Vendor/Contractor for the performance of work.

K. **CONTRACT DOCUMENTS:** The documents listed in Article 1, titled "Contract Documents", of the Construction Contract whether or not attached thereto.

L. **CONTRACT PRICE**: The moneys payable by County to Vendor/Contractor for completion of the work in accordance with the Contract Documents as stated in the Contract.

M. **CONTRACT TIMES**: The number of days within which, or the dates by which, the work is to be substantially completed and ready for final payment as set forth in the Contract. The contract times will commence on the date indicated in the Notice to Proceed.

N. **CONTRACTING OFFICER**: The term "Contracting Officer" used herein refers to the Hernando County Chief Procurement Officer.

O. **COUNTY**: The Board of County Commissioners, Hernando County, or its duly authorized representative.

P. **COUNTY DESIGNATED REPRESENTATIVE**: The County Designated Representative will act as the County's representative, assume all duties and responsibilities, and have the rights and authority assigned to the County Designated Representative in the Contract Documents in connection with the completion of the work in accordance with their respective scope of work and the contract documents. Scott Nelson, shall act as the County Designated Representative for the work according to the Contract Documents.

Q. **ENGINEER**: Under Contract to the Owner, the Engineer in the administration of this Contract and any references to the Engineer or the Professional shall be deemed to mean J. Scott Herring P.E., for the plans and specifications referenced in these contract documents. Engineer may delegate or designate certain duties to be performed by other qualified professionals.

R. **FDEP:** Florida Department of Environmental Protection

S. **FDOT**: Florida Department of Transportation.

T. **MOT**: Maintenance of Traffic

U. **FLORIDA STATUTES**: All references to Florida Statutes shall mean the version in effect at the time the contract is signed.

V. **FIELD ORDER**: A written order issued by Engineer which requires minor changes in the work but which does not involve a change in the contract price or the contract times.

W. **ISSUING OFFICE**: The office from which the bid documents are to be issued and where the bidding procedures are to be administered. Specifically - Hernando County, Procurement Department, 15470 Flight Path Drive, Brooksville, Florida 34604.

X. **MUTCD**: Manual on Uniform Traffic Control Devices https://mutcd.fhwa.dot.gov

Y. **NPDES:** National Pollutant Discharge Elimination System.

Z. **NOTICE**: Notice shall be served in writing upon the Vendor/Contractor either personally or by leaving the said notice at his residence or with his agent in charge of the work, or addressed to the Vendor/Contractor at the residence or place of business given in the bid and deposited in a postpaid wrapper in any post box regularly maintained by the United States Post Office.

AA. **NOTICE OF AWARD**: The written notice by County to the successful Bidder stating that upon timely compliance by the successful Bidder with the conditions precedent listed therein, County will sign and deliver the Contract.

BB. **NOTICE OF INTENT TO AWARD (NOI):** The written notification sent electronically advising of the County's decision for its selection of the successful proposer/bidder and its intent to award.

CC. **NOTICE TO PROCEED**: A written notice given by County to Vendor/Contractor fixing the date on which the contract times will commence to run and on which Vendor/Contractor shall start to perform the work under the Contract Documents. A Notice to Proceed may be given at any time after the effective date of the Contract.

DD. **PAYMENT AND PERFORMANCE BONDS**: The approved forms of security furnished by the Vendor/Contractor and his surety as a guaranty on the part of the Vendor/Contractor to execute the work in accordance with the Contract Documents and to pay all obligations associated with the project.

EE. **PROJECT BUDGET/ESTIMATE**: The project budget and/or estimate is the amount of funds the County has projected for this solicitation. The County estimates this solicitation to fall within the following dollar Threshold E: $1,000,000.01 - $1,500,000. **Note: This is only an estimate and should not be the basis to determine the Vendor/Contractor bid submission amount.**

1. Threshold A: less than $100,000
2. Threshold B: $100,000.01- $250,000
3. Threshold C: $250,000.01- $500,000
4. Threshold D: $500,000.01 - $1,000,000
5. Threshold E: $1,000,000.01 - $1,500,000
6. Threshold F: $1,500,000.01- $2,500,000
7. Threshold G: $2,500,000.01- $5,000,000
8. Threshold H: greater than $5,000,000.01

FF. **PROFESSIONAL**: The professional independent **Architectural/Engineering firm** designated to be the Engineer of Record (per Florida Administrative Code). Any references to the Engineer or the Professional shall be deemed to mean n/a, and its designee for the plans and specifications referenced in these Contract Documents.

GG. **PROJECT MANAGER**: The duly authorized representative of the County during the construction period. The Project Manager of record for this Solicitation is: J Scott Herring, P.E..

HH. **SCOPE OF WORK**: All materials, labor and equipment in order to accomplish the Project, as described in the specifications and construction plans showing the proposed improvements.

II. **SHOP DRAWINGS**: All drawings, diagrams, illustrations, brochures, schedules and other data which are prepared by the Vendor/Contractor, a subcontractor, a manufacturer, supplier or distributor and which illustrate the equipment, material and/or some portion of the work.

JJ. **SITE**: Lands or areas indicated in the Contract Documents as being furnished by County upon which the work is to be performed, including rights-of-way and easements for access thereto, and such other lands furnished by County which are designated for the use of Vendor/Contractor. The site or location for the work to be performed in the Contract will be South Linden Drive sidewalk from County Line Road to Spring Hill Drive.

KK. **VENDOR/CONTRACTOR**: The individual or entity with whom the County has entered into the Contract. Also referred to as "Contractor."

LL. **WORK**: The entire completed construction or the various separately identifiable parts thereof required to be furnished under the Contract Documents. Work is the result of performing services, furnishing labor and furnishing and incorporating materials and equipment into the construction, all as required by the Contract Documents. Also referred to as "the Project".

7.2. AVAILABILITY OF BIDDING DOCUMENTS:

Interested firms may obtain bid documents, plans, drawings, site locations, and other pertinent information by visiting Hernando County's eProcurement Portal. For additional information please contact the Hernando County Board of County Commissioners, Procurement Department via the County's eProcurement Portal Q&A Tab.

7.3. PREPARATION OF BID

To ensure acceptance of your bid, please follow these instructions:

A. Interested firms are required to register via the County's eProcurement Portal . Once registered, to submit a response please click on the "DRAFT RESPONSE" button and provide an answer to all of the prompts/questions. You must respond to all required questions, and, if any, acknowledge addenda so that your response will be considered complete by the County. Any Bidder that submits more than one (1) bid with different pricing will be rejected. All bids are subject to the conditions specified herein. Those, which do not comply with these conditions, are subject to rejection.

B. Submit Bids to via the Hernando County's ePROCUREMENT PORTAL. The responsibility for delivering the bid to the County on or before the stated time and date will be solely and strictly the responsibility of the Bidder.

1. Bids will be rejected unless submitted electronically via the County's electronic bidding system along with all required bid line items. All bid forms enclosed are required to be completed and submitted using the instructions listed herein.
2. The County will not honor any explanation or change in the bid documents unless a written addendum has been issued.
3. The County reserves the right to reject any and all bids and to waive any informalities related thereto.
4. All bids must be firm for a period of one hundred twenty (120) days after the time set for opening bids. Upon award, prices quoted will be in effect for the term of the contract.
5. No material, labor, or facilities will be furnished by the County unless specifically stated.
6. Blank spaces in the bid must be properly filled in and the phraseology of the bid must not be changed. Additions must not be made to items mentioned therein and any unauthorized conditions, limiting any provision, attached to a bid shall render irregular and may cause its rejection.
7. Communications: All technical, scope, and/or project related questions shall be submitted through the project Q&A Tab before the deadline and according to these specifications herein. Any and all other bidding communications shall only be the County using the contact information herein. Companies bidding on this project shall not communicate with any other County Staff members or they risk being disqualified.

7.4. MANDATORY PREBID CONFERENCE

A. A Mandatory Pre-Bid Conference will be held Wednesday, November 20, 2024 at 10:00 am at Department of Public Works 1525 East Jefferson Street Brooksville, FL 34601.

B. Only Bidders present at the Pre-Bid Conference and Site Visit may submit a bid for this solicitation.

C. Attendees must be present at the beginning of the Pre-Bid Conference. Arrival after the start of the Pre-Bid Conference shall be cause for disqualification. Bidders must RSVP via the County's ePROCUREMENT PORTAL.

7.5. BID OPENING

Bids received after the date and time disclosed in this Solicitation will not be accepted. Bids will be opened immediately after this date and time, and will remain binding upon the Bidder for a period of one hundred twenty (120) days thereafter. Pursuant to Florida Statutes 119.071 sealed bids, proposals,

or replies received by an agency pursuant to a competitive solicitation are exempt from inspection until such time as the agency provides notice of an intended decision or until thirty (30) days after opening the bids, proposals, or final replies whichever is earlier.

7.6. SITE VISIT

Bidder may request access the site to conduct examinations, investigations, explorations, tests, and studies as Bidder deems necessary for submission of a bid by contacting the Procurement Department via the County's eProcurement Portal Q&A tab, if no mandatory site visit is scheduled. All questions after the site visit shall be submitted to the Procurement Department in writing via the County's eProcurement Portal Q&A tab . The Procurment Department will coordinate a site visit between the Bidder and the Project Manager for this project. Bidder agrees to restore the site to its former condition upon completion of such explorations, investigations, tests, and studies. Bidder shall comply with all applicable laws and regulations relative to excavation and utility locates while accessing the site.

7.7. BIDDER'S RESPONSIBILITIES

It is the responsibility of each Bidder before submitting a bid to:

A. Read and completely understand the requirements and the specifications of the items bid.

B. Use complete sets of bid documents in preparing bids; neither County nor Engineer assumes any responsibility for errors or misinterpretations resulting from the use of incomplete sets of bid documents.

C. Examine and carefully study the bid documents, other related data identified in the bid documents, and any Addenda.

D. Make all investigations necessary to thoroughly inform themselves regarding all drawings, specifications, delivery requirements, performance requirements, site locations, and all solicitation instruction to satisfy themselves of conditions affecting submission of their bid and the terms and cost of performing the contract. No pleas of ignorance by the Bidder of conditions that exist or may hereafter exist as a result of failure or omission on the part of the Bidder to make the necessary examinations and investigations, or failure to fulfill in every detail the requirements of the Contract Documents, will be accepted as a basis of varying the requirements of the County or the compensation of the Bidder. Bidder agrees that submittal of a bid for the work is prima facie evidence they have conducted such examinations.

E. Request access to the site to become familiar with general, local, and site conditions that may affect cost, progress, and performance of the work.

F. Become familiar with all Federal, State, and local laws and regulations that may affect cost, progress, or performance of the work.

G. Obtain and carefully study all additional or supplementary examinations, investigations, explorations, tests, studies, and data concerning conditions (surface, subsurface, and underground facilities) at or contiguous to the site which may affect cost, progress, or

performance of the work or which relate to any aspect of the means, methods, techniques, sequences, and procedures of construction to be employed by the Bidder, including applying any specific means, methods, techniques, sequences, and procedures of construction expressly required by the bid documents, and safety precautions and programs incident thereto.

H. Agree at the time of submitting its bid that no further examinations, investigations, explorations, tests, studies, or data are necessary for the determination of its bid for performance of the work at the price(s) bid and within the times and in accordance with the other terms and conditions of the bid documents.

I. Become aware of the general nature of the work to be performed by County and others at the site that relates to the work as indicated in the bid documents.

J. Correlate the information known to Bidder, information and observations obtained from visits to the site, reports and drawings identified in the bid documents, and all additional examinations, investigations, explorations, tests, studies, and data with the bid documents.

K. Promptly give Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Bidder discovers in the bid documents and confirm that the written resolution thereof by Engineer is acceptable to Bidder.

L. Determine that the bid documents are generally sufficient to indicate and convey understanding of all terms and conditions for the performance of the work.

M. Bidder accepts all of the terms and conditions of the Instructions to Bidders, including without limitation those dealing with the disposition of bid security. This bid will remain subject to acceptance for one hundred twenty (120) days after the bid opening, or for such longer period of time that Bidder may agree to in writing upon request of Owner.

N. Bidder has enclosed a Certified check, Cashier's Check or Bid Bond in the amount of not less than the five percent (5%) of the Total Base Bid Amount payable to the Hernando County Board of County Commissioners as a guarantee for the purpose set out in the Solicitation Instructions.

7.8. QUESTIONS REGARDING SPECIFICATIONS OR BIDDING PROCESS:

To ensure fair consideration for all Bidders, the County prohibits communication to or with any department, division or employee during the bid process, except as provided below:

A. All questions related to interpretation of the specifications or the bid process shall be addressed in writing via Hernando County's County's eProcurement Portal Q&A Tab, prior to the date set for submittal and opening of the bids.

B. Any interpretation or clarification made to prospective Bidders will be expressed in the form of an addendum which, if issued, will be posted on the County's eProcurement Portal Q&A tab:. Oral answers will not be authoritative.

C. It will be the responsibility of the Bidder to visit https://secure.procurenow.com/portal/hernandocounty to insure they are aware of all addenda issued for this solicitation.

D. Questions will only be accepted through the period specified Monday, November 25, 2024

E. All addenda must be acknowledged via the County's eProcurement Poral. Failure of any Bidder to submit any addenda may be found non-responsive and subject to rejection.

7.9. COMMUNICATION

There shall be no communication between the Vendor/Contractor, their employees or subcontractors and County employees and elected officials (hereafter referred to as “County Representative”), except through the Procurement Department. Any attempt to communicate with any County Representative outside the Procurement Department will be considered a violation of the Procurement Policy and may result in the rejection of your bid.

7.10. WITHDRAWAL OF BIDS:

Bids may be withdrawn via the County’s eProcurement Portal prior to the time fixed for opening. Negligence on the part of the Bidder in preparing the bid confers no right for the withdrawal of the bid after it has been opened. Faxed or electronically mailed withdrawals will not be recognized.

7.11. BID PROTESTS

Any Bidder who protests the Bid Specifications or Award or Intent to Award, must file with the County a notice of protest and formal written protest in compliance with the Hernando County Procurement Manual, Section 22, which can be found at http://www.hernandocounty.us/home/showpublisheddocument/9013. Failure to timely file such documents will constitute a waiver of proceedings. Failure to file a protest within the time prescribed by, or failure to post the bond or other security in strict accordance with, the Hernando County Procurement Manual, Section 22, shall constitute a waiver of protest proceedings.

7.12. QUALIFICATION OF BIDDERS

A. The Vendor/Contractor shall have previous experience in the type of construction work specified herein, and experience in the installation of the materials to be provided for the project specified herein.

B. The Vendor/Contractor and/or subcontractors shall be an appropriately licensed Contractor in the State of Florida at the time of the bid and must have successfully completed a minimum of two (2) projects of similar size and complexity in the past seven (7) years. These requirements are in addition to the requirements in the reference documents which comprise section 17, titled "ATTACHMENTS".

C. The Vendor/Contractor’s Project Superintendent must have a minimum of three (3) years’ experience as Project Superintendent and must have directed at least two (2) previous projects

of similar size and complexity. These requirements are in addition to the reference documents which comprise section 17 titled, "ATTACHMENTS."

D. Bidder shall submit evidence of this experience on the forms provided in the bid documents, along with the accompanying information requested below:

1. Overview of construction experience, including a list of projects successfully completed and indicating owner, location, contract value and completion date.
2. Documentation of two (2) projects, similar in scope and complexity to this project, which have been successfully completed by the Bidder within the past seven (7) years.
3. Identification of firms comprising the Vendor/Contractor's team on the Construction Contractor Qualification Submittal Package attached to Vendor Questionnaire.
4. Resumes of the Vendor/Contractor's Project Superintendent documenting the experience required for these individuals.

E. **Failure to submit this information may be basis for rejection of the bid.**

7.13. QUALIFICATION OF SUBCONTRACTORS, MATERIAL VENDOR, SUPPLIERS, AND OTHERS:

A. The Vendor/Contractor will, within ten (10) days after execution of the Contract, submit to the County through the County Designated Representative for acceptance a list of the names of subcontractors and such other persons and organizations proposed for those portions of the work as to which the identity of the subcontractors and other persons and organizations must be submitted as specified in the Contract Documents. The County Designated Representative will notify the Vendor/Contractor in writing if the County Designated Representative, after due investigation, has reasonable objection to any subcontractor, person or organization on such list. The failure of the County Designated Representative to make objections to any subcontractor, person or organization on the list shall constitute an acceptance of such subcontractor, person or organization. Acceptance of any such subcontractor, person or organization shall not constitute a waiver of any right of the County to reject defective work, material or equipment, or work material or equipment not in conformance with the requirements of the Contract Documents.

B. If the apparent successful Bidder declines to make any such substitution, County may award the Contract to the next lowest responsive, responsible Bidder that proposes to use acceptable subcontractors, suppliers, individuals, or entities. Declining to make requested substitutions will not constitute grounds for forfeiture of the bid security of any Bidder. Any subcontractor, supplier, individual, or entity so listed and against which the County and County Designated Representative makes no written objection prior to the giving of the Notice of Award will be deemed acceptable to the County and County Designated Representative subject to revocation of such acceptance after the effective date of the Contract.

C. Vendor/Contractor shall not be required to employ any subcontractor, supplier, individual, or entity against whom Vendor/Contractor has reasonable objection.

D. The Vendor/Contractor agrees that he is as fully responsible to the County for the acts and omissions of his subcontractors and of persons either directly or indirectly employed by them, as he is for the acts and omissions of persons directly employed by him. Nothing contained in the Contract Documents shall create any contractual relation between any subcontractor and the County.

7.14. EXAMINATION OF BIDDING DOCUMENTS, OTHER RELATED DATA, AND SITE:

A. Subsurface and Physical Conditions:

1. The Technical Specifications will identify:

   a. Any reports of explorations and tests of subsurface conditions at or contiguous to the site that Engineer has used in preparing the bid documents.

   b. Any drawings of physical conditions in or relating to existing surface and subsurface structures at or contiguous to the site (except underground facilities) that Engineer has used in preparing the bid documents.

2. Copies of any reports and drawings referenced in the solicitation documents will be made available by County to any Bidder via the County's eProcurement Portal. Bidder is responsible for any interpretation or conclusion Bidder draws from any technical data or any other data, interpretations, opinions, or information contained in such reports or shown or indicated in such drawings.

B. Underground Facilities:

1. Information and data shown or indicated in the bid documents with respect to existing underground facilities at or contiguous to the site is based upon information and data furnished to County and Engineer by owners of such underground facilities, including County, or others.

C. Hazardous Environmental Condition:

1. The Technical Specifications identify any reports and drawings relating to a hazardous environmental condition identified at the site that Engineer has used in preparing the bid documents.

7.15. BID GUARANTEE/BID BOND:

A. Each bid must be accompanied by a Certified Check, Cashier's Check, Official Bank Check or Bid Bond payable to the County for an amount equal to at least five percent (5%) of the amount of bid, as guarantee that the Bidder will within fifteen (15) consecutive calendar days after award, enter into a written contract with the County for the performance of the work as awarded.

B. **If Bidder submits a Bid Bond, it must be submitted to the County.**

C. Any submitted checks shall be drawn on a solvent bank or trust company to the order the Hernando County Board of County Commissioners and shall have all necessary documentary revenue stamps attached, if required by law.

D. Surety of Bid Bonds shall be a duly authorized surety company authorized to do business in the State of Florida; all such bonds being issued or countersigned by a local producing agent who is a resident of the State of Florida and satisfactory evidence of the authority of the person or persons executing such bond being submitted with the bond. Personal checks are not acceptable to Hernando County.

E. The County will, within ten (10) days after the Notice of Intent to Award, return the deposit of all Bidders except those posted by the three (3) lowest acceptable Bidders, whose deposit will be returned upon the final award and execution of the Contract between the successful Bidder and County, and after a satisfactory Performance Bond and Payment Bond have been executed.

F. Attorneys-in-fact who sign bonds or other surety instruments must attach with each bond or surety instrument a certified and effectively dated copy of their power of attorney.

G. If the successful Bidder fails to execute and deliver the Contract Documents and furnish the required contract security within fifteen (15) days after the Notice of Award, County may withdraw the Notice of Award and the Bid Bond of that Bidder will be forfeited. The Bid Bond of other Bidders whom County believes to have a reasonable chance of receiving the award may be retained by County until the earlier of seven (7) days after the effective date of the Contract or sixty-one (61) days after the bid opening, whereupon Bid Bonds furnished by such Bidders will be returned.

H. Bid Bonds of other Bidders whom County believes do not have a reasonable chance of receiving the award will be returned within thirty (30) days after the Bid opening.

I. Bidders desiring their original Bid Bonds returned shall enclose a self-addressed stamped envelope with their bids marked "Bid Bond" in the lower left corner.

7.16. PERFORMANCE AND PAYMENT BOND:

A. Performance and Payment Bond issued in a sum equal to one hundred percent (100%) of the total awarded contract amount by a surety company considered satisfactory by the County and

otherwise authorized to transact business in the State of Florida will be required from the successful Bidder for purposes of insuring the faithful performance of the obligations imposed by the resulting contract and for purposes of protecting the County from lawsuits for non-payment of debts as might be incurred during the successful Bidder's performance under such contract. When applicable, the performance and payment bond form will be included in the contract documents and said form must be properly executed by the surety company and successful Bidder within fifteen (15) calendar days after notification by the County of the County's intent to award the contract.

B. If, within fifteen (15) calendar days after notification by the County of the County's intent to award a contract, the successful Bidder refuses or otherwise neglects to execute the required written contract or fails to furnish the required performance and payment bond, the amount of the Bidder's bid security (check or Bid Bond) shall be forfeited and the same shall be retained by the County. No plea of mistake in the Bid or misunderstanding of the conditions of forfeiture shall be available to the Bidder for the recovery of his bid security or as a defense to any action based upon the neglect or refusal to execute a written contract.

C. The surety company must provide an Increase Rider to the Performance and Payment Bond or execute the Consent of Surety and Increase of Penalty form provided by the County if the contract is increased by change order.

8. GENERAL CONDITIONS

8.1. CONTRACT DOCUMENTS

The following constitute the Contract Documents (Title, Subtitles, Headings, Running Headlines, Table of Contents, and Indexes are used merely for convenience purposes):

Introduction

(Cover Page)

Solicitation - Offer - Award

(Section 2)

Solicitation Instructions

(Section 7)

General Conditions

(Section 8)

Special Conditions

(Section 9)

Scope and Specifications

(Section 15)

General Requirements and Technical Specifications

(Section 16)

Exhibit A--General Requirements and Technical Specifications

Exhibit B--Plans/Drawings

Exhibit C--FL20240168_1-5-2024 Prevailing Wage Determination

Exhibit D--V-C DBE Bid Package

Exhibit E--438651-1-58-01 SPECS 06.10.24

Exhibit F--V-D FHWA 1273

Exhibit G--438651_1_South_Linden_Drive_Revised_PCR_091323

Exhibit H--438651-1-58-1 Signed Clear Letters

Exhibit I--Specification Acknowledgement 11 14 23

Exhibit J--LAP_Construction_Checklist_05.23.24_full_signed

Exhibit K--Holiday Schedule - 2024

Exhibit L--Holiday Schedule - 2025

A. All addenda issued by the County prior to the receipt of bids and all supplementary drawings issued after award of the Contract become part of the Contract Document.

B. Amending and Supplementing Contract Documents:

1. The Contract Documents may be amended to provide for additions, deletions, and revisions in the work or to modify the terms and conditions thereof by Change Order.

2. The requirements of the Contract Documents may be supplemented, and minor variations and deviations in the work may be authorized, by one (1) or more of the following ways:

a. A field order;

b. Engineer's approval of a shop drawing or sample; or

c. Engineer's written interpretation or clarification per the provisions described in the Contract Documents.

3. In resolving such conflicts, errors and discrepancies, the documents shall be given preference in the following order: Contract, Specifications, Drawings, Solicitation Instructions. Within the specifications the order of preference shall be as follows: Addenda, General Conditions, Technical Specifications. Figure dimensions on drawings shall govern over scale dimensions, and the detailed drawings shall govern over general drawings. Any work that may reasonably be inferred from the specifications or drawings as being required to produce the intended result shall be supplied whether or not it is specifically called for. Work materials or equipment described in words which so applied have a well-known technical or trade meaning shall be deemed to refer to such recognized standards. In case of conflict the more stringent requirements shall take precedence and govern.

4. The Vendor/Contractor shall take no advantage of any error or omission in the plans or of any discrepancy between the plans and specifications, and the Engineer shall make such interpretation as may be deemed necessary for the fulfillment of the intent of the plans and specifications as construed by him and his decision shall be final.

C. All provisions required by law to be inserted in the Contract, whether actually inserted or not.

D. Exhibits to this Contract (as follows):

1. Vendor/Contractor's Bid.

2. Documentation submitted by Vendor/Contractor after the Notice of Award:

a. Insurance Certificate.

b. Payment and Performance Bond.

3. The following which may be delivered or issued on or after the effective date of the Contract and are not attached hereto:

    a. Notice to Proceed.

    b. Change Order(s).

E. The documents listed in this paragraph are attached to the Agreement (except as expressly noted otherwise).

F. There are no Contract Documents other than those listed in this paragraph.

G. The Contract Documents may only be amended, modified, or supplemented as provided in the Contract Documents.

8.2. BID PRICE/SUBMITTAL REQUIREMENTS

A. The prices bid shall remain firm during the period of the Contract. The prices bid shall be inclusive of all labor, equipment, and materials as specified within this Solicitation. The price bid constitutes the total compensation payable to the Vendor/Contractor for performing the work.

B. Unless otherwise stated, the prices bid shall include all costs of packing, transporting, delivery, and services to the designated point within Hernando County.

C. The Bidder hereby certifies that this bid is made without prior understanding, agreement, or connection with any corporation, firm, or person submitting a bid for the same materials, supplies, services, or equipment and is in all respects fair and without collusion or fraud. Further, the Bidder hereby agrees to abide by all terms and conditions of this bid and certifies that the person executing the Bid Form is authorized to sign this bid for the Bidder.

D. Bidders shall submit a lump sum bid based on unit price line item components as indicated on the Bid Form, and include a separate price for each alternate described in the bid documents and provided for in the Bid Form. The sum of each unit price line item will be the Total Base Bid. The price for each equivalent will be the amount added to or deducted from the Total Base Bid if the County selects the alternate.

E. Discrepancies between the multiplication of units of work and unit prices will be resolved in favor of the unit prices. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the correct sum. Discrepancies between words and figures will be resolved in favor of the words.

F. Bidder must submit the Solicitation-Offer-Award Cover Sheet, Bid Form and all Required Forms and Certifications. Failure to submit these forms may render the bid non-responsive.

1. It is required that Vendor/Contractors submitting a bid enter their bid opportunity information in the Equal Opportunity Compliance (EOC) system within three (3) business

days of submission of the bid for all subcontractor(s) using **Contract No. G2Z70.** This is a requirement and failure to comply will deem your bid unresponsive.

8.3. HOURS

All work is to be performed during regular working hours, 7:30am to 5:00pm; Monday through Friday, except County Holidays. The County may, on certain occasions, approve work outside of these times. Such exception(s) must be approved in writing by the County at least one (1) day in advance. Vendor/Contractor should provide five (5) days' notice when scheduling a County employee to be available outside the normal work hours.

8.4. REJECTION OF BID:

The County reserves the right to reject any and all bids. Bids which are incomplete, unbalanced, conditional, obscure or which contain additions not required, or irregularities of any kind, or which do not comply with every aspect of this Solicitation, may be rejected at the option of the County. A Bidder shall not be qualified to bid when an investigation by the Chief Procurement Officer finds the Bidder delinquent with a previously awarded contact or in litigation with Hernando County on a previously awarded contract.

8.5. MINOR INFORMALITIES AND IRREGULARITIES:

Hernando County has the right to waive minor defects or variations of a bid from the exact requirements of the specifications that do not affect price, quality, quantity, delivery, or performance time of the services being procured. If insufficient information is submitted by a Bidder with the bid for Hernando County to properly evaluate the bid, Hernando County has the right to require such additional information as it may deem necessary after the time set for receipt of bids, provided that the information requested does not change the price, quality, quantity, delivery or performance time of the services being procured. The Board of County Commissioners reserves the right to reject any or all bids in whole or in part; to award by any item, group(s) of items or in the aggregate whichever is most advantageous to the County.

8.6. NON-EXCLUSIVE CONTRACT:

Award of a contract resulting from this bid imposes no obligation on the County to utilize the Vendor/Contractor for all work of this type, which may develop during the contract period. This is not an exclusive contract. The County specifically reserves the right to contract with another company for similar work if it deems such action to be in the County's best interest.

8.7. NON-PERFORMANCE:

A. Time is of the essence in this Contract and failure to deliver the services specified within the time period required shall be considered a default.

B. In case of default, the County may procure the services from other sources and hold the Vendor/Contractor responsible for all costs occasioned thereby and may immediately cancel the Contract.

8.8. ASSIGNMENT

The successful Bidder is required to perform this Agreement and may not assign, transfer, convey, sublet or otherwise dispose of any award or any or all of its rights, title, or interest therein, or the resulting Contract in whole or in part without prior written authorization given at the sole discretion of Hernando County.

8.9. PUBLIC ENTITY CRIMES:

Any person submitting a bid or proposal in response to this invitation certifies that they are aware of, and in compliance with, all requirements under Section 287.133, Florida Statutes, on Public Entity Crimes. Bidders must provide a response to the section titled VENDOR QUESTIONNAIRE, Sworn Statement to Public Entity Crimes included in these bid documents.

8.10. LICENSES AND PERMITS:

A. Prior to furnishing the requested product(s) or service(s), it shall be the responsibility of the awarded Vendor/Contractor to obtain, at no additional cost to Hernando County, any and all licenses and permits required to complete this contractual service, unless otherwise stated in the Contract Documents. The Chief Procurement Officer or his/her designee shall make these licenses and permits available for review to the bidder. Failure to have and/or furnish the required licenses or permits may be cause for rejection.

B. The Vendor/Contractor is hereby notified that a list of fees for construction related County certified licenses and County issued permits can be located at: **https://www.hernandocountygis-fl.us/BldgDept/General.**

C. The following permits are necessary for prosecution of the work. It is the Vendor/Contractor's responsibility to determine whether additional permits are required. Vendor/Contractor and/or subcontractors shall obtain and pay for required permits. Notice to Proceed will not be issued until the permits are provided to the Project Manager.

1. NPDES-NOI Permit - The NPDES-FDEP legislation and permit information can be found on this site: http://www.dep.state.fl.us/water/stormwater/npdes/construction1.htm

2. FWC Gopher Tortoise Conservation and Relocation Permit.

D. Vendor/Contractor and/or subcontractors shall be responsible for complying with all State of Florida and Hernando County license requirements prior to bidding on County projects and shall submit proof of licenses with the Bid. All licenses shall be in the Bidder's name or the key subcontractor's name, as listed in Questionnaire. Failure to submit proof of the required licenses shall deem the Bidder non-responsive.

E. Vendor/Contractors and/or subcontractors who are not properly licensed and/or do not furnish proof thereof with their bid, may be deemed non-responsive and may be rejected. Required licenses include **Underground Utility and Excavation License**

F. County shall assist Vendor/Contractor, when necessary, in obtaining such permits and licenses. Vendor/Contractor shall pay all governmental charges and inspection fees necessary for the prosecution of the work which are applicable at the time of opening of bids. County shall pay all charges of utility owners for connections for providing permanent service to the work.

8.11. LAWS, REGULATIONS, PERMITS AND TAXES:

A. The Bidder's attention is directed to the fact that all applicable Federal and State laws, municipal and county ordinances, and the rules and regulations of all authorities having jurisdiction over any part of the project shall apply to the Contract throughout, and they will be deemed to be included in the Contract the same as through herein written.

B. Vendor/Contractor shall comply with County's jobsite procedures and regulations and with all applicable local, State and Federal laws, rules and regulations and shall obtain all permits required for any of the work performed hereunder. Vendor/Contractor shall procure and pay for all permits and inspections required for any of the work performed hereunder and shall furnish any bonds, security or deposits required to permit performance of the work. Vendor/Contractor shall, to the extent permissible under applicable law, comply with the jobsite provisions which validly and lawfully apply to work on the specific jobsite being performed under this Contract. County of Hernando is exempt from Federal excise taxes and all sales taxes.

C. Vendor/Contractor shall give all notices required by and shall comply with all laws and regulations applicable to the performance of the work. Except where otherwise expressly required by applicable laws and regulations, neither County nor Engineer shall be responsible for monitoring Vendor/Contractor's compliance with any laws or regulations.

D. If Vendor/Contractor performs any work knowing or having reason to know that it is contrary to laws or regulations, Vendor/Contractor shall bear all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to such work. However, it shall not be Vendor/Contractor's primary responsibility to make certain that the specifications and drawings are in accordance with laws and regulations,

but this shall not relieve Vendor/Contractor of Vendor/Contractor's obligations of reporting discrepancies.

E. Changes in laws or regulations not known at the time of opening of bids having an effect on the cost or time of performance of the work shall be the subject of an adjustment in contract price or contract times. If County and Vendor/Contractor are unable to agree on entitlement to or on the amount or extent, if any, of any such adjustment, a claim may be made therefore as provided in the Contract Documents.

8.12. SITE AND OTHER AREAS

The site is identified in the Bid documents. Easements for permanent structures or permanent changes in existing facilities are to be obtained and paid for by County unless otherwise provided in the Bid documents. All additional lands and access thereto required for temporary construction facilities, construction equipment, or storage of materials and equipment to be incorporated in the work are to be obtained and paid for by Vendor/Contractor.

8.13. TAXES

A. The Board of County Commissioners, Hernando County, Florida, has the following tax exemption certificates assigned:

1. **Sales and Use Tax Exemption Certificate No. 85-8012556945C-8, effective 1/31/2024 – expiring on 1/31/2029.**

B. This exemption does not apply to purchases of tangible personal property made by Vendor/Contractors who use the tangible personal property in the performance of contracts for improvements of County owned real property (Chapters 192 and 212, F.S. and applicable rules of the Department of Revenue).

C. State sales tax and use taxes on materials and equipment are to be incorporated in the price bid.

D. Vendor/Contractor shall pay all sales, consumer, use, and other similar taxes required to be paid by Vendor/Contractor in accordance with the laws and regulations of the place of the project which are applicable during the performance of the work.

8.14. MANUFACTURERS' NAME AND APPROVED EQUIVALENTS:

Whenever a particular brand or make of material, equipment, or other item is specified, or is indicated on the drawings, it is for the purpose of establishing a standard of quality, design, and type desired and to supplement the detailed specifications. Any other brand or make which is equivalent to that specified or indicated may be offered as an equivalent prior to the Question Submission Deadline, for review and approval by Hernando County subject to the following provisions:

A. The Vendor/Contractor shall submit for each proposed equivalent sufficient details, complete descriptive literature, and performance data together with samples of the materials, where feasible, to enable the Engineer of Record to determine if the proposed equivalent is equal, in all respects including, but not limited to, quality, performance, ease of maintenance, availability of spare parts, and experience record.

B. The Vendor/Contractor shall submit certified tests, where applicable, by an independent laboratory attesting that the proposed equivalent is equal.

C. A list of installations where the proposed equivalent is used. Such listing shall cover a minimum of the previous three (3) years and will furnish project names and contact phone numbers.

D. Where the acceptance of an equivalent requires excessive review by the Engineer of Record, revision or redesign of any part of the work, all such additional review costs, revisions and redesign, and all new drawings and details required therefore, shall be at the Vendor/Contractor's expense.

E. In all cases the Engineer of Record and Hernando County shall have the sole right as to whether a proposed equivalent is to be accepted. The Vendor/Contractor shall abide by the Engineer of Record and Hernando County's decision when proposed equivalent items are judged to be unacceptable and shall in such instances furnish the item as specified. No equivalent items shall be used in the work without written acceptance by the Engineer of Record.

F. Acceptance of any proposed equivalent shall in no way release the Vendor/Contractor from any of the provisions of the Contract Documents.

G. Hernando County may require, at Vendor/Contractor's expense, a special performance guarantee or other surety with respect to any equivalent.

H. Bids which do not comply with these requirements are subject to rejection.

8.15. BID EVALUATION AWARD

A. At the time of submitting a bid response, the County requires that the Bidder to be properly licensed and registered to do business in the State of Florida in accordance with applicable Florida Statutes (F.S.). Bid responses that fail to provide the required forms listed in Section VIII may be rejected as non-responsive. Bidders whose responses, past performance, or current status do not reflect the capability, integrity or reliability to fully and in good faith perform the requirements of the bid may be rejected as non-responsible. The County reserves the right to determine which responses meet the requirements of this Solicitation, and which Bidders are responsive and responsible. The County reserves the right before awarding the bid, to require a Bidder to submit such evidence of their qualifications as it may deem necessary, and may consider any evidence available to it of the financial, technical, and other qualifications and abilities of a Bidder to perform the work in a satisfactory manner and within the time specified. The Bidder is assumed to be familiar with all Federal, State or local laws, ordinances, rules and

regulations that in any manner affect the work, and to abide thereby if awarded the bid. Ignorance of legal requirements on the part of the Bidder will in no way relieve responsibility.

B. Bid evaluation will be based on price, conformance with specifications and the Bidder's ability to perform the Contract in accordance with the terms and conditions required. Bidders must submit all data necessary to evaluate and determine the quality of the item(s) and/or services they are bidding.

C. The County intends to award this Contract to the lowest, responsive and responsible Bidder or Bidders. However, the County reserves the right to reject any and all bids in accordance with the Hernando County Procurement Ordinance.

D. The ability of a Bidder to obtain a performance and payment bond shall not be regarded as the sole test of such Bidder's competency or responsibility.

E. Nothing contained herein shall place a duty upon the Hernando County Board of County Commissioners to reject bids or award a contract based upon anything other than its sole discretion as described herein.

F. Bidders are not permitted to submit more than one (1) bid for this project. Reasonable grounds for believing that any Bidder has an interest in more than one (1) bid for this project may be cause for disqualification of that Bidder and the rejection of all bids in which that Bidder has an interest.

G. County will consider whether or not the bids comply with the prescribed requirements, and such alternates, unit prices and other data, as may be requested in the Bid Form or prior to the Notice of Award.

H. County will consider the qualifications of Bidders and may consider the qualifications and experience of subcontractors, suppliers, and other individuals or entities proposed for those portions of the work for which the identity of subcontractors, suppliers, and other individuals or entities must be submitted.

I. The County reserves the right to investigate the competency and financial ability of any Bidder, proposed subcontractors, suppliers, or individuals that will perform the work; and, if after investigation, the evidence of competency or financial ability is not satisfactory, the County reserves the right to reject the bid.

J. If two (2) or more fully responsive, responsible bids are received for the same total amount or unit price, quality and service being equal, the Board of County Commissioners shall award the contract to one (1) Vendor/Contractor by drawing lots in a public meeting.

8.16. QUALIFICATIONS OF SURETY COMPANIES

In order to be acceptable to the County, a surety company issuing bid guaranty bonds, or 100% Performance/Payment Bonds, called for in these Contract Documents, shall meet and comply with the following minimum standards:

A. Surety must be admitted to do business in the State of Florida and shall comply with the provisions of Florida Statute 255.05.

B. Surety companies executing bonds must appear on the United States Treasury Departments most current list (CIRCULAR 570 AS AMENDED).

C. Attorneys-in-fact who sign Bid Bonds or Performance/Payment Bonds must file with such bond a certified copy of their power of attorney to sign such bond.

D. Agents of surety companies must list their name, address and telephone number on all bonds.

E. If the surety on any bond furnished by the successful Bidder is declared bankrupt or becomes insolvent or its right to do business is terminated in any state where any part of the project is located or it ceases to meet the requirements provided in this paragraph, Bidder (Vendor/Contractor) shall within five (5) days thereafter, substitute another bond and surety, both of which must be acceptable to the County.

8.17. LITIGATION/WAIVER OF JURY TRIAL

This Agreement shall be governed by and construed according to Florida law. Venue for any dispute or formal litigation concerning this Agreement shall be in the appropriate court with territorial jurisdiction over Hernando County, Florida. In the event of a dispute or litigation, each party to such dispute or litigation shall be solely responsible for its own attorneys' fees and costs. This Agreement shall not be construed for or against any party hereto, regardless to which party is wholly or partly responsible for its drafting. This Agreement shall not be construed for or against any party hereto, regardless of which party is wholly or partly responsible for its drafting.

8.18. MAINTENANCE OF RECORDS

The Vendor/Contractor will keep adequate records and supporting documents applicable to this Contract. Said records and documentation will be retained by the Vendor/Contractor for a minimum of five (5) years from the date of final payment on this Contract. The County and its authorized agents shall have the right to audit, inspect and copy records and documentation as often as the County deems necessary during the period of this Contract and a period of five (5) years after completion of contract performance; provided however, such activity shall be conducted only during normal business hours. The County during the period of time defined by the preceding sentence, shall also have the right to obtain a copy of and otherwise inspect any audit made at the direction of the Vendor/Contractor as concerns the aforesaid records and documentation. Pursuant to Section 119.0701, Florida Statutes, Consultant/Firm shall comply with the Florida Public Records' laws and shall:

A. Keep and maintain records that ordinarily and necessarily would be required by the public agency in order to perform the service;

B. Provide the public with access to public records on the same terms and conditions that the public agency would provide the records and at a cost that does not exceed the cost provided in Chapter 119, F.S., or as otherwise provided by law.

C. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirement are not disclosed except as authorized by law; and,

D. Meet all requirements for retaining public records and transfer, at no cost, to the public agency all public records in possession of the Vendor/Contractor upon termination of the Contract and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the public agency in a format that is compatible with the information technology systems of the public agency.

E. Failure to comply with this section shall be deemed a breach of the Contract and enforceable as set forth in Section 119.0701, Florida Statutes.

IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTE, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT 352-754-4020, PURCHASING@HERNANDOCOUNTY.US, WITH AN OFFICE LOCATED AT 15470 FLIGHT PATH DR., BROOKSVILLE, FL 34604.

Per FDOT LAP Agreement 17.o. (Current Form) and Florida Statute 20.055(5), it is the duty of every State officer, employee, agency, special district, board, commission, Contractor, and subcontractor to cooperate with the Inspector General in any investigation, audit, inspection, review, or hearing pursuant to this section.

8.19. FISCAL NON-FUNDING:

In the event sufficient budgeted funds are not available for a new fiscal period, the County must notify the Vendor/Contractor of such occurrence and Contract shall terminate on the last day of current fiscal period without penalty or expense to the County.

8.20. CONFLICT OF INTEREST

A. Conflict of Interest of Officers or Employees of the Contracting Entity/Local Jurisdiction, Members of the Local Governing Body, or Other Elected Officials: No member or employee of the contracting entity/local jurisdiction or its designees or agents; no member of the governing body; and no other public official of Hernando County who exercises any function or responsibility with respect to this Contract, during his/her tenure or for two (2) years thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed. Further, the Vendor/Contractor shall cause to be incorporated in all sub-contracts, the language set forth in this paragraph prohibiting conflict of interest.

B. Employee Conflict of Interest: It shall be unethical for any Hernando County employee to participate directly or indirectly in a procurement contract when Hernando County employee knows that:

1. Hernando County employee or any member of Hernando County employee's immediate family has a financial interest in the procurement contract; or

2. Any other person, business, or organization with whom Hernando County employee or any member of a Hernando County employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement contract; or

3. A Hernando County employee or any member of a Hernando County employee's immediate family who holds a financial interest in a disclosed blind trust shall not be deemed to have a conflict of interest with regard to matters pertaining to that financial interest.

C. Former Employee Conflict of Interest: No member, officer or employee of the recipient or of the locality during his tenure or for two (2) years thereafter shall have any interest, direct or indirect, in this contract or the proceeds thereof.

8.21. GRATUITIES AND KICKBACKS:

A. Gratuities: It shall be unethical for any person to offer, give, or agree to give any County employee or former County employee, or for any County employee or former County employee to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, or preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity to the County.

B. Kickbacks: It shall be unethical for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime Vendor/Contractor or higher tier subcontractor or any person associated therewith, as an inducement for the award of a sub-contract or order.

8.22. E-VERIFY

A. Vendor/Contractor is advised that the County has entered into an agreement with U.S. Immigration and Customs Enforcement (ICE) wherein the County will, in part, seek to promote the principles of ethical business conduct, prevent the knowing hiring of unauthorized workers through self-governance, and encourage voluntary reporting of the discovery of unauthorized workers to ICE (the IMAGE Agreement). Accordingly, by submitting your bid/proposal, Vendor/Contractor represents and warrants (a) that the Vendor/Contractor is in compliance with all applicable Federal, State and local laws, including, but not limited to, the laws related to the requirement of an employer to verify an employee’s eligibility to work in the United States,

(b) that all of the Vendor/Contractor employees are legally eligible to work in the United States, and (c) that the Vendor/Contractor has actively and affirmatively verified such eligibility utilizing the Federal Government's Employment Verification Eligibility Form (I-9 Form).

B. A mere allegation of Vendor/Contractor's intent to use and/or current use of unauthorized workers may not be a basis to delay the County's award of a contract to the Vendor/Contractor unless such an allegation has been determined to be factual by ICE pursuant to an investigation conducted by ICE prior to the date the contract is scheduled to be awarded by the County.

C. Legitimate claims of the Vendor/Contractor's use of unauthorized workers must be reported to both of the following agencies:

1. The County's Procurement Department at (352) 754-4020: and
2. ICE (Immigration and Customs Enforcement) at 1-866-DHS-2-ICE.

D. In the event it is discovered that the Vendor/Contractor's employees are not legally eligible to work in the United States, then the County may, in its sole discretion, demand that the Vendor/Contractor cure this deficiency within a specified time frame, and/or immediately terminate the Contract without any cost or penalty to the County, and/or debar the Vendor/Contractor from bidding on all County contracts for a period up to twenty-four (24) months, and/or take any and all legal action deemed necessary and appropriate.

E. Vendor/Contractor is required to incorporate the following IMAGE Best Practices into its business and, when practicable, incorporate verification requirements into its agreements with subcontractors:

1. Use the Department of Homeland Security employment eligibility verification program (E-Verify) to verify the employment eligibility of all new hires.
2. Use the Social Security Number Verification Service and make good faith effort to correct and verify the names and Social Security Numbers of the current workforce.
3. Establish a written hiring and employment eligibility verification policy.
4. Establish an internal compliance and training program related to the hiring and employment verification process, to include, but not limited to, completion of Form I-9, how to detect fraudulent use of documents in the verification process, and how to use E-Verify and the Social Security Number Verification Service.
5. Require the Form I-9 and E-Verify process to be conducted only by individuals who received appropriate training and include secondary review as of each employee's verification to minimize the potential for a single individual to subvert the process.
6. Arrange for annual Form I-9 audits by an external auditing firm or a trained employee not otherwise involved in the Form I-9 process.

7. Establish a procedure to report to ICE credible information of suspected criminal misconduct in the employment eligibility verification process.

8. Establish a program to assess subcontractors' compliance with employment eligibility verification requirements. Encourage Vendor/Contractors to incorporate the IMAGE Best Practices contained in this paragraph and, when practicable, incorporate the verification requirements in subcontractor agreements.

9. Establish a protocol for responding to letters received from Federal and State government agencies indicating that there is a discrepancy between the agency's information and the information provided by the employer or employee; for example, "no match" letters received from the Social Security Administration.

10. Establish a tip line mechanism (inbox, e-mail, etc.) for employees to report activity relating to the employment of unauthorized workers, and a protocol for responding to employee tips.

11. Establish and maintain appropriate policies, practices, and safeguards against use of the verification process for unlawful discrimination, and to ensure that U.S. citizens and authorized workers do not face discrimination with respect to hiring, firing, recruitment or referral for a fee because of citizenship status or national origin.

12. Maintain copies of any documents accepted as proof of identify and/or employment authorization for all new hires.

8.23. INSURANCE REQUIREMENTS - LAP

A. INDEMNITY, SAFETY AND INSURANCE PROVISIONS:

1. Indemnity:

a. To the extent provided by law, Contractor shall indemnify, defend, and hold harmless Hernando County and the State of Florida, Department of Transportation, including the Department's officers, agents, and employees, against any actions, claims, or damages arising out of, relating to, or resulting from negligent or wrongful act(s) of Contractor, or any of its officers, agents, or employees, acting within the scope of their office or employment, in connection with the rights granted to or exercised by Contractor.

b. The foregoing indemnification shall not constitute a waiver of the Department's or Hernando County's sovereign immunity beyond the limits set forth in Florida Statutes, Section 768.28. Nor shall the same be construed to constitute agreement by Contractor to indemnify Hernando County for the negligent acts or omissions of Hernando County, its officers, agents, or employees, or third parties. Nor shall the same be construed to constitute agreement by Contractor to indemnify the Department for the negligent acts

or omissions of the Department, its officers, agents, or employees, or third parties. This indemnification shall survive the termination of this Agreement.

2. Protection of Person and Property:

   a. The Vendor/Contractor will take all reasonable precautions for, and will be responsible for initiating, maintaining and supervising all programs relating to the safety of all persons and property affected by, or involved in, the performance of his operations under this Contract.

   b. The Vendor/Contractor will take all reasonable precautions to prevent damage, injury or loss to: (a) all persons who may be affected by the performance of his operations, including employees; (b) all materials and equipment; and (c) all property at or surrounding the work site. In an emergency affecting the safety of persons or property, the Vendor/Contractor will act, with reasonable care and discretion, to prevent any threatened damage, injury or loss.

B. MINIMUM INSURANCE REQUIREMENTS: Vendor/Contractor shall procure, pay for and maintain at least the following insurance coverage and limits. Said insurance shall be evidenced by delivery to the County of a certificate(s) of insurance executed by the insurers listing coverage and limits, expiration dates and terms of policies and all endorsements whether or not required by the County, and listing all carriers issuing said policies. The insurance requirements shall remain in effect throughout the term of this Contract.

1. Workers' Compensation: As required by law:

   a. State.....Statutory

   b. APPLICABLE FEDERAL.....Statutory

   c. EMPLOYER'S LIABILITY.....Minimum:

      i. $100,000.00 each accident

      ii. $100,000.00 by employee

      iii. $500,000.00 policy limit

   d. Exemption per Florida Statute 440: If a Vendor/Contractor has less than three (3) employees and states that they are exempt per Florida Statute 440, they must provide an exemption certificate from the State of Florida. Otherwise, they will be required to purchase Workers' Compensation Insurance and provide a copy of Workers Compensation Insurance.
   https://www.myfloridacfo.com/Division/WC/Employer/Exemptions/

2. General Liability: Comprehensive General Liability including, but not limited to, Independent Contractor, Contractual Premises/Operations, and Personal Injury covering the liability

assumed under indemnification provisions of this Contract, with limits of liability for personal injury and/or bodily injury, including death.

a. Coverage as follows:

i. EACH OCCURRENCE.....$1,000,000.00

ii. GENERAL AGGREGATE $2,000,000.00

iii. PERSONAL/ADVERTISING INJURY.....$1,000,000.00

iv. PRODUCTS-COMPLETED OPERATIONS AGGREGATE.....$2,000,000.00 Per Project Aggregate (if applicable)

b. ALSO, include in General Liability coverage for the following areas based on limits of policy, with:

i. FIRE DAMAGE (Any one (1) fire.....$50,000.00

ii. MEDICAL EXPENSE (Any one (1) person)..... $5,000.00

3. Additional Insured:

a. Vendor/Contractor agrees to endorse Hernando County as an additional insured on the Comprehensive General Liability. The Additional Insured shall read “Hernando County Board of County Commissioners.” Proof of Endorsement is required.

b. Vendor/Contractor agrees to endorse Florida Department of Transportation as an additional insured on the Comprehensive General Liability. The Additional Insured shall read “Florida Department of Transportation.” Proof of Endorsement is required.

4. Waiver of Subrogation: Vendor/Contractor agrees by entering into this Contract to a Waiver of Subrogation for each required policy herein. When required by the insurer, or should a policy condition not permit Vendor/Contractor to enter into a pre-loss agreement to waive subrogation without an endorsement, then Vendor/Contractor aggress to notify the insurer and request the policy be endorsed with a Waiver of Transfer of Rights of Recovery Against Others, or its equivalent. This Waiver of Subrogation requirement shall not apply to any policy, which includes a condition specifically prohibiting such an endorsement, or voids coverage should Vendor/Contractor enter into such an agreement on a pre-loss basis.

5. AUTOMOBILE LIABILITY: Comprehensive automobile and truck liability covering any auto, all owned autos, scheduled autos, hired autos, and non-owned autos. Coverage shall be on an "occurrence" basis. Such insurance to include coverage for loading and unloading hazards. Coverage as follows:

a. COMBINED SINGLE LIMIT (CSL)..... $1,000,000.00

b. BODILY INJURY (Per Person)..... $1,000,000.00

c. BODILY INJURY (Per Accident)..... $1,000,000.00

d. PROPERTY DAMAGE.....$1,000,000.00

6. PROFESSIONAL LIABILITY (if applicable it will be noted below separately):

7. BUILDERS RISK INSURANCE (if applicable it will be noted below separately):

8. CRIME PREVENTION – BOND (if applicable it will be noted below separately):

9. EXCESS/UMBRELLA LIABILITY (if applicable it will be noted below separately):

10. POLLUTION LIABILITY (if applicable it will be noted below separately):

11. SUBCONTRACTORS (if applicable): All subcontractors hired by said Contractor are required to provide Hernando County Board of County Commissioners a Certificate of Insurance with the same limits required by the County as required by the Contract. All subcontractors are required to name Hernando County Board of County Commissioners as additional insured and provide a Waiver of Subrogation regarding General Liability.

12. RIGHT TO REVISE OR REJECT: County reserves the right, but not the obligation, to revise any insurance requirement, not limited to limits, coverages and endorsements, or to reject any insurance policies which fail to meet the criteria stated herein. Additionally, County reserves the right, but not the obligation, to review and reject any insurer providing coverage due of its poor financial condition or failure to operating legally.

C. <u>EACH INSURANCE POLICY SHALL INCLUDE THE FOLLOWING CONDITIONS BY ENDORSEMENT TO THE POLICY:</u>

1. Vendor/Contractor agrees to provide County with a Certificate of Insurance evidencing that all coverages, limits and endorsements required herein are maintained and in full force and effect, and the Certificate of Insurance shall provide a minimum thirty (30) day endeavor to notify, when available by Vendor/Contractor's insurer. If the Vendor/Contractor receives a non-renewal or cancellation notice from an insurance carrier affording coverage required herein, or receives noticed that coverage no longer complies with the insurance requirements herein, Vendor/Contractor agrees to notify the County by email within five (5) business days with a copy of the non-renewal or cancellation notice, or written specifics as to which coverage is no longer in compliance. The Certificate Holder shall read: **Hernando County Board of County Commissioners Attention: Human Resources/Risk Department 15470 Flight Path Drive, Brooksville, Florida 34604 and Florida Department of Transportation**

D. Companies issuing the insurance policy, or policies, shall have no recourse against the County for payment of premiums or assessments for any deductibles which all are the sole responsibility and risk of Vendor/Contractor.

E. The term "County" or "Hernando County" shall include all authorities, boards, bureaus, commissions, divisions, departments, and offices of the County and individual members, employees and agents thereof in their official capacities, and/or while acting on behalf of Hernando County.

F. The policy clause "Other Insurance" shall not apply to any insurance coverage currently held by County, to any such future coverage, or to County's Self-Insured Retentions of whatever nature.

G. The Vendor/Contractor shall be required to provide a current Certificate of Insurance to the County prior to commencement of services.

H. Bidders may, at the County's request, be required to provide proof that their firm meets the preceding insurance requirements, by submission of a Certificate of Insurance coverage(s), prior to award of the Contract.

I. Failure of the County to demand such certificates or other evidence of full compliance with these insurance requirements or failure of the County to identify a deficiency from evidence provided shall not be construed as a waiver of Vendor/Contractor's obligation to maintain such insurance.

8.24. INSURANCE REQUIREMENTS (continued)

EXCESS/UMBRELLA LIABILITY: Vendor/Contractor shall provide proof of Excess/Umbrella Liability coverage with minimum limits of $1,000,000.00. Limits can be increased, based on Contract.

8.25. INSURANCE REQUIREMENTS (continued)

WARRANTY BOND: When application is made for final payment, the Vendor/Contractor shall furnish a Warranty (Maintenance) Bond payable to the order of Hernando County Board of County Commissioners per the Contract Documents and in the amount equal to the Bidder's grand total lump sum bid price including any selected alternates and/or additions or subtractions thereto.

8.26. EXECUTION OF WRITTEN CONTRACT

The successful Bidder will be required to sign a written contract, in two (2) copies, which has been made a part of this bid package and identified as the Sample Construction Contract in Questionnaire. Said written Contract will evidence in written form the agreement between the parties pursuant to the award having been therefore made by the County to this Bidder; said signing to be accomplished within ten (10) days after Notice of Award.

8.27. CONE OF SILENCE

This Solicitation falls under the Hernando County Procurement Ordinance 93-16. All Vendors and Bidders, and representatives of same, are hereby placed on formal notice that a lobbying cone of silence period shall commence upon issuance of this Solicitation until the Board selects the successful Bidder. If the Board is not involved in selecting the successful Bidder, the cone of silence period commences upon issuance of Solicitation and concludes upon award of Contract. During the cone of silence period, no Vendor/Bidder, or representative of the Vendor/Bidder, to this Solicitation may seek information or

clarification or in any way contact any official or employee of the County concerning this Solicitation with the exception of the Chief Procurement Officer, County Attorney, or an individual specifically designated in this document for dissemination of information. A copy of any written communication concerning this Solicitation shall be filed with the Procurement Department and shall be made available to the public upon request. A violation of the cone of silence renders any award voidable at the discretion of the Chief Procurement Officer with approval from the Board and may subject the Vendor/Bidder who violated it to debarment. Nothing in the Ordinance prevents a Vendor/Bidder or representative from taking part in a public meeting concerning the Solicitation.

Neither the members of the Board nor candidates for County Commission, nor any employees from the Hernando County Government, Hernando County staff members, nor any members of the evaluation team are to be lobbied, either individually or collectively, before or during the cone of silence concerning this project. Vendors/Bidders, or representatives of same, who intend to submit bids, or have submitted bids, for this project are hereby placed on formal notice that they are not to contact County personnel for such purposes as holding meetings of introduction, meals, or meetings relating to the selection process outside of those specifically scheduled by the County. Any such lobbying activities may cause immediate disqualification of this project.

9. SPECIAL CONDITIONS

9.1. TIME OF COMPLETION

Bidder agrees that the work will be substantially complete within One hundred twenty (120) calendar days after the commencement date indicated in the Notice to Proceed and ready for final payment within thirty (30) calendar days after the date indicated on the Notice to Proceed. The timeframe between substantial and final is thirty thirty (30) calendar days. Completion time includes material ordering lead times. Materials shall not be ordered by the Vendor/Contractor until the Notice to Proceed has been issued.

9.2. STARTING THE WORK

A. Before undertaking each part of the work, the Vendor/Contractor shall:

1. Carefully study and compare the Contract Documents and check and verify pertinent figures shown thereon and all applicable field measurements. Vendor/Contractor shall promptly report in writing to the Project Manager any conflict, error or discrepancy which the Vendor/Contractor may discover and shall obtain a written interpretation or clarification from the Project Manager before proceeding with any work affected thereby; however, Vendor/Contractor shall not be liable to County for failure to report any conflict, error or discrepancy in the Contract Documents, unless Vendor/Contractor had actual knowledge, or should reasonably have known thereof.

2. Within ten (10) calendar days after the effective date of the Contract (unless otherwise specified), Vendor/Contractor shall submit to the Engineer for review:

   a. A preliminary Progress Schedule indicating the times (number of days or dates) for starting and completing the various stages of the work, including milestones specified in the Contract Documents;

   b. A preliminary schedule of shop drawings and sample submittals which will list each required submittal and the times for submitting, reviewing, and processing such submittal; and

   c. A preliminary Schedule of Values for all the work which will include quantities and prices of items aggregating the contract price and will subdivide the work into component parts in sufficient detail to serve as the basis for progress payments during construction. Such prices will include an appropriate amount of overhead and profit applicable to each item of work.

B. The Vendor/Contractor will start the work within ten (10) calendar days of the official Notice to Proceed date. The Contract Time shall commence to run from the date of the Notice to Proceed.

9.3. LIQUIDATED DAMAGES

Bidders hereby agree that time is of the essence and that a precise determination of actual damages which could be incurred by the County for delay in the completion of the work provided herein would be difficult to ascertain. Accordingly, the parties agree that the liquidated damages for those items of damage not otherwise provided for by the bid documents, for each and every day that the time consumed in completing the work provided for herein exceeds the time allowed in achieving substantial completion and/or final completion therefore shall be in accordance with the amount(s) $1,699.00. The parties specifically agree that the liquidated damages provided herein do not constitute a penalty. The amount of liquidated damages occasioned by the Vendor/Contractor's delay will be deducted and retained out of the monies payable to the Vendor/Contractor. If not so deducted the Vendor/Contractor and sureties for the Vendor/Contractor shall be liable thereof.

9.4. INTERPRETATION AND INTENT OF THE CONTRACT DOCUMENTS

A. It is the intent of the specifications and drawings to describe a complete project to be constructed in accordance with the Contract Documents. Any labor, documentation, services, materials, or equipment that may reasonably be inferred from the Contract Documents or from prevailing custom or trade usage as being required to produce the intended result will be provided whether or not specifically called for at no additional cost to County.

B. The Contract Documents are complementary; what is called for by one (1) is as binding as if called for by all.

C. Reference Standards:

   1. Reference to standards, specifications, manuals, or codes of any technical society, organization, or association, or to laws or regulations, whether such reference be specific or by implication, shall mean the standard, specification, manual, code, or laws or regulations in effect at the time of opening of bids (or on the effective date of the Contract if there were no bids), except as may be otherwise specifically stated in the Contract Documents.

   2. No provision of any such standard, specification, manual or code, or any instruction of a supplier shall be effective to change the duties or responsibilities of County, Vendor/Contractor, or Engineer, or any of their subcontractors, consultants, agents, or employees from those set forth in the Contract Documents. No such provision or instruction shall be effective to assign to County, or Engineer, or any of their related entities, any duty or authority to supervise or direct the performance of the work or any duty or authority to undertake responsibility inconsistent with the provisions of the Contract Documents.

D. If, during the performance of the work, the Vendor/Contractor discovers any conflict, error, ambiguity, or discrepancy within the Contract Documents or between the Contract Documents and any provision of any law or regulation applicable to the performance of the work or of any standard, specification, manual or code, or of any instruction of any supplier, Vendor/Contractor shall promptly report it to Engineer in writing. Vendor/Contractor shall not proceed with the

work affected thereby until an amendment or supplement to the Contract Documents has been issued. The more stringent requirements shall apply unless otherwise approved.

E. The Vendor/Contractor shall take no advantage of any error or omission in the plans or of any discrepancy between the plans and specifications, and the professional shall make such interpretation as may be deemed necessary for the fulfillment of the intent of the plans and specifications as construed by him and his decision shall be final.

F. Vendor/Contractor shall make reasonable efforts to identify potential changes which may enhance efficiency, reliability, serviceability or economy of operation, accelerate the construction schedule, reduce cost of construction, or otherwise enhance any benefits to Hernando County. The Vendor/Contractor, in its reasonable judgment, may propose in writing to Hernando County any such potential change, along with its proposed effect on the cost of the work or the installation schedule. Hernando County shall consider any such proposed change in good faith and may, in its sole discretion, approve in writing any such change.

G. Reuse of Documents:

1. Vendor/Contractor and any subcontractor or supplier shall not:

   a. Have or acquire any title to or ownership rights in any of the drawings, specifications, or other documents (or copies of any thereof) prepared by or bearing the seal of Engineer or Engineer's consultants, including electronic media editions; or

   b. Reuse any of such drawings, specifications, other documents, or copies thereof on extensions of the project or any other project without written consent of County and Engineer and specific written verification or adaptation by Engineer.

2. The prohibition of this paragraph will survive final payment, or termination of the Contract. Nothing herein shall preclude Vendor/Contractor from retaining copies of the Contract Documents for record purposes.

H. Electronic Data:

1. Copies of data furnished by County or Engineer to Vendor/Contractor that may be relied upon are limited to the printed copies (also known as hard copies). Files in electronic media format of text, data, graphics, or other types are furnished only for the convenience of the receiving party. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk. If there is a discrepancy between the electronic files and the hard copies, the hard copies govern.

2. Because data stored in electronic media format can deteriorate or be modified inadvertently or otherwise without authorization of the data's creator, the party receiving electronic files agrees that it will perform acceptance tests or procedures within sixty (60) days, after which the receiving party shall be deemed to have accepted the data thus

transferred. Any errors detected within the sixty (60) day acceptance period will be corrected by the transferring party.

3. When transferring documents in electronic media format, the transferring party makes no representations as to long term compatibility, usability, or readability of documents resulting from the use of software application packages, operating systems, or computer hardware differing from those used by the data's creator.

9.5. COMPLIANCE WITH OCCUPATIONAL SAFETY AND HEALTH ACT (OSHA)

All construction practices, material, equipment, etc., as proposed and offered by Bidders must meet and conform to all OSHA. requirements; the Bidder's signature upon the Bid Form in these bid documents, being by this reference considered a certification of such fact.

9.6. COUNTY'S RESPONSIBILITIES AFTER AWARD

A. Communications to Vendor/Contractor: Except as otherwise provided in these Contract Documents, County shall issue all communications to Vendor/Contractor through designated County Designated Representative.

B. Furnish Data: County shall promptly furnish the data required of County under the Contract Documents.

C. Pay When Due: County shall make payments to Vendor/Contractor when they are due as provided in the Contract Documents.

D. Lands and Easements; Reports and Tests: Owner's duties to provide lands and easements and to provide engineering surveys to establish reference points are set forth in the Contract Documents. County shall identify and make available to Vendor/Contractor copies of reports of explorations and tests of subsurface conditions and drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the site that have been utilized by the Engineer in preparing the Contract Documents.

E. Change Orders: County is obligated to execute change orders as indicated in the Contract Documents.

F. Inspections, Tests, and Approvals: Owner's responsibility regarding certain inspections, tests, and approvals is set forth in the Contract Documents.

G. Limitations on Owner's Responsibilities: The County shall not supervise, direct, or have control or authority over, nor be responsible for, Vendor/Contractor's means, methods, techniques, sequences, or procedures of construction, or the safety precautions and programs incident thereto, or for any failure of Vendor/Contractor to comply with laws and regulations applicable to the performance of the work. County will not be responsible for Vendor/Contractor's failure to perform the work in accordance with the Contract Documents.

H. Undisclosed Hazardous Environmental Condition: Owner's responsibility regarding undisclosed hazardous environmental conditions is set forth in the Contract Documents.

I. Evidence of Financial Arrangements: Owner's responsibility, if any, to furnish Vendor/Contractor reasonable evidence that financial arrangements have been made to satisfy Owner's obligations under the Contract Documents will be as set forth in the Contract Documents.

9.7. COUNTY DESIGNATED REPRESENTATIVE'S STATUS DURING CONSTRUCTION

A. County Designated Representative: The duties and responsibilities and the limitations of authority of the County Designated Representative during construction are set forth in the Contract Documents and will not be changed without written consent of County.

B. Visits to Site:

1. County Designated Representative will make visits to the site at intervals appropriate to the various stages of construction as the County Designated Representative deems necessary in order to observe as an experienced and qualified design professional the progress that has been made and the quality of the various aspects of Vendor/Contractor's executed work. Based on information obtained during such visits and observations, the County Designated Representative will determine, in general, if the work is proceeding in accordance with the Contract Documents. The County Designated Representative will not be required to make exhaustive or continuous inspections on the site to check the quality or quantity of the work. County Designated Representative's efforts will be directed toward providing for County a greater degree of confidence that the completed work will conform generally to the Contract Documents. On the basis of such visits and observations, County Designated Representative will keep County informed of the progress of the work and will endeavor to guard County against defective work.

2. County Designated Representative's visits and observations are subject to all the limitations on County Designated Representative's authority and responsibility set forth in paragraph titled "LIMITATIONS ON COUNTY DESIGNATED REPRESENTATIVE'S AUTHORITY AND RESPONSIBILITIES". Particularly, but without limitation, during or as a result of County Designated Representative's visits or observations of Vendor/Contractor's work County Designated Representative will not supervise, direct, control, or have authority over or be responsible for Vendor/Contractor's means, methods, techniques, sequences, or procedures of construction, or the safety precautions and programs incident thereto, or for any failure of Vendor/Contractor to comply with laws and regulations applicable to the performance of the work.

C. Project Representative: If County and County Designated Representative agree, County Designated Representative will furnish a Resident Project Representative to assist County Designated Representative in providing more extensive observation of the work. The authority and responsibilities of any such Resident Project Representative and assistants is provided in

paragraph titled "LIMITATIONS ON COUNTY DESIGNATED REPRESENTATIVE'S AUTHORITY AND RESPONSIBILITIES", and limitations on the responsibilities thereof are provided below. If County designates another representative or agent to represent County at the site who is not Engineer's consultant, agent or employee, the responsibilities and authority and limitations thereon of such other individual or entity will be as provided in the Contract Documents.

D. Authorized Variations in Work: County Designated Representative may authorize minor variations in the work from the requirements of the Contract Documents which do not involve an adjustment in the contract price or the contract times and are compatible with the design concept of the completed project as a functioning whole as indicated by the Contract Documents. These may be accomplished by a field order and will be binding on County and also on Vendor/Contractor, who shall perform the work involved promptly. If County or Vendor/Contractor believes that a field order justifies an adjustment in the contract price or contract times, or both, and the parties are unable to agree on entitlement to or on the amount or extent, if any, of any such adjustment, a claim may be made therefore as provided in Section titled "CHANGES IN THE WORK; CLAIMS" paragraph titled "CLAIMS".

E. Rejecting Defective Work: County Designated Representative will have authority to reject work which County Designated Representative believes to be defective, or that County Designated Representative believes will not produce a completed project that conforms to the Contract Documents or that will prejudice the integrity of the design concept of the completed project as a functioning whole as indicated by the Contract Documents. County Designated Representative will also have authority to require special inspection or testing of the work as provided in Section titled "TESTS AND INSPECTIONS; CORRECTIONS, REMOVAL/ACCEPTANCE OF DEFECTIVE WORK: paragraph titled "TESTS AND INSPECTIONS", whether or not the work is fabricated, installed, or completed.

F. Determinations for Unit Price Work: County Designated Representative will determine the actual quantities and classifications of unit price work performed by Vendor/Contractor. County Designated Representative will review with Vendor/Contractor the County Designated Representative's preliminary determinations on such matters before rendering a written decision thereon (by recommendation of an application for payment or otherwise). County Designated Representative's written decision thereon will be final and binding (except as modified by County Designated Representative to reflect changed factual conditions or more accurate data) upon County and Vendor/Contractor, subject to the provisions Section titled "COST OF THE WORK; ALLOWANCES; UNIT PRICE WORK" paragraph titled "VENDOR/CONTRACTOR'S FEE".

G. Decisions on Requirements of Contract Documents and Acceptability of Work:

1. County Designated Representative will be the initial interpreter of the requirements of the Contract Documents and judge of the acceptability of the work thereunder. All matters in question and other matters between County and Vendor/Contractor arising prior to the

date final payment is due relating to the acceptability of the work, and the interpretation of the requirements of the Contract Documents pertaining to the performance of the work, will be referred initially to County Designated Representative in writing within thirty (30) days of the event giving rise to the question.

2. County Designated Representative will, with reasonable promptness, render a written decision on the issue referred and obtain County's approval to issue decision. If County or Vendor/Contractor believes that any such decision entitles them to an adjustment in the contract price or contract times or both, a claim may be made under the provision stated in Section titled "CHANGES IN THE WORK; CLAIMS" paragraph entitled "CLAIMS".

3. County Designated Representative's written decision on the issue referred will be final and binding on County and Vendor/Contractor, subject to the provisions in paragraph titled "LIMITATIONS ON COUNTY DESIGNATED REPRESENTATIVE'S AUTHORITY AND RESPONSIBILITIES".

4. When functioning as interpreter and judge under paragraph titled "DECISIONS ON REQUIREMENTS OF CONTRACT DOCUMENTS AND ACCEPTABILITY OF WORK", County Designated Representative will not show partiality to County or Vendor/Contractor and will not be liable in connection with any interpretation or decision rendered in good faith in such capacity.

H. Limitations on County Designated Representative's Authority and Responsibilities:

1. Neither County Designated Representative's authority or responsibility under this paragraph or under any other provision of the Contract Documents nor any decision made by County Designated Representative in good faith either to exercise or not exercise such authority or responsibility or the undertaking, exercise, or performance of any authority or responsibility by County Designated Representative shall create, impose, or give rise to any duty in contract, tort, or otherwise owed by County Designated Representative to Vendor/Contractor, any subcontractor, any supplier, any other individual or entity, or to any surety for or employee or agent of any of them.

2. County Designated Representative will not supervise, direct, control, or have authority over or be responsible for Vendor/Contractor's means, methods, techniques, sequences, or procedures of construction, or the safety precautions and programs incident thereto, or for any failure of Vendor/Contractor to comply with laws and regulations applicable to the performance of the work. County Designated Representative will not be responsible for Vendor/Contractor's failure to perform the work in accordance with the Contract Documents.

3. County Designated Representative will not be responsible for the acts or omissions of Vendor/Contractor or of any subcontractor, any supplier, or of any other individual or entity performing any of the work.

4. County Designated Representative's review of the application for payment and accompanying documentation and all maintenance and operating instructions, schedules, guarantees, bonds, certificates of inspection, tests and approvals, and other documentation required to be delivered by Section titled "PAYMENTS TO CONTRACTOR AND COMPLETION" paragraph titled "REVIEW OF APPLICATIONS" will only be to determine generally that their content complies with the requirements of, and in the case of certificates of inspections, tests, and approvals that the results certified indicate compliance with the Contract Documents.

5. The limitations upon authority and responsibility set forth in this paragraph shall also apply to the Resident Project Representative, if any, and assistants, if any.

9.8. CONTRACTOR'S RESPONSIBILITIES

A. Supervision and Superintendence:

1. The Vendor/Contractor will supervise and direct the work efficiently and with his best skill and attention. He will be solely responsible for the means, methods, techniques, sequences and procedure of construction, unless otherwise specified. The Vendor/Contractor will be responsible to see that the finished work complies accurately with the Contract Documents.

2. The Vendor/Contractor will keep on the site at all times during its progress a competent, Resident Superintendent who shall not be replaced without written notice to the Project Manager. The superintendent will be the Vendor/Contractor's representative at the site and shall have authority to act on behalf of the Vendor/Contractor. All communications given to the superintendent shall be as binding as if given to the Vendor/Contractor.

B. Labor, Materials and Equipment:

1. The Vendor/Contractor will provide competent, suitable, qualified personnel to lay out the work and perform construction as required by the Contract Documents. He will at all times maintain good discipline and order at the site.

2. Unless otherwise specified in the Contract Documents, Vendor/Contractor shall furnish all materials, equipment, labor, transportation, construction equipment and machinery, tools, appliances, fuel, power, light, heat, telephone, water and sanitary facilities and incidentals necessary for the execution, testing, initial operation and completion of the work.

3. All materials and equipment will be new except as otherwise provided in the Contract Documents. All special warranties and guarantees required by the specifications shall expressly run to the benefit of County. If required by the County, the Vendor/Contractor will furnish satisfactory evidence (including reports of required tests and/or purchase receipts) as to the source, kind and quality of materials and equipment furnished.

4. All materials and equipment shall be applied, installed, connected, erected, used, cleaned and conditioned in accordance with the instructions of the applicable manufacturer, supplier, fabricator or processors except as otherwise provided in the Contract Documents.

C. Progress Schedule:

1. Vendor/Contractor shall adhere to the Progress Schedule requirements established in the Contract Documents as it may be adjusted from time to time as provided below.

   a. Vendor/Contractor shall submit to County Designated Representative for acceptance proposed adjustments in the Progress Schedule that will not result in changing the contract times. Such adjustments will comply with any provisions of the Contract Documents applicable thereto.

   b. Proposed adjustments in the Progress Schedule that will change the contract times shall be submitted in accordance with the requirements stated in the Contract Documents. Adjustments in contract times may only be made by a change order.

   c. All work of this Contract shall be scheduled and monitored by the Vendor/Contractor using the Critical Path Method (CPM). The Vendor/Contractor shall prepare the schedule for the project a minimum of two (2) weeks before starting any work and shall submit an updated schedule with each monthly pay request. The Vendor/Contractor will prepare revisions of the schedule to reflect changes in the Vendor/Contractor's plan of performance or changes in the work and submit these revisions to the County Designated Representative for acceptance.

   d. The Vendor/Contractor shall prepare schedules as a time scale logic diagram and bar chart unless otherwise approved by the County Designated Representative. Each major and minor portion of work or operation shall be clearly identified and tied by logical sequence to the shop drawing schedule and schedule of values. All schedules shall be prepared and submitted on 11 inch by 17 inch (11" X 17") paper.

D. Concerning Subcontractors, Suppliers and Others:

1. The Vendor/Contractor will not employ any subcontractor, supplier, other person or entity, whether initially or as a replacement, against whom the County may have reasonable objections, nor will the Vendor/Contractor be required to employ any subcontractor, supplier, or other individual or entity, against whom the Vendor/Contractor has reasonable objection.

2. The Vendor/Contractor will not make any substitution for any subcontractor who has been accepted by the County, unless the County determines that there is good cause for doing so.

3. The Vendor/Contractor will be fully responsible for all acts and omissions of his subcontractors, suppliers, and other individuals or entities performing or furnishing any of

the work just as Vendor/Contractor is responsible for Vendor/Contractor's own acts and omissions. Nothing contained in the Contract Documents:

a. Shall create for the benefit of any such subcontractor, supplier, or other individual or entity any contractual relationship between County or County Designated Representative and any such subcontractor, supplier or other individual or entity, nor

b. Shall anything in the Contract Documents create any obligation on the part of County or County Designated Representative to pay or to see to the payment of any moneys due any such subcontractor, supplier, or other individual or entity except as may otherwise be required by laws and regulations.

4. Vendor/Contractor shall be solely responsible for scheduling and coordinating the work of subcontractors, suppliers, and other individuals or entities performing or furnishing any of the work under a direct or indirect contract with Vendor/Contractor.

5. Vendor/Contractor shall require all subcontractors, suppliers, and such other individuals or entities performing or furnishing any of the work to communicate with County Designated Representative through Vendor/Contractor.

6. The divisions and sections of the specifications and the identifications of any drawings shall not control Vendor/Contractor in dividing the work among subcontractors or suppliers or delineating the work to be performed by any specific trade.

7. All work performed for Vendor/Contractor by a subcontractor or supplier will be pursuant to an appropriate agreement between Vendor/Contractor and the subcontractor or supplier which specifically binds the subcontractor or supplier to the applicable terms and conditions of the Contract Documents for the benefit of County and County Designated Representative. Whenever any such agreement is with a subcontractor or supplier who is listed as an additional insured on the property insurance as provided in the Contract Documents, the agreement between the Vendor/Contractor and the subcontractor or supplier will contain provisions whereby the subcontractor or supplier waives all rights against County, Vendor/Contractor, and County Designated Representative, and all other individuals or entities identified in the Contract Documents to be listed as insureds or additional insureds (and the officers, directors, partners, employees, agents, consultants and subcontractors of each and any of them) for all losses and damages caused by, arising out of, relating to, or resulting from any of the perils or causes of loss covered by such policies and any other property insurance applicable to the work. If the insurers on any such policies require separate waiver forms to be signed by any subcontractor or supplier, Vendor/Contractor will obtain the same.

8. The Vendor/Contractor agrees to bind specifically every subcontractor to the applicable terms and conditions of the Contract Documents for the benefit of the County.

9. The Vendor/Contractor shall not award work valued at more than fifty percent (50%) of the contract price to subcontractor(s), without prior written approval of the County.

9.9. CONTRACTOR'S RESPONSIBILITIES (continued)

A. Patent Fees and Royalties:

1. Vendor/Contractor shall pay all license fees and royalties and assume all costs incident to the use in the performance of the work or the incorporation in the work of any invention, design, process, product, or device which is the subject of patent rights or copyrights held by others. If a particular invention, design, process, product, or device is specified in the Contract Documents for use in the performance of the work and if to the actual knowledge of County or County Designated Representative its use is subject to patent rights or copyrights calling for the payment of any license fee or royalty to others, the existence of such rights shall be disclosed by County in the Contract Documents.

2. To the fullest extent permitted by laws and regulations, Vendor/Contractor shall indemnify and hold harmless County and County Designated Representative, and the officers, directors, partners, employees, agents, consultants and subcontractors of each and any of them from and against all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to any infringement of patent rights or copyrights incident to the use in the performance of the work or resulting from the incorporation in the work of any invention, design, process, product, or device not specified in the Contract Documents.

B. Use Of Premises:

1. The Vendor/Contractor will confine his equipment, the storage of materials and equipment, and the operations of his workers to the areas permitted by law, ordinances, permits or the requirements of the Contract Documents and shall not unreasonably encumber the premises with materials or equipment.

2. The Vendor/Contractor shall confine the operation of workmen and equipment, and the storage of materials and equipment to the County's property or to other non-County property or in public right-of-way areas indicated on the contract drawings as including work to be done pursuant to the Contract Documents. In the event the Vendor/Contractor desires to have access to the project site or perform work or operations pertaining to the Contract on, over or from non-County property adjacent to the project site, the Vendor/Contractor shall obtain written authorization to do so from the respective adjacent property owner(s) prior to using such property. Such written authorization shall include a provision whereby the property owner agrees to hold the County harmless, and to defend the County, in the event of any liability, loss, injury, or claim incurred as a result of the Vendor/Contractors work or operations involving the use of the adjacent non-County

property. The County shall be provided with a notarized, certified copy of such written authorization(s) before the Vendor/Contractor commences work or operations or use of such property in connection with work or operations pursuant to this Contract.

C. Record Documents:

1. Vendor/Contractor shall maintain in a safe place at the site one (1) record copy of all drawings, specifications, addenda, change orders, field orders, and written interpretations and clarifications in good order and annotated to show changes made during construction. These record documents together with all approved samples and a counterpart of all approved shop drawings will be available to Engineer for reference. Upon completion of the work, these record documents, samples, and shop drawings will be delivered to Engineer for County.

2. Record Drawings: The Engineer will prepare a set of record drawings for the project which will include the changes made in materials, equipment, locations, and dimensions of the work. Each month or as otherwise agreed, the Vendor/Contractor shall submit to the Engineer a current listing and description (written and graphic) of each change incorporated into the work since the preceding submittal.

D. Safety And Protection:

1. Vendor/Contractor shall be solely responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the work. Vendor/Contractor shall take all necessary precautions for the safety of, and shall provide the necessary protection to prevent damage, injury or loss to:

   a. All employees on the site and other persons who may be affected by the work:

   b. All the work and materials and equipment to be incorporated therein, whether in storage on or off the site; and

   c. Other property at the site or adjacent thereto, including trees, shrubs, lawns, walks, pavements, roadways, structures, utilities and underground facilities not designated for removal, relocation or replacement in the course of construction.

2. Vendor/Contractor shall comply with all applicable laws and regulations relating to the safety of persons or property, or to the protection of persons or property from damage, injury, or loss; and shall erect and maintain all necessary safeguards for such safety and protection. Vendor/Contractor shall notify owners of adjacent property and of underground facilities and other utility owners when prosecution of the work may affect them, and shall cooperate with them in the protection, removal, relocation, and replacement of their property.

3. All damage, injury, or loss to any property referred to above; caused directly or indirectly, in whole or in part, by Vendor/Contractor, any subcontractor, supplier, or any other individual or entity directly or indirectly employed by any of them to perform any of the work, or anyone for whose acts any of them may be liable, shall be remedied by Vendor/Contractor (except damage or loss attributable to the fault of drawings or specifications or to the acts or omissions of County or Engineer, or anyone employed by any of them, or anyone for whose acts any of them may be liable, and not attributable, directly or indirectly, in whole or in part, to the fault or negligence of Vendor/Contractor or any subcontractor, supplier, or other individual or entity directly or indirectly employed by any of them).

4. Vendor/Contractor's duties and responsibilities for safety and for protection of the work shall continue until such time as all the work is completed and Engineer has issued final acceptance.

5. Vendor/Contractor shall designate a qualified and experienced safety representative at the site whose duties and responsibilities shall be the prevention of accidents and the maintaining and supervising of safety precautions and programs.

E. Emergencies: In emergencies affecting the safety or protection of persons or the work or property at the site or adjacent thereto, Vendor/Contractor is obligated to act to prevent threatened damage, injury, or loss. Vendor/Contractor shall give County Designated Representative prompt written notice if Vendor/Contractor believes that any significant changes in the work or variations from the Contract Documents have been caused thereby or are required as a result thereof. If County Designated Representative determines that a change in the Contract Documents is required because of the action taken by Vendor/Contractor in response to such an emergency, a change order will be issued.

9.10. CONTRACTOR'S RESPONSIBILITIES (continued)

A. Shop Drawings, Samples and Test Specimens, Additional and Special Submittals:

1. Vendor/Contractor shall submit all shop drawings, samples and test specimens, additional and special submittals to County Designated Representative for review and approval in accordance with the acceptable Schedule of Submittals. The Vendor/Contractor's attention is directed to the individual specification sections in these Contract Documents which may contain additional and special submittal requirements.

   a. Shop Drawings:

      i. Submit number of copies specified in the specifications.

      ii. Data shown on the shop drawings will be complete with respect to quantities, dimensions, specified performance and design criteria, materials, and similar data to show Owner Designated Representative the services, materials, and equipment Vendor/Contractor proposes to provide and to enable County Designated

Representative to review the information for the limited purposes of establishing a reporting procedure and is intended for the Vendor/Contractor's convenience in organizing his work and to permit the County Designated Representative to monitor the Vendor/Contractor's progress and understanding of the design.

iii. Should the Vendor/Contractor propose any item on his field drawings, or incorporate an item into the work, and that item should subsequently prove to be defective or otherwise unsatisfactory, (regardless of the County Designated Representative 's preliminary review), the Vendor/Contractor shall, at his own expense, replace the item with another item that will perform satisfactorily.

iv. The Vendor/Contractor agrees that shop drawing submittals processed by the County Designated Representative do not become Contract Documents and are not change orders.

b. Samples and Test Specimens:

i. Submit number of samples and/or test specimens as required in the specifications. Where required in the specifications, and as determined necessary by the County Designated Representative, test specimens or samples of materials, appliances, and fittings to be used or offered for use in connection with the work shall be submitted to the County Designated Representative at the Vendor/Contractor's expense, with all cartage charges prepaid, and in such quantities and sizes as may be required for proper examination and tests to establish the quality or equality thereof, as applicable.

ii. Clearly identify each as to material, supplier, pertinent data such as catalog numbers, the use for which intended and other data as County Designated Representative may require enabling County Designated Representative to review the submittal for the limited purposes of establishing a reporting procedure and is intended for the Vendor/Contractor's convenience in organizing his work and to permit the County Designated Representative to monitor the Vendor/Contractor's progress and understanding of the design.

iii. All samples and test specimens shall be submitted in ample time to enable the County Designated Representative to make any examinations necessary, without delay to the work. The Vendor/Contractor will be held responsible for any loss of time due to his neglect or failure to deliver the required samples to the County Designated Representative, as specified.

iv. The Vendor/Contractor shall submit additional samples as required by the County Designated Representative to ensure equality with the original approved sample and/or for determination of specification compliance.

v. Laboratory tests and examinations that the County elects to have made by an independent testing laboratory will be made at no cost to the Vendor/Contractor, except that, if a sample of any material or equipment proposed for use by the Vendor/Contractor fails to meet the specifications, the cost of testing subsequent samples shall be borne by the Vendor/Contractor.

vi. All tests required by the specifications to be performed by an independent laboratory shall be made by an County approved laboratory. Certified test results of all specified tests shall be submitted in duplicate to the County Designated Representative. The samples furnished and the cost for the laboratory services shall be at the expense of the Vendor/Contractor and included in the prices bid for the associated work.

vii. Sample items (fixtures, hardware, etc.) may be incorporated into the work upon approval, and when no longer needed by the County Designated Representative for reference.

c. Submittals:

i. All technical submittals shall be fully sufficient in detail for determination of compliance with the Contract Documents.

ii. Review or acceptance of substitutions, schedules, shop drawings, lists of materials, and procedures submitted or requested by the Vendor/Contractor shall not add to the Contract amount, and all additional costs which may result therefrom shall be solely the obligation of the Vendor/Contractor.

iii. The County is not precluded, by virtue of review, acceptance, or approval, from obtaining a credit for construction savings resulting from allowed concessions in the work or materials, therefore.

iv. No equipment or material for which listings, drawings, or descriptive material is required shall be fabricated, purchased, or installed until the County Designated Representative has reviewed same and returned copies with stamp and signature indicating action taken.

2. Where shop drawings, samples, additional technical or special submittals are required by the Contract Documents or the Schedule of Submittals, any related work performed prior to County Designated Representative's review and approval of the pertinent submittal will be at the sole expense and responsibility of Vendor/Contractor.

3. Submittal Procedures:

a. Submittals shall be addressed to the County Designated Representative as defined in these construction documents. Before submitting each shop drawing, sample, test

specimens or other technical submittal, Vendor/Contractor shall have determined and verified:

i. All field measurements, quantities, dimensions, specified performance and design criteria, installation requirements, materials, catalog numbers, and similar information with respect thereto.

ii. The suitability of all materials with respect to intended use, fabrication, shipping, handling, storage, assembly, and installation pertaining to the performance of the work.

iii. All information relative to Vendor/Contractor's responsibilities for means, methods, techniques, sequences, and procedures of construction, and safety precautions and programs incident thereto; and

iv. Shall also have reviewed and coordinated each shop drawing or sample with other shop drawings and samples and with the requirements of the work and the Contract Documents.

b. Each submittal shall bear a stamp or specific written certification that Vendor/Contractor has satisfied Vendor/Contractor's obligations under the Contract Documents with respect to Vendor/Contractor's review and approval of that submittal. The practice of submitting incomplete or unchecked shop drawings for the County Designated Representative to correct or finish will not be acceptable. shop drawings which, in the opinion of the County Designated Representative, clearly indicate that they have not been checked by the Vendor/Contractor will be considered as not complying with the intent of the Contract Documents and will be returned to the Vendor/Contractor for resubmission in the proper form.

c. With each submittal, Vendor/Contractor shall give County Designated Representative specific written notice of any variations, that the shop drawing or sample may have from the requirements of the Contract Documents. This notice shall be both a written communication separate from the shop drawings or sample submittal; and, in addition, by a specific notation made on each shop drawing or sample submitted to County Designated Representative for review and approval of each such variation.

d. The Vendor/Contractor shall submit to the County Designated Representative for his review five (5) copies of shop drawings, electrical diagrams, performance data and pump curves, wiring and control diagrams, special features, interface schematic diagrams, catalog information and cuts for fabricated items and manufactured items including structural, mechanical, electrical, plumbing, process, instrumentation and control systems and equipment furnished under this Contract. Shop drawings shall be submitted in sufficient time to allow the County Designated Representative not less than twenty (20) regular working days for examining the drawings.

4. County Designated Representative's Review:

    a. County Designated Representative will provide timely review of shop drawings and samples in accordance with the Schedule of Submittals acceptable to County Designated Representative. County Designated Representative's review and approval will be only to determine if the items covered by the submittals will, after installation or incorporation in the work, conform to the information given in the Contract Documents and be compatible with the design concept of the completed project as a functioning whole as indicated by the Contract Documents.

    b. County Designated Representative's review and approval shall not relieve Vendor/Contractor from responsibility for any variation from the requirements of the Contract Documents unless Vendor/Contractor has complied with the requirements and County Designated Representative has given written approval of each such variation by specific written notation thereof incorporated in or accompanying the shop drawing or sample. County Designated Representative's review and approval shall not relieve Vendor/Contractor from responsibility for complying with the requirements stated above.

    c. County Designated Representative's review and approval shall not relieve Vendor/Contractor from responsibility for any variation from the requirements of the Contract Documents unless Vendor/Contractor has complied with the requirements and County Designated Representative has given written approval of each such variation by specific written notation thereof incorporated in or accompanying the shop drawing or sample. County Designated Representative's review and approval shall not relieve Vendor/Contractor from responsibility for complying with the requirements stated above.

5. Re-submittal Procedures:

    a. Vendor/Contractor shall make corrections required by County Designated Representative and shall return the required number of corrected copies of shop drawings and submit, as required, new samples for review and approval. Vendor/Contractor shall direct specific attention in writing to revisions other than the corrections called for by County Designated Representative on previous submittals. Costs incurred by County Designated Representative, and/or County, related to review and approval of additional submittals beyond that associated with the original submittal and one (1) re-submittal will be the responsibility of the Vendor/Contractor.

6. Certificates of Compliance:

    a. A Certificate of Compliance shall be furnished for materials specified to a recognized standard or code prior to the use of any such materials in the work. The County Designated Representative may permit the use of certain materials or assemblies prior

to sampling and testing if accompanied by a Certificate of Compliance. The certificate shall be signed by the manufacturer of the material or the manufacturer of assembled materials and shall state that the materials involved comply in all respects with the requirement of the specifications. A Certificate of Compliance shall be furnished with each lot of material delivered to the work and the lot so certified shall be clearly identified in the certificate.

b. All materials used on the basis of a Certificate of Compliance may be sampled and tested at any time. The fact that material is used on the basis of a Certificate of Compliance shall not relieve the Vendor/Contractor of responsibility for incorporating material in the work which conforms to the requirements of the Contract Documents and any such material not conforming to such requirements will be subject to rejection whether in place or not.

c. The County Designated Representative reserves the right to refuse permission for use of material on the basis of a Certificate of Compliance.

d. The form of the Certificate of Compliance and its disposition shall be as directed by the County Designated Representative.

9.11. CONTRACTOR'S RESPONSIBILITES (continued)

A. Continuing the Work: Vendor/Contractor shall carry on the work and adhere to the Progress Schedule during all disputes or disagreements with County. No work shall be delayed or postponed pending resolution of any disputes or disagreements, except as permitted in Section titled "CHANGE OF CONTRACT PRICE; CHANGE OF CONTRACT TIMES" paragraph entitled "DELAYS" or as County and Vendor/Contractor may otherwise agree in writing.

B. Use of Site and Other Areas:

1. Limitation on Use of Site and Other Areas:

a. Vendor/Contractor shall confine construction equipment, the storage of materials and equipment, and the operations of workers to the site and other areas permitted by laws and regulations and shall not unreasonably encumber the site and other areas with construction equipment or other materials or equipment. Vendor/Contractor shall assume full responsibility for any damage to any such land or area, or to the owner or occupant thereof, or of any adjacent land or areas resulting from the performance of the work.

b. Should any claim be made by any such owner or occupant because of the performance of the work, Vendor/Contractor shall promptly settle with such other party by negotiation or otherwise resolve the claim by arbitration or other dispute resolution proceeding or at law.

c. To the fullest extent permitted by laws and regulations, Vendor/Contractor shall indemnify and hold harmless County and County Designated Representative, and the officers, directors, partners, employees, agents, consultants and subcontractors of each and any of them from and against all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to any claim or action, legal or equitable, brought by any such owner or occupant against County, County Designated Representative, or any other party indemnified hereunder to the extent caused by or based upon Vendor/Contractor's performance of the work.

2. Removal of Debris During Performance of the Work: During the progress of the work Vendor/Contractor shall keep the site and other areas free from accumulations of waste materials, rubbish, and other debris. Removal and disposal of such waste materials, rubbish, and other debris shall conform to applicable laws and regulations.

3. Clean Up: The Vendor/Contractor will keep the premises free from accumulations of waste materials, rubbish and other debris resulting from the work; at the completion of the work, he will remove all waste materials, rubbish and debris from and about the premises as well as all tools, construction equipment and machinery, and surplus materials, and will leave the site clean and ready for occupancy by the County. The Vendor/Contractor will restore to their original condition those portions of the site not designated for alteration by the Contract Documents. If at any time during construction of this project, the Vendor/Contractor fails to clean up on a daily basis, the County may do so. All costs associated with the County's cleanup activities on behalf of the Vendor/Contractor shall be deducted from amounts due to the Vendor/Contractor. Prior to Substantial Completion of the work, Vendor/Contractor shall clean the site and the work and make it ready for utilization by County. At the completion of the work Vendor/Contractor shall remove from the site all tools, appliances, construction equipment and machinery, and surplus materials and shall restore to original condition all property not designated for alteration by the Contract Documents.

4. Loading Structures: Vendor/Contractor shall not load nor permit any part of any structure to be loaded in any manner that will endanger the structure, nor shall Vendor/Contractor subject any part of the work or adjacent property to stresses or pressures that will endanger it.

C. Vendor/Contractor's General Warranty and Guarantee:

1. Vendor/Contractor warrants and guarantees to County that all work will be in accordance with the Contract Documents and will not be defective. County Designated Representative and its related entities shall be entitled to rely on representation of Vendor/Contractor's warranty and guarantee. All unsatisfactory work, all faulty work, and all work not

conforming to the requirements of the Contract Documents, or any inspections, test or approvals shall be considered defective. All defective work, whether or not in place, may be rejected, corrected or accepted as provided in the Bid Specification.

2. Vendor/Contractor's warranty and guarantee hereunder excludes defects or damage caused by:

    a. Abuse, modification, or improper maintenance or operation by persons other than Vendor/Contractor, subcontractors, suppliers, or any other individual or entity for whom Vendor/Contractor is responsible; or

    b. Normal wear and tear under normal usage.

3. Vendor/Contractor's obligation to perform and complete the work in accordance with the Contract Documents shall be absolute. None of the following will constitute an acceptance of work that is not in accordance with the Contract Documents or a release of Vendor/Contractor's obligation to perform the work in accordance with the Contract Documents:

    a. Observations by County Designated Representative.

    b. Recommendation by County Designated Representative or payment by County of any progress or final payment.

    c. The issuance of a certificate of Substantial Completion by County Designated Representative or any payment related thereto by County.

    d. Use or occupancy of the work or any part thereof by County.

    e. Any review and approval of a shop drawing or sample submittal or the issuance of a notice of acceptability by County Designated Representative.

    f. Any inspection, test, or approval by others; or

    g. Any correction of defective work by County.

4. The Vendor/Contractor shall provide and maintain in a neat and sanitary condition, such accommodations for the use of his employees as may be necessary to comply with the requirements of the state board of health or of the County Designated Representative.

5. The Vendor/Contractor shall be responsible for installing, operating and maintaining all traffic control associated with the project, including detours, advance warnings, channelization or other features, both at the immediate work site and at any outlying points determined by the County to be necessary to satisfy project requirements and to maintain safe operations at the landfill. If traffic control is necessary, the Vendor/Contractor shall prepare a detailed traffic control plan. This plan shall be approved in writing by the County prior to implementation by the Vendor/Contractor.

D. Delegation of Professional Design Services:

1. Vendor/Contractor will not be required to provide professional design services unless such services are specifically required by the Contract Documents for a portion of the work or unless such services are required to carry out Vendor/Contractor's responsibilities for construction means, methods, techniques, sequences and procedures. Vendor/Contractor shall not be required to provide professional services in violation of applicable law.

2. If professional design services or certifications by a design professional related to systems, materials or equipment are specifically required of Vendor/Contractor by the Contract Documents, County and County Designated Representative will specify all performance and design criteria that such services must satisfy. Vendor/Contractor shall cause such services or certifications to be provided by a properly licensed professional, whose signature and seal shall appear on all drawings, calculations, specifications, certifications, shop drawings and other submittals prepared by such professional. Shop drawings and other submittals related to the work designed or certified by such professional, if prepared by others, shall bear such professional's written approval when submitted to County Designated Representative.

3. County and County Designated Representative shall be entitled to rely upon the adequacy, accuracy and completeness of the services, certifications or approvals performed by such design professionals, provided County and County Designated Representative have specified to Vendor/Contractor all performance and design criteria that such services must satisfy.

4. County Designated Representative's review and approval of design calculations and design drawings will be only for the limited purpose of checking for conformance with performance and design criteria given and the design concept expressed in the Contract Documents. County Designated Representative's review and approval of shop drawings and other submittals (except design calculations and design drawings) will be only for the purpose of determining if the items covered by the submittals will, after installation or incorporation in the work, conform to the information given in the Contract Documents and be compatible with the design concept of the completed project as a functioning whole as indicated by the Contract Documents.

5. Vendor/Contractor shall not be responsible for the adequacy of the performance or design criteria required by the Contract Documents.

9.12. AVAILABILITY OF LANDS; SUBSURFACE AND PHYSICAL CONDITIONS; HAZARDOUS ENVIRONMENTAL CONDITIONS; REFERENCE POINTS:

A. Availability of Lands:

1. County shall furnish the site. County shall notify Vendor/Contractor of any encumbrances or restrictions not of general application but specifically related to use of the site with which

Vendor/Contractor must comply in performing the work. County will obtain in a timely manner and pay for easements for permanent structures or permanent changes in existing facilities. If Vendor/Contractor and County are unable to agree on entitlement to or on the amount or extent, if any, of any adjustment in the contract price or contract times, or both, as a result of any delay in County's furnishing the site or a part thereof, Vendor/Contractor may make a claim therefore as provided in the Contract Documents.

2. Upon reasonable written request, County shall furnish Vendor/Contractor with a current statement of record legal title and legal description of the lands upon which the work is to be performed and County's interest therein as necessary for giving notice of or filing a mechanic's or construction lien against such lands in accordance with applicable laws and regulations.

3. Vendor/Contractor shall provide for all additional lands and access thereto that may be required for temporary construction facilities or storage of materials and equipment.

B. Subsurface and Physical Conditions:

1. Reports and Drawings:

   a. Those reports of explorations and tests of subsurface conditions at or contiguous to the site that County Designated Representative has used in preparing the Contract Documents; and

   b. Those drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the site (except underground facilities) that Engineer has used in preparing the Contract Documents will be included in the Contract Documents as Attachments.

2. Limited reliance by Vendor/Contractor on technical data authorized: Vendor/Contractor may rely upon the general accuracy of the technical data contained in such reports and drawings, but such reports and drawings are not Contract Documents. Such technical data is identified in the Contract Documents. Except for such reliance on such technical data, Vendor/Contractor may not rely upon or make any claim against County or Engineer, or any of their related entities with respect to:

   a. The completeness of such reports and drawings for Vendor/Contractor's purposes, including, but not limited to, any aspects of the means, methods, techniques, sequences, and procedures of construction to be employed by Vendor/Contractor,

   b. Other data, interpretations, opinions, and information contained in such reports or shown or indicated in such drawings; or

   c. Any Vendor/Contractor interpretation of or conclusion drawn from any technical data or any such other data, interpretations, opinions, or information.

3. Differing Subsurface or Physical Conditions:

   a. Notice: If Vendor/Contractor believes that any subsurface or physical condition at or contiguous to the site that is uncovered or revealed either:

      i. Is of such a nature as to establish that any technical data on which Vendor/Contractor is entitled to rely as provided in Titled "UNDERGROUND FACILITIES" is materially inaccurate; or

      ii. Is of such a nature as to require a change in the Contract Documents; or

      iii. Differs materially from that shown or indicated in the Contract Documents; or

      iv. Is of an unusual nature and differs materially from conditions ordinarily encountered and generally recognized as inherent in work of the character provided for in the Contract Documents; then Vendor/Contractor shall, promptly after becoming aware thereof and before further disturbing the subsurface or physical conditions or performing any work in connection therewith, notify County and County Designated Representative in writing about such condition. Vendor/Contractor shall not further disturb such condition or perform any work in connection therewith until receipt of written order to do so.

   b. County Designated Representative's Review: After receipt of written notice, County Designated Representative will promptly review the pertinent condition, determine the necessity of County's obtaining additional exploration or tests with respect thereto, and advise County in writing (with a copy to Vendor/Contractor) of County Designated Representative's findings and conclusions.

   c. Possible Price and Times Adjustments:

      i. The contract price or the contract times, or both, will be equitably adjusted to the extent that the existence of such differing subsurface or physical condition causes an increase or decrease in Vendor/Contractor's cost of, or time required for, performance of the work, subject, however, to the following:

         I. Such condition must meet any one (1) or more of the categories described in Section Titled "CHANGE OF CONTRACT PRICE; CHANGE OF CONTRACT TIMES" paragraph titled "DELAYS" and

         II. With respect to work that is paid for on a unit price basis, any adjustment in contract price will be subject to the provisions of stated in the Contract Documents.

      ii. Vendor/Contractor shall not be entitled to any adjustment in the contract price or contract times if:

I. Vendor/Contractor knew of the existence of such conditions at the time Vendor/Contractor made a final commitment to County with respect to contract price and contract times by the submission of a bid or becoming bound under a negotiated Contract; or

II. The existence of such condition could reasonably have been discovered or revealed as a result of any examination, investigation, exploration, test, or study of the site and contiguous areas required by the bidding requirements or Contract Documents to be conducted by or for Vendor/Contractor prior to Vendor/Contractor's making such final commitment; or

III. Vendor/Contractor failed to give the written notice as required by provisions above.

iii. If County and Vendor/Contractor are unable to agree on entitlement to or on the amount or extent, if any, of any adjustment in the contract price or contract times, or both, a claim may be made therefore as provided in Contract Documents. However, County and County Designated Representative, and any of their related entities shall not be liable to Vendor/Contractor for any claims, costs, losses, or damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) sustained by Vendor/Contractor on or in connection with any other project or anticipated project.

4. Underground Facilities:

a. Shown or Indicated: The information and data shown or indicated in the Contract Documents with respect to existing underground facilities at or contiguous to the site is based on information and data furnished to Owner or Engineer by the owners of such underground facilities, including County, or by others. Unless it is otherwise expressly provided in the Bid documents:

i. County and Engineer shall not be responsible for the accuracy or completeness of any such information or data; and

ii. The cost of all of the following will be included in the contract price, and Vendor/Contractor shall have full responsibility for:

I. Reviewing and checking all such information and data,

II. Locating all underground facilities shown or indicated in the Contract Documents,

III. Coordination of the work with the owners of such underground facilities, including County, during construction, and

IV. The safety and protection of all such underground facilities and repairing any damage thereto resulting from the work.

iii. The Vendor/Contractor shall locate all existing utilities, vertical and horizontal, prior to commencement of construction and any excavation.

b. Not Shown or Indicated:

i. If an underground facility is uncovered or revealed at or contiguous to the site which was not shown or indicated, or not shown or indicated with reasonable accuracy in the Contract Documents, Vendor/Contractor shall, promptly after becoming aware thereof and before further disturbing conditions affected thereby or performing any work in connection therewith, identify the owner of such underground facility and give written notice to that owner and to County and Engineer. Engineer will promptly review the underground facility and determine the extent, if any, to which a change is required in the Contract Documents to reflect and document the consequences of the existence or location of the underground facility. During such time, Vendor/Contractor shall be responsible for the safety and protection of such underground facility.

ii. If Engineer concludes that a change in the Contract Documents is required, a Change Order will be issued to reflect and document such consequences. An equitable adjustment shall be made in the contract price or contract times, or both, to the extent that they are attributable to the existence or location of any underground facility that was not shown or indicated or not shown or indicated with reasonable accuracy in the Contract Documents and that Vendor/Contractor did not know of and could not reasonably have been expected to be aware of or to have anticipated. If County and Vendor/Contractor are unable to agree on entitlement to or on the amount or extent, if any, of any such adjustment in contract price or contract times, County or Vendor/Contractor may make a claim therefore as provided in the Contract Documents.

c. Obstructions:

i. Any pipes, conduits, wires, mains, footings, driveways, or other structures encountered shall be carefully protected from injury or displacement. Any damage thereto shall be fully, promptly, and properly repaired by the Vendor/Contractor to the satisfaction of the County Designated Representative and the County thereof. Should it become necessary to change the position of water or gas or other pipes, sewer drains, or poles, the Engineer shall be at once notified of the locality and circumstances, and no claims for damages arising from the delay in adjusting the pipe, sewer drains or poles shall be made. Failure of the plans to show the locations, nature or extent of any existing structures or obstructions shall not be the basis of a

claim for extra work. Any survey monument or bench mark which must be disturbed shall be carefully referenced before removal, and unless otherwise provided for, shall be replaced upon completion of the work by a registered land surveyor. Any survey monuments or bench markers which are disturbed shall be replaced by a Florida registered land surveyor.

9.13. AVAILABILITY OF LANDS; SUBSURFACE AND PHYSICAL CONDITIONS; HAZARDOUS ENVIRONMENTAL CONDITIONS; REFERENCE POINTS: (continued)

A. Reference Points:

1. County shall provide engineering surveys to establish reference points for construction which in County Designated Representative's judgment are necessary to enable Vendor/Contractor to proceed with the work. Vendor/Contractor shall be responsible for laying out the work, shall protect and preserve the established reference points and property monuments, and shall make no changes or relocations without the prior written approval of County. Vendor/Contractor shall report to County Designated Representative whenever any reference point or property monument is lost or destroyed or requires relocation because of necessary changes in grades or locations and shall be responsible for the accurate replacement or relocation of such reference points or property monuments by professionally qualified personnel.

2. Vendor/Contractor will furnish all surveys and construction stakeouts unless otherwise specified. The Vendor/Contractor will provide horizontal control and benchmarks or elevations for vertical control. The number and extent of such control will be designated to the Vendor/Contractor by the County Designated Representative prior to bid opening, upon request. It shall be the responsibility of the Vendor/Contractor to check all stakes as set by the Engineer for possible error. The Vendor/Contractor shall furnish, free of charge, all additional stakes, all templates, and other materials necessary for marking and maintaining points and lines given. The Vendor/Contractor shall be held responsible for the preservation of all stakes and marks, and if any of the stakes or marks are destroyed or disturbed, the cost of replacing them shall be charged against, and shall be deducted from the payment for the work. The Vendor/Contractor shall be responsible for any mistakes that may be caused by their unnecessary loss or disturbance.

3. The Vendor/Contractor shall provide reasonable and necessary opportunities and facilities for setting points and making measurements. He shall not proceed until he has made timely demand upon the County Designated Representative for, and received from him, such points as may be necessary as the work progresses. The work shall be done in strict conformity with such points.

a. Alignment Markers. The markers for alignment and location information which are shown on the plans have been previously established by a Florida registered land surveyor. Monuments and other field markers consist of railroad spikes, iron pins, concrete monuments, and other markers in customary use in the area. The Vendor/Contractor shall lay out his work from these markers and shall be responsible for all measurements in connection therewith. The Vendor/Contractor shall preserve all alignment and right-of-way markers, and shall reset or replace at his own expense, any and all which are removed, destroyed or covered up by his work. In the event that additional markers, stakes or monuments are required, or in the event that previously established markers must be replaced, the Vendor/Contractor shall employ a Florida registered land surveyor to reset or replace them.

b. Benchmarks. The Vendor/Contractor shall lay out his work from benchmarks and elevations set by the Engineer. Benchmarks and elevations set by the Engineer will be shown and explained to the Vendor/Contractor. Thereafter, these benchmarks and elevations become the sole responsibility of the Vendor/Contractor, and if replacement is required, either at the request of the Vendor/Contractor or in the judgment of the County Designated Representative, the Vendor/Contractor shall pay for the cost of replacement. The Vendor/Contractor shall furnish, at his own expense, all templates, stakes, equipment, labor and materials as may be required in laying out any part of the work.

B. Hazardous Environmental Condition at Site:

1. Reports and Drawings: Any reports and drawings relating to a hazardous environmental condition identified at the site, if any, that have been utilized by the Engineer in the preparation of the Contract Documents will be included in the Contract Documents as Attachments under Reference Documents.

2. Limited Reliance by Vendor/Contractor on Technical Data Authorized: Vendor/Contractor may rely upon the general accuracy of the technical data contained in such reports and drawings, but such reports and drawings are not Contract Documents. Such technical data is identified in the Technical Specifications. Except for such reliance on such technical data, Vendor/Contractor may not rely upon or make any claim against County or Engineer, or any of their related entities with respect to:

a. The completeness of such reports and drawings for Vendor/Contractor's purposes, including, but not limited to, any aspects of the means, methods, techniques, sequences and procedures of construction to be employed by Vendor/Contractor and safety precautions and programs incident thereto; or

b. Other data, interpretations, opinions and information contained in such reports or shown or indicated in such drawings.

3. Vendor/Contractor shall not be responsible for any hazardous environmental condition uncovered or revealed at the site which was not shown or indicated in drawings or specifications or identified in the Contract Documents to be within the scope of the work. Vendor/Contractor shall be responsible for a hazardous environmental condition created with any materials brought to the site by Vendor/Contractor, subcontractors, suppliers, or anyone else for whom Vendor/Contractor is responsible.

4. If Vendor/Contractor encounters a hazardous environmental condition or if Vendor/Contractor or anyone for whom Vendor/Contractor is responsible creates a hazardous environmental condition, Vendor/Contractor shall immediately: (i) secure or otherwise isolate such condition; (ii) stop all work in connection with such condition and in any area affected thereby; and (iii) notify County and County Designated Representative (and promptly thereafter confirm such notice in writing). County shall promptly consult with County Designated Representative concerning the necessity for County to retain a qualified expert to evaluate such condition or take corrective action, if any.

5. Vendor/Contractor shall not be required to resume work in connection with such condition or in any affected area until after County has obtained any required permits related thereto and delivered to Vendor/Contractor written notice: (i) specifying that such condition and any affected area is or has been rendered safe for the resumption of work; or (ii) specifying any special conditions under which such work may be resumed safely. If County and Vendor/Contractor cannot agree as to entitlement to or on the amount or extent, if any, of any adjustment in contract price or contract times, or both, as a result of such work stoppage or such special conditions under which work is agreed to be resumed by Vendor/Contractor, either party may make a claim therefore as provided in the Contract Documents.

6. If after receipt of such written notice Vendor/Contractor does not agree to resume such work based on a reasonable belief it is unsafe or does not agree to resume such work under such special conditions, then County may order the portion of the work that is in the area affected by such condition to be deleted from the work. If County and Vendor/Contractor cannot agree as to entitlement to or on the amount or extent, if any, of an adjustment in contract price or contract times as a result of deleting such portion of the work, then either party may make a claim therefore as provided in the Contract Documents. Owner may have such deleted portion of the work performed by County’s own forces or others in accordance with Section "Other Work at the Site".

7. The provisions in this paragraph do not apply to a hazardous environmental condition uncovered or revealed at the site.

9.14. PRE-CONSTRUCTION CONFERENCE

Within twenty-one (21) calendar days after the effective date of the contract, but before Vendor/Contractor starts the work at the site, a conference attended by Vendor/Contractor, County Designated Representative, and other County staff personnel as appropriate will be held to discuss such topics as may include, but not limited to; schedules, procedures for handling shop drawings and other submittals and for processing Applications for Payment, MOT, initiation of coordination with affected utilities, agreement upon the Notice to Proceed date, and to establish a working understanding among the parties as to the work.

9.15. INITIAL ACCEPTANCE OF SCHEDULES:

At least ten (10) days before submission of the first application for payment, a conference attended by Vendor/Contractor, County Designated Representative, and others as appropriate will be held to review for acceptability to County Designated Representative. Vendor/Contractor shall have an additional ten (10) days to make corrections and adjustments and to complete and re-submit the schedules. No progress payment shall be made to Vendor/Contractor until acceptable schedules are submitted to County Designated Representative.

A. The Progress Schedule will be acceptable to County Designated Representative if it provides an orderly progression of the work to completion within the contract times. Such acceptance will not impose on County Designated Representative responsibility for the Progress Schedule, for sequencing, scheduling, or progress of the work nor interfere with or relieve Vendor/Contractor from Vendor/Contractor's full responsibility, therefore.

B. Vendor/Contractor's Schedule of Submittals will be acceptable to County Designated Representative if it provides a workable arrangement for reviewing and processing the required submittals.

C. Vendor/Contractor's Schedule of Values will be acceptable to County Designated Representative as to form and substance if it provides a reasonable allocation of the contract price to component parts of the work.

9.16. CHANGES IN THE WORK; CLAIMS:

A. Authorized Changes in the Work:

1. Without invalidating the Contract and without notice to any surety, County may, subject to written approval by Agency at any time or from time to time, order additions, deletions, or revisions in the work by a Change Order. Upon receipt of any such document, Vendor/Contractor shall promptly proceed with the work involved which will be performed under the applicable conditions of the Contract Documents (except as otherwise specifically provided).

2. If County and Vendor/Contractor are unable to agree on entitlement to, or on the amount or extent, if any, of an adjustment in the contract price or contract times, or both, that

should be allowed as a result of a change order, a claim may be made therefor as provided in the Paragraph titled: "CLAIMS" below.

B. Unauthorized Changes in the Work: Vendor/Contractor shall not be entitled to an increase in the contract price or an extension of the contract times with respect to any work performed that is not required by the Contract Documents as amended, modified, or supplemented, except in the case of an emergency as stated in Paragraph titled "EMERGENCIES" above, or in the case of uncovering work as stated in Paragraph titled "UNCOVERING WORK", below.

C. Execution of Change Orders:

1. County and Vendor/Contractor shall execute appropriate change orders recommended by County Designated Representative covering:

   a. Changes in the work which are: (i) ordered by County pursuant to Paragraph titled "AUTHORIZED CHANGED IN THE WORK" above, (ii) required because of acceptance of defective work pursuant to Paragraph titled "ACCEPTANCE OF DEFECTIVE WORK", below or County's correction of defective work pursuant to Paragraph titled "COUNTY MAY CORRECT DEFECTIVE WORK", below or (iii) agreed to by the parties.

   b. Changes in the contract price or contract times which are agreed to by the parties, including any undisputed sum or amount of time for work actually performed in accordance with a change order; and

   c. Changes in the contract price or contract times which embody the substance of any written decision rendered by County Designated Representative pursuant to Section titled "TESTS AND INSPECTIONS: CORRECTION, REMOVAL/ACCEPTANCE OF DEFECTIVE WORK", below ; provided that, in lieu of executing any such Change Order, an appeal may be taken from any such decision in accordance with the provisions of the Contract Documents and applicable laws and regulations, but during any such appeal, Vendor/Contractor shall carry on the work and adhere to the Progress Schedule as provided in Section titled "STARTING THE WORK", above.

2. The contract price constitutes the total compensation payable to the Vendor/Contractor for performing the work. All duties, responsibilities and obligations assigned to or undertaken by the Vendor/Contractor shall be at his expense without change in the contract price. The Contract Price may only be changed by a change order. Any claim for an increase in the Contract Price shall be in writing and delivered to the County Designated Representative within fifteen (15) days of the occurrence of the event giving rise to the claim. All claims for adjustment in the contract price shall be determined by the County Designated Representative. Any change in the contract price shall be incorporated in a change order.

D. Notification to Surety: If notice of any change affecting the general scope of the work or the provisions of the Contract Documents (including, but not limited to, contract price or contract

times) is required by the provisions of any bond to be given to a surety, the giving of any such notice will be Vendor/Contractor's responsibility. The amount of each applicable bond will be adjusted to reflect the effect of any such change.

E. Claims:

1. Chief Procurement Officer's Decision Required: All claims, except those waived pursuant to Paragraph titled "WAIVER OF CLAIMS", below, shall be referred to the Chief Procurement Officer for decision. A decision by the Chief Procurement Officer shall be required as a condition precedent to any exercise by County or Vendor/Contractor of any rights or remedies either may otherwise have under Paragraph titled "OWNER MAY CORRECT DEFECTIVE WORK", below or by laws and regulations in respect of such claims.

2. Notice: Written notice stating the general nature of each claim shall be delivered by the claimant to the Chief Procurement Officer and the other party to the Contract promptly (but in no event later than thirty (30) days) after the start of the event giving rise thereto. The responsibility to substantiate a claim shall rest with the party making the claim. Notice of the amount or extent of the claim, with supporting data shall be delivered to the Chief Procurement Officer and the other party to the Contract within sixty (60) days after the start of such event (unless the Chief Procurement Officer allows additional time for claimant to submit additional or more accurate data in support of such claim). A claim for an adjustment in contract price shall be prepared in accordance with the provisions of Paragraph titled "CHANGE OF CONTRACT PRICE", above. A claim for an adjustment in Contract Time shall be prepared in accordance with the provisions of Paragraph titled "CHANGE OF CONTRACT TIMES". Each claim shall be accompanied by claimant's written statement that the adjustment claimed is the entire adjustment to which the claimant believes it is entitled as a result of said event. The opposing party shall submit any response to the Chief Procurement Officer and the claimant within thirty (30) days after receipt of the claimant's last submittal (unless the Chief Procurement Officer allows additional time).

3. Chief Procurement Officer's Action: Chief Procurement Officer will review each claim and, within thirty (30) days after receipt of the last submittal of the claimant or the last submittal of the opposing party, if any, take one (1) of the following actions in writing:

   a. Deny the claim in whole or in part,

   b. Approve the claim, or

   c. Notify the parties that the Chief Procurement Officer is unable to resolve the claim if, in the Chief Procurement Officer's sole discretion, it would be inappropriate for the Chief Procurement Officer to do so. For purposes of further resolution of the claim, such notice shall be deemed a denial.

4. In the event that Chief Procurement Officer does not take action on a claim within said thirty (30) days, the claim shall be deemed denied.

5. Chief Procurement Officer's written action or denial pursuant to Paragraphs 3. and 4., above will be final and binding upon County and Vendor/Contractor, unless County or Vendor/Contractor invoke the dispute resolution procedure set forth in Section titled "DISPUTE RESOLUTION" within thirty (30) days of such action or denial.

6. No claim for an adjustment in contract price or contract times will be valid if not submitted in accordance with the provisions stated in Section titled "CHANGE OF CONTRACT PRICE; CHANGE OF CONTRACT TIMES".

9.17. COST OF THE WORK; ALLOWANCES; UNIT PRICE WORK

A. Cost of the Work:

1. Costs Included: The term cost of the work means the sum of all costs, except those excluded according to Section titled "COSTS EXCLUDED" below, necessarily incurred and paid by Vendor/Contractor in the proper performance of the work. When the value of any work covered by a change order or when a claim for an adjustment in contract price is determined on the basis of cost of the work, the costs to be reimbursed to Vendor/Contractor will be only those additional or incremental costs required because of the change in the work or because of the event giving rise to the claim. Except as otherwise may be agreed to in writing by County, such costs shall be in amounts no higher than those prevailing in the locality of the project, shall include only the following items, and shall not include any of the costs itemized in Section titled "COSTS EXCLUDED".

   a. Payroll costs for employees in the direct employ of Vendor/Contractor in the performance of the work under schedules of job classifications agreed upon by County and Vendor/Contractor. Such employees shall include, without limitation, superintendents, foremen, and other personnel employed full time at the site. Payroll costs for employees not employed full time on the work shall be apportioned on the basis of their time spent on the work. Payroll costs shall include, but not be limited to, salaries and wages plus the cost of fringe benefits, which shall include Social Security contributions, unemployment, excise, and payroll taxes, workers' compensation, health and retirement benefits, bonuses, sick leave, vacation and holiday pay applicable thereto. The expenses of performing work outside of regular working hours, on Saturday, Sunday, or legal holidays, shall be included in the above to the extent authorized by County.

   b. Cost of all materials and equipment furnished and incorporated in the work, including costs of transportation and storage thereof, and suppliers' field services required in connection therewith. All cash discounts shall accrue to Vendor/Contractor unless County deposits funds with Vendor/Contractor with which to make payments, in which

case the cash discounts shall accrue to County. All trade discounts, rebates and refunds and returns from sale of surplus materials and equipment shall accrue to County, and Vendor/Contractor shall make provisions so that they may be obtained.

c. Payments made by Vendor/Contractor to subcontractors for work performed by subcontractors. If required by County, Vendor/Contractor shall obtain competitive bids from subcontractors acceptable to County and Vendor/Contractor and shall deliver such bids to County, who will then determine, with the advice of County Designated Representative, which bids, if any, will be acceptable. If any subcontract provides that the subcontractor is to be paid on the basis of cost of the work plus a fee, the subcontractor's cost of the work and fee shall be determined in the same manner as Vendor/Contractor's cost of the work and fee as provided in this Section titled "COST OF THE WORK".

d. Costs of special consultants (including but not limited to engineers, architects, testing laboratories, surveyors, attorneys, and accountants) employed for services specifically related to the work.

e. Supplemental costs including the following:

   i. The proportion of necessary transportation, travel, and subsistence expenses of Vendor/Contractor's employees incurred in discharge of duties connected with the work.

   ii. Cost, including transportation and maintenance, of all materials, supplies, equipment, machinery, appliances, office, and temporary facilities at the site, and hand tools not owned by the workers, which are consumed in the performance of the work, and cost, less market value, of such items used but not consumed which remain the property of Vendor/Contractor.

   iii. Rentals of all construction equipment and machinery, and the parts thereof whether rented from Vendor/Contractor or others in accordance with rental agreements approved by County with the advice of the County Designated Representative, and the costs of transportation, loading, unloading, assembly, dismantling, and removal thereof. All such costs shall be in accordance with the terms of said rental agreements. The rental of any such equipment, machinery, or parts shall cease when the use thereof is no longer necessary for the work.

   iv. Sales, consumer, use, and other similar taxes related to the work, and for which Vendor/Contractor is liable, imposed by laws and regulations.

   v. Deposits lost for causes other than negligence of Vendor/Contractor, any subcontractor, or anyone directly or indirectly employed by any of them or for

whose acts any of them may be liable, and royalty payments and fees for permits and licenses.

vi. Losses and damages (and related expenses) caused by damage to the work, not compensated by insurance or otherwise, sustained by Vendor/Contractor in connection with the performance of the work (except losses and damages within the deductible amounts of property insurance established in accordance with the Contract Documents), provided such losses and damages have resulted from causes other than the negligence of Vendor/Contractor, any subcontractor, or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable. Such losses shall include settlements made with the written consent and approval of County. No such losses, damages, and expenses shall be included in the cost of the work for the purpose of determining Vendor/Contractor's fee.

vii. The cost of utilities, fuel, and sanitary facilities at the site.

viii. Minor expenses such as telegrams, long distance telephone calls, telephone service at the site, expressages, and similar petty cash items in connection with the work.

ix. Vendor/Contractor is required by the Contract Documents to purchase and maintain all bonds and insurance.

2. Costs Excluded: The term cost of the work shall not include any of the following items:

a. Payroll costs and other compensation of Vendor/Contractor's officers, executives, principals (of partnerships and sole proprietorships), general managers, safety managers, engineers, architects, estimators, attorneys, auditors, accountants, procurement and contracting agents, expediters, timekeepers, clerks, and other personnel employed by Vendor/Contractor, whether at the site or in Vendor/Contractor's principal or branch office for general administration of the work and not specifically included in the agreed upon schedule of job classifications referred to in Paragraph 1. (in this section) or specifically covered by Paragraph 1. d. (in this section), all of which are to be considered administrative costs covered by the Vendor/Contractor's fee.

i. Expenses of Vendor/Contractor's principal and branch offices other than Vendor/Contractor's office at the site.

ii. Any part of Vendor/Contractor's capital expenses, including interest on Vendor/Contractor's capital employed for the work and charges against Vendor/Contractor for delinquent payments.

iii. Costs due to the negligence of Vendor/Contractor, any subcontractor, or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable, including but not limited to, the correction of defective work, disposal of

materials or equipment wrongly supplied, and making good any damage to property.

iv. Other overhead or general expense costs of any kind and the costs of any item not specifically and expressly included in Paragraphs 1. and 2. (in this section).

3. Vendor/Contractor's Fee: When all the work is performed on the basis of cost-plus, Vendor/Contractor's fee shall be determined as set forth in the Contract. When the value of any work covered by a change order or when a claim for an adjustment in contract price is determined on the basis of cost of the work, Vendor/Contractor's fee shall be determined as set forth in Section titled: "CHANGE OF CONTRACT PRICE; CHANGE OF CONTRACT TIMES" Paragraph titled: "VENDOR/CONTRACTOR'S FEE".

4. Documentation: Whenever the cost of the work for any purpose is to be determined pursuant to Paragraph 1.(in this section), Vendor/Contractor will establish and maintain records thereof in accordance with generally accepted accounting practices and submit in a form acceptable to Contract Designated Representative an itemized cost breakdown together with supporting data.

B. Allowances:

1. It is understood that Vendor/Contractor has included in the contract price all allowances so named in the Contract Documents and shall cause the work so covered to be performed for such sums and by such persons or entities as may be acceptable to County and Engineer.

2. Cash Allowances:

a. Vendor/Contractor agrees that:

i. The cash allowances include the cost to Vendor/Contractor (less any applicable trade discounts) of materials and equipment required by the allowances to be delivered at the site, and all applicable taxes; and

ii. Vendor/Contractor's costs for unloading and handling on the site, labor, installation, overhead, profit, and other expenses contemplated for the cash allowances have been included in the Contract Price and not in the allowances, and no demand for additional payment on account of any of the foregoing will be valid.

3. Contingency Allowance: Vendor/Contractor agrees that a contingency allowance, if any, is for the sole use of County to cover unanticipated costs.

4. Prior to final payment, an appropriate change order will be issued as recommended by Engineer to reflect actual amounts due Vendor/Contractor on account of work covered by allowances, and the contract price shall be correspondingly adjusted.

C. Unit Price Work:

1. Where the Contract Documents provide that all or part of the work is to be unit price work, initially the contract price will be deemed to include for all unit prices work an amount equal to the sum of the unit price for each separately identified item of unit price work times the estimated quantity of each item as indicated in the Agreement.

2. The estimated quantities of items of unit price work are not guaranteed and are solely for the purpose of comparison of bids and determining an initial contract price. Determinations of the actual quantities and classifications of unit price work performed by Vendor/Contractor will be made by County Designated Representative subject to the provisions stated in the Contract Documents.

3. Each unit price will be deemed to include an amount considered by Vendor/Contractor to be adequate to cover Vendor/Contractor's overhead and profit for each separately identified item.

9.18. CHANGE OF CONTRACT PRICE; CHANGE OF CONTRACT TIMES

Change of Contract Price:

A. The Contract Price may only be changed by a change order. Any claim for an adjustment in the Contract Price shall be based on written notice submitted by the party making the claim to the County Designated Representative and the Chief Procurement Officer to the Contract in accordance with Section titled "CHANGES IN THE WORK; CLAIMS" Paragraph titled "Claims" above.

B. The value of any work covered by a change order or of any claim for an adjustment in the Contract Price will be determined as follows:

1. Where the work involved is covered by unit prices contained in the Contract Documents, by application of such unit prices to the quantities of the items involved (subject to the provisions stated in Section titled: "COST OF THE WORK; ALLOWANCES; UNIT PRICE WORK" Paragraph titled: "UNIT PRICE WORK"; or

2. Where the work involved is not covered by unit prices contained in the Contract Documents, but by a mutually agreed lump sum (which may include an allowance for overhead and profit not necessarily in accordance with above Section titled: COST OF THE WORK; ALLOWANCES; UNIT PRICE WORK" Paragraph titled "CASH ALLOWANCES"); or

3. Where the work involved is not covered by unit prices contained in the Contract Documents and Agreement to a lump sum is not reached under above Section titled: "COST OF THE WORK; ALLOWANCES; UNIT PRICE WORK" Paragraph titled: "COST OF THE WORK" , on the basis of the cost of the work, plus a Vendor/Contractor's fee for overhead and profit as described in this Section, Paragraph titled "VENDOR/CONTRACTOR'S FEE", immediately below.

C. Vendor/Contractor's Fee: The Vendor/Contractor's fee for overhead and profit shall be determined as follows:

1. A mutually acceptable fixed fee; or

2. If a fixed fee is not agreed upon, then a fee based on the following percentages of the various portions of the cost of the work:

   a. For costs incurred under Paragraphs B.1. and B.2. (in this section), the Vendor/Contractor's fee shall be fifteen percent (15%);

   b. For costs incurred under Paragraph B.3. (in this section), the Vendor/Contractor's fee shall be five percent (5%);

   c. Where one (1) or more tiers of Sub-Contracts are on the basis of cost of the work plus a fee and no fixed fee is agreed upon, the intent of Paragraph C.2.a. above (in this section) is that the subcontractor who actually performs the work, at whatever tier, will be paid a fee of fifteen percent (15%) of the costs incurred by such subcontractor under Paragraphs B.1 and B.2. (in this section) and that any higher tier subcontractor and Vendor/Contractor will each be paid a fee of five percent (5%) of the amount paid to the next lower tier subcontractor.

   d. No fee shall be payable on the basis of costs itemized under Section titled "COST OF THE WORK; ALLOWANCES; UNIT PRICE WORK" Paragraph titled "COST OF THE WORK", "COSTS INCLUDED" paragraph 1.A.4, 1.A.5 and 1.B.;

   e. The amount of credit to be allowed by Vendor/Contractor to County for any change which results in a net decrease in cost will be the amount of the actual net decrease in cost plus a deduction in Vendor/Contractor's fee by an amount equal to five percent (5%) of such net decrease; and

   f. When both additions and credits are involved in any one (1) change, the adjustment in Vendor/Contractor's fee shall be computed on the basis of the net change in accordance with above Paragraphs (in this section) C.2.a. through C.2.f., inclusive.

D. In such case, the Vendor/Contractor will submit in the form prescribed by the County, an itemized cost breakdown together with supporting data. The amount of credit to be allowed by the Vendor/Contractor to the County for any such change which results in a net decrease in cost, will be the amount of the actual net decrease as determined by the County. When both additions and credits are involved in any one (1) change, the combined overhead and profit shall be figured on the basis of the net decrease, if any.

9.19. CHANGE OF CONTRACT PRICE; CHANGE OF CONTRACT TIMES (continued)

A. Change of Contract Times:

1. The Contract Times may only be changed by a change order. Any claim for an adjustment in the Contract Times shall be based on written notice submitted by the party making the claim to the Engineer and the other party to the Contract in accordance with the provisions of Section titled " CHANGES INT HE WORK; CLAIMS" paragraph titled "CLAIMS".

2. Any adjustment of the contract times covered by a change order or any claim for an adjustment in the contract times will be determined in accordance with the provisions of this paragraph.

B. Delays:

1. Where Vendor/Contractor is prevented from completing any part of the work within the contract times due to delay beyond the control of Vendor/Contractor, the contract times will be extended in an amount equal to the time lost due to such delay if a claim is made therefore as provided in Section titled "CHANGES IN THE WORK; CLAIMS, paragraph titled "CLAIMS". Delays beyond the control of Vendor/Contractor shall include, but not be limited to, acts or neglect by County, acts or neglect of utility owners or other Vendor/Contractors performing other work, fires, floods, epidemics, abnormal weather conditions, or acts of God.

2. If County, Engineer, or other Vendor/Contractors or utility owners performing other work for County, or anyone for whom County is responsible, delays, disrupts, or interferes with the performance or progress of the work, then Vendor/Contractor shall be entitled to an equitable adjustment in the contract price or the contract times, or both. Vendor/Contractor's entitlement to an adjustment of the contract times is conditioned on such adjustment being essential to Vendor/Contractor's ability to complete the work within the contract times.

3. If Vendor/Contractor is delayed in the performance or progress of the work by fire, flood, epidemic, abnormal weather conditions, acts of God, acts or failures to act of utility owners not under the control of County, or other causes not the fault of and beyond control of County and Vendor/Contractor, then Vendor/Contractor shall be entitled to an equitable adjustment in contract times, if such adjustment is essential to Vendor/Contractor's ability to complete the work within the Contract Times. Such an adjustment shall be Vendor/Contractor's sole and exclusive remedy for the delays described in this paragraph.

    a. Time Extensions for Delays Caused by Weather - Extensions of Contract Time for delays caused by the effects of inclement weather are justified only when inclement weather conditions or related adverse soil conditions prevent the Contractor from productively performing controlling items of work resulting in:

        i. The Vendor/Contractor being unable to work at least fifty percent (50%) of the normal workday on the predetermined controlling work items; or

ii. The Vendor/Contractor must make major repairs to work damaged by weather, providing the damage was not attributable to a failure to perform or neglect by the Contractor.

iii. Vendor/Contractor must submit a written notice along with their updated Progress Schedule with their monthly progress payment request. If no monthly progress payment is being submitted for the month, then a written notice within thirty (30) days after occurrence of the event(s) giving rise to the weather delays must be submitted to the County, Engineer or designated person.

b. Project Manager/Inspector - Daily reports shall be maintained for all projects by the Project Manager/Inspector. This shall include weather conditions, working conditions, erosion control, and effects of weather on major work items identified on the progress schedule and general comments as a minimum.

c. Project Manager/Inspector - Daily reports shall be maintained for all projects by the Project Manager/Inspector. This shall include weather conditions, working conditions, erosion control, and effects of weather on major work items identified on the progress schedule and general comments as a minimum.

d. Weather Delays for Projects - Time extensions will be granted on a contract day per delayed day.

i. The Contractor provides a schedule which identifies the intended work week, thus determining the scheduled workdays and the controlling items of work. The initial progress schedule must be approved and agreed to by County, Engineer, or designated person and Contractor's Representative prior to the notice to proceed being issued and before any work has been performed and monthly when submitted with the pay request if any changes have occurred during the reporting period. No weather delays will be recognized before the Vendor/Contractor actually begins work or attempts to begin work in accordance with the approved project work schedule. Weather delays will be granted only during the authorized contract time period.

ii. The County, Engineer or designated person shall review the request and the daily reports and determine if these delays are authorized. A written response will be given to the Contractor/Vendor within five (5) business days after receipt of the request. The Chief Procurement Officer will be provided a copy of this letter and any related correspondence.

4. County, Engineer and the related entities of each of them shall not be liable to Vendor/Contractor for any claims, costs, losses, or damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or

arbitration or other dispute resolution costs) sustained by Vendor/Contractor on or in connection with any other project or anticipated project.

5. Vendor/Contractor shall not be entitled to an adjustment in contract price or contract times for delays within the control of Vendor/Contractor. Delays attributable to and within the control of a subcontractor or supplier shall be deemed to be delays within the control of Vendor/Contractor.

9.20. TESTS AND INSPECTIONS; CORRECTION, REMOVAL/ACCEPTANCE OF DEFECTIVE WORK:

A. Notice of Defects: Prompt notice of all defective work of which County or Engineer has actual knowledge will be given to Vendor/Contractor. All defective work may be rejected, corrected, or accepted as provided in this Paragraph.

B. Access to Work: County, Engineer, their consultants and other representatives and personnel of County, independent testing laboratories, and governmental agencies with jurisdictional interests will have access to the site and the work at reasonable times for their observation, inspecting, and testing. Vendor/Contractor shall provide them proper and safe conditions for such access and advise them of Vendor/Contractor's site safety procedures and programs so that they may comply therewith as applicable.

C. Tests and Inspections:

1. Vendor/Contractor shall give Engineer timely notice of readiness of the work for all required inspections, tests, or approvals and shall cooperate with inspection and testing personnel to facilitate required inspections or tests.

2. County shall employ and pay for the services of an independent testing laboratory to perform all inspections, tests, or approvals required by the Contract Documents except:

   a. For inspections, tests, or approvals covered by Paragraphs D. and E. below.

   b. That costs incurred in connection with tests or inspections conducted pursuant to Paragraph C.2. shall be paid according to Paragraph E.; and

   c. As otherwise specifically provided in the Contract Documents.

3. If laws or regulations of any public body having jurisdiction require any work (or part thereof) specifically to be inspected, tested, or approved by an employee or other representative of such public body, Vendor/Contractor shall assume full responsibility for arranging and obtaining such inspections, tests, or approvals, pay all costs in connection therewith, and furnish County Designated Representative the required certificates of inspection or approval.

4. Vendor/Contractor shall be responsible for arranging and obtaining and shall pay all costs in connection with any inspections, tests, or approvals required for County's and County Designated Representative's acceptance of materials or equipment to be incorporated in the work; or acceptance of materials, mix designs, or equipment submitted for approval prior to Vendor/Contractor's purchase thereof for incorporation in the work. Such inspections, tests, or approvals shall be performed by organizations acceptable to County and County Designated Representative.

5. If any work (or the work of others) that is to be inspected, tested, or approved is covered by Vendor/Contractor without written concurrence of County Designated Representative, it must, if requested by County Designated Representative, be uncovered for observation.

6. Uncovering work as provided in Paragraph D. shall be at Vendor/Contractor's expense unless Vendor/Contractor has given Engineer timely notice of Vendor/Contractor's intention to cover the same and Engineer has not acted with reasonable promptness in response to such notice.

7. Periodic inspections will be held throughout the work at the discretion of the County and Engineer to verify progress and compliance to Contract Documents, pay requests and general quality control.

8. Pre-final inspections are held for the purpose of substantiating completion of the work and preparing a punch-list of any deficiencies or corrections to be made. Pre-finals should be made with a representative of the Vendor/Contractor, County Designated Representative and Owner.

9. Final inspections will be held prior to acceptance in order to verify that all corrections and/or deficiencies have been performed or resolved and such inspection shall be mandatory prior to approval of final pay request. Finals shall be made with a representative of the Vendor/Contractor, Engineer and County.

D. Uncovering Work:

1. If any work is covered contrary to the written request of County Designated Representative, it must, if requested by County Designated Representative, be uncovered for County Designated Representative's observation and replaced at Vendor/Contractor's expense.

2. If County Designated Representative considers it necessary or advisable that covered work be observed by County Designated Representative or inspected or tested by others, Vendor/Contractor, at County Designated Representative's request, shall uncover, expose, or otherwise make available for observation, inspection, or testing as County Designated Representative may require, that portion of the work in question, furnishing all necessary labor, material, and equipment.

3. If it is found that the uncovered work is defective, Vendor/Contractor shall pay all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to such uncovering, exposure, observation, inspection, and testing, and of satisfactory replacement or reconstruction (including but not limited to all costs of repair or replacement of work of others); and County shall be entitled to an appropriate decrease in the contract price. if the parties are unable to agree as to the amount thereof, County may make a claim therefore as provided in Section titled "CHANGES IN THE WORK; CLAIMS" paragraph titled "CLAIMS".

4. If, the uncovered work is not found to be defective, and there are no related inspection requirements in the contract documents, Vendor/Contractor shall be allowed an increase in the contract price or an extension of the contract times, or both, directly attributable to such uncovering, exposure, observation, inspection, testing, replacement, and reconstruction. If the parties are unable to agree as to the amount or extent thereof, Vendor/Contractor may make a claim therefore as provided in Section titled "CHANGES IN THE WORK; CLAIMS" paragraph titled "CLAIMS".

E. County Designated Representative May Stop the Work: If the work is defective, or Vendor/Contractor fails to supply sufficient skilled workers or suitable materials or equipment, or fails to perform the work in such a way that the completed work will conform to the contract documents, County may order Vendor/Contractor to stop the work, or any portion thereof, until the cause for such order has been eliminated; however, this right of County to stop the work shall not give rise to any duty on the part of County to exercise this right for the benefit of Vendor/Contractor, any subcontractor, any supplier, any other individual or entity, or any surety for, or employee or agent of any of them.

F. Correction or Removal of Defective Work:

1. Promptly after receipt of notice, Vendor/Contractor shall correct all defective work, whether or not fabricated, installed, or completed, or, if the work has been rejected by County Designated Representative, remove it from the project and replace it with work that is not defective. Vendor/Contractor shall pay all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to such correction or removal (including but not limited to all costs of repair or replacement of work of others).

2. When correcting defective work under the terms of this paragraph or the paragraph below, Vendor/Contractor shall take no action that would void or otherwise impair County's special warranty and guarantee, if any, on said work.

G. Correction Period:

1. If within one (1) year after the date of substantial completion (or such longer period of time as may be prescribed by the terms of any applicable special guarantee required by the Contract Documents) or by any specific provision of the contract documents, any work is found to be defective, or if the repair of any damages to the land or areas made available for Vendor/Contractor's use by County or permitted by laws and regulations as contemplated in the Contract Documents is found to be defective, Vendor/Contractor shall promptly, without cost to County and in accordance with County's written instructions:

    a. Repair such defective land or areas; or

    b. Correct such defective work; or

    c. If the defective work has been rejected by County, remove it from the project and replace it with work that is not defective, and

    d. Satisfactorily correct or repair or remove and replace any damage to other work, to the work of others or other land or areas resulting therefrom.

2. If Vendor/Contractor does not promptly comply with the terms of County's written instructions, or in an emergency where delay would cause serious risk of loss or damage, County may have the defective work corrected or repaired or may have the rejected work removed and replaced. All claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to such correction or repair or such removal and replacement (including but not limited to all costs of repair or replacement of work of others) will be paid by Vendor/Contractor.

3. In special circumstances where a particular item of equipment is placed in continuous service before Substantial Completion of all the work, the correction period for that item may start to run from an earlier date if so provided in the specifications.

4. Where defective work (and damage to other work resulting therefrom) has been corrected or removed and replaced under above paragraph F, the correction period hereunder with respect to such work will be extended for an additional period of one (1) year after such correction or removal and replacement has been satisfactorily completed.

5. Vendor/Contractor's obligations under above paragraph F. are in addition to any other obligation or warranty. The provisions of Paragraph F. shall not be construed as a substitute for or a waiver of the provisions of any applicable statute of limitation or repose.

H. Acceptance of Defective Work: If, instead of requiring correction or removal and replacement of defective work, County (and, prior to County Designated Representative's recommendation of final payment, County Designated Representative) prefers to accept it, County may do so. Vendor/Contractor shall pay all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or

arbitration or other dispute resolution costs) attributable to County's evaluation of and determination to accept such defective work (such costs to be approved by County Designated Representative as to reasonableness) and the diminished value of the work to the extent not otherwise paid by Vendor/Contractor pursuant to this sentence. If any such acceptance occurs prior to County Designated Representative's recommendation of final payment, a change order will be issued incorporating the necessary revisions in the contract documents with respect to the work, and County shall be entitled to an appropriate decrease in the contract price, reflecting the diminished value of work so accepted. If the parties are unable to agree as to the amount thereof, County may make a claim therefore as provided in Section titled "CHANGES IN THE WORK; CLAIMS", paragraph titled "CLAIMS". If the acceptance occurs after such recommendation, an appropriate amount will be paid by Vendor/Contractor to County.

I. County May Correct Defective Work:

1. If Vendor/Contractor fails within a reasonable time after written notice from County Designated Representative to correct defective work or to remove and replace rejected work as required by County Designated Representative in accordance with Paragraph F., or if Vendor/Contractor fails to perform the work in accordance with the contract documents, or if Vendor/Contractor fails to comply with any other provision of the Contract Documents, County may, after seven (7) days written notice to Vendor/Contractor, correct or remedy any such deficiency.

2. In exercising the rights and remedies under this paragraph, County shall proceed expeditiously. In connection with such corrective or remedial action, County may exclude Vendor/Contractor from all or part of the site, take possession of all or part of the work and suspend Vendor/Contractor's services related thereto, take possession of Vendor/Contractor's tools, appliances, construction equipment and machinery at the site, and incorporate in the work all materials and equipment stored at the site or for which County has paid Vendor/Contractor but which are stored elsewhere. Vendor/Contractor shall allow County, County's representatives, agents and employees, County's other Vendor/Contractors, and Engineer and Engineer's consultants access to the site to enable County to exercise the rights and remedies under this paragraph.

3. All claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) incurred or sustained by County in exercising the rights and remedies under Paragraph I. will be charged against Vendor/Contractor, and a change order will be issued incorporating the necessary revisions in the Contract Documents with respect to the work; and County shall be entitled to an appropriate decrease in the contract price. If the parties are unable to agree as to the amount of the adjustment, County may make a claim therefore as provided in Section titled "CHANGES IN THE WORK; CLAIMS", paragraph titled "CLAIMS. Such claims, costs, losses and damages will include but not be limited to all

costs of repair, or replacement of work of others destroyed or damaged by correction, removal, or replacement of Vendor/Contractor's defective work.

4. Vendor/Contractor shall not be allowed an extension of the contract times because of any delay in the performance of the work attributable to the exercise by County of County's rights and remedies under Paragraph I.

9.21. PAYMENTS TO CONTRACTOR AND COMPLETION

A. Schedule of Values: The Schedule of Values established as provided in Section titled "STARTING THE WORK", paragraph A. 2. c. will serve as the basis for progress payments and will be incorporated into a form of application for payment acceptable to County Designated Representative. Progress payments on account of unit price work will be based on the number of units completed.

B. Progress Payments:

1. Application for Payments:

a. At least twenty (20) business days before the date established in the Contract for each progress payment (but not more often than once a month), Vendor/Contractor shall submit to County Designated Representative for review an application for payment filled out and signed by vendor/contractor covering the work completed as of the date of the application and accompanied by such supporting documentation as is required by the contract documents. If payment is requested on the basis of materials and equipment not incorporated in the work but delivered and suitably stored at the site or at another location agreed to in writing, the application for payment shall also be accompanied by a bill of sale, invoice, or other documentation warranting that County has received the materials and equipment all of which must be satisfactory to County.

b. Beginning with the second application for payment, each application shall include an affidavit of Vendor/Contractor stating that all previous progress payments received on account of the work have been applied on account to discharge Vendor/Contractor's legitimate obligations associated with prior applications for payment.

c. The amount of retainage with respect to progress payments will be as stipulated in Article 5.02 of the construction agreement.

d. All progress payments will be subject to withholding and payment of retainage as specified under the provisions of section 218.735, F.S. and as stipulated in the Contract Agreement attached herein. Payment requests will be processed within the time periods established by applicable provisions of the Florida Prompt Payment Act, Part VII, section 218.735, F.S.

2. Review of Applications:

a. County Designated Representative will, within five (5) business days after receipt of each application for payment, either indicate in writing a recommendation of payment and present the application to County or return the application to Vendor/Contractor indicating in writing County Designated Representative's reasons for refusing to recommend payment. In the latter case, Vendor/Contractor may make the necessary corrections and resubmit the application.

b. County Designated Representative's recommendation of any payment requested in an application for payment will constitute a representation by County Designated Representative to County, based on County Designated Representative's observations on the site of the executed work as an experienced and qualified design professional and on County Designated Representative's review of the application for payment and the accompanying data and schedules, that to the best of County Designated Representative's knowledge, information and belief:

    i. The work has progressed to the point indicated.

    ii. The quality of the work is generally in accordance with the Contract Documents (subject to an evaluation of the work as a functioning whole prior to or upon substantial completion, to the results of any subsequent tests called for in the Contract Documents, to a final determination of quantities and classifications for unit price work under above Section titled: "COST OF THE WORK; ALLOWANCES; UNIT PRICE WORK",, and to any other qualifications stated in the recommendation); and

    iii. The conditions precedent to Vendor/Contractor's being entitled to such payment appear to have been fulfilled in so far as it is County Designated Representative's responsibility to observe the work.

c. By recommending any such payment County Designated Representative will not thereby be deemed to have represented that:

    i. Inspections made to check the quality or the quantity of the work as it has been performed have been exhaustive, extended to every aspect of the work in progress, or involved detailed inspections of the work beyond the responsibilities specifically assigned to County Designated Representative in the Contract Documents; or

    ii. That there may not be other matters or issues between the parties that might entitle Vendor/Contractor to be paid additionally by County or entitle County to withhold payment to Vendor/Contractor.

d. Neither County Designated Representative's review of Vendor/Contractor's work for the purposes of recommending payments nor County Designated Representative's

recommendation of any payment, including final payment, will impose responsibility on County Designated Representative:

i. To supervise, direct, or control the work, or

ii. For the means, methods, techniques, sequences, or procedures of construction, or the safety precautions and programs incident thereto, or

iii. For Vendor/Contractor's failure to comply with laws and regulations applicable to Vendor/Contractor's performance of the work, or

iv. To make any examination to ascertain how or for what purposes Vendor/Contractor has used the moneys paid on account of the contract price, or

v. To determine that title to any of the work, materials, or equipment has passed to County free and clear of any liens.

e. County Designated Representative may refuse to recommend the whole or any part of any payment if, in County Designated Representative's opinion, it would be incorrect to make the representations to County stated in Paragraph 2.b., above. County Designated Representative may also refuse to recommend any such payment or, because of subsequently discovered evidence or the results of subsequent inspections or tests, revise or revoke any such payment recommendation previously made, to such extent as may be necessary in County Designated Representative's opinion to protect County from loss because:

i. The work is defective, or completed work has been damaged, requiring correction or replacement.

ii. The contract price has been reduced by change orders.

iii. County has been required to correct defective work or complete work in accordance with above Paragraph titled "County May Correct Defective Work" in Section titled: "TESTS AND INSPECTIONS; CORRECTION, REMOVAL/ACCEPTANCE OF DEFECTIVE WORK"; or

iv. County Designated Representative has actual knowledge of the occurrence of any of the events enumerated in below Paragraph titled "County May Terminate for Cause: " in Section titled: "TERMINATION AND SUSPENSION OF WORK".

3. Payment Becomes Due: The application for payment, and all of the required Federal and State submittals, with the County Designated Representative's recommendations will be presented to the County for consideration. If the County finds the application for payment acceptable, the recommended amount, less any reduction under the provisions of Paragraph B. 2. (in this section), will become due twenty-five (25) business days after the

application for payment is presented to the County, and the County will make payment to the Vendor/Contractor.

4. Payment to Vendor/Contractor by Electronic Payment Solution: ACH (Direct Deposit): If the Vendor/Contractor is enrolled in the County's ACH electronic payment solution, all payments will be made using the direct deposit which may or may not include a pre-note transaction. The Vendor/Contractor's bank account information will remain confidential to the extent provided by law and necessary to make direct deposit payments. Once the County has approved payment, an electronic remittance advice will be sent to the Vendor/Contractor via e-mail.

5. Reduction in Payment:

    a. County may refuse to make payment of the full amount recommended by County Designated Representative because:

        i. Claims have been made against County on account of Vendor/Contractor's performance or furnishing of the work.

        ii. Liens have been filed in connection with the work, except where Vendor/Contractor has delivered a specific bond satisfactory to County to secure the satisfaction and discharge of such liens.

        iii. The Vendor/Contractor's performance or furnishing of the work is inconsistent with funding agency requirements.

        iv. There are other items entitling County to a set off against the amount recommended; or

        v. County has actual knowledge of the occurrence of any of the events enumerated in Paragraphs B. 2. e. i. through B. 2. e. iii. (in this section) or below Paragraph titled " County May Terminate for Cause" in Section titled: "TERMINATION AND SUSPENSION OF WORK.".

    b. If County refuses to make payment of the full amount recommended by County Designated Representative, County will (in no case more than twenty (20) business days after receipt and twenty-five (25) business days for payment) give Vendor/Contractor immediate written notice (with a copy to Engineer) stating the reasons for such action and promptly pay Vendor/Contractor any amount remaining after deduction of the amount so withheld. County shall promptly pay Vendor/Contractor the amount so withheld, or any adjustment thereto agreed to by County and Vendor/Contractor, when Vendor/Contractor corrects to County's satisfaction the reasons for such action.

c. If it is subsequently determined that County's refusal of payment was not justified, the amount wrongfully withheld shall be treated as an amount due as determined by Paragraph B. 3. (in this section).

d. No payments will be made that would deplete the retainage, place in escrow any funds that are required for retainage or invest the retainage for the benefit of the Vendor/Contractor.

C. Vendor/Contractor's Warranty of Title:

1. Vendor/Contractor warrants and guarantees that title to all work, materials, and equipment covered by any application for payment, whether incorporated in the project or not, will pass to County prior to the making of the application for payment, free and clear of all liens, claims, security interests and encumbrances; and that no work, materials or equipment covered by an application for payment will have been acquired by the Vendor/Contractor or by any other person performing the work at the site or furnishing materials and equipment for the project subject to an agreement under which an interest therein or encumbrance thereon is retained by the seller or otherwise imposed by the Vendor/Contractor or such other person.

2. In compliance with the above and as verification of the Vendor/Contractor's compliance with applicable provisions of the Florida Prompt Payment Act, Part VII, section 218.735, F.S., concerning payment to subcontractors and suppliers, the Vendor/Contractor, in addition to any other payment provisions set in this contract, shall prior to submission of the second application for payment, produce for the County evidence, in the form of releases of lien or subcontractor(s)/suppliers affidavits of payment received, that all subcontractors and suppliers have been paid any sum or sums then due within the time periods so specified. This reporting process shall be repeated following each succeeding payment to the Vendor/Contractor throughout the life of the Contract. A failure on the part of the Vendor/Contractor to provide the releases as required herein shall result in further progress or partial payments being withheld until the releases or payment affidavits are provided.

D. Partial Utilization:

1. Prior to Substantial Completion of all the work, County may use or occupy any substantially completed part of the work which has specifically been identified in the Contract Documents, or which County, County Designated Representative, and Vendor/Contractor agree constitutes a separately functioning and usable part of the work that can be used by County for its intended purpose without significant interference with Vendor/Contractor's performance of the remainder of the work, subject to the following conditions.

a. County at any time may request Vendor/Contractor in writing to permit County to use or occupy any such part of the work which County believes to be ready for its intended use and substantially complete. If and when Vendor/Contractor agrees that such part of

the work is substantially complete, Vendor/Contractor will certify to County and County Designated Representative that such part of the work is substantially complete and request County Designated Representative to issue a certificate of substantial completion for that part of the work.

b. Vendor/Contractor at any time may notify County and County Designated Representative in writing that Vendor/Contractor considers any such part of the work ready for its intended use and is thus substantially complete and may request County Designated Representative to issue a certificate of substantial completion for that part of the work.

c. Within a reasonable time after either such request, County, Vendor/Contractor, and County Designated Representative shall make an inspection of that part of the work to determine its status of completion. If County Designated Representative does not consider that part of the work to be substantially complete, County Designated Representative will notify County and Vendor/Contractor in writing giving the reasons, therefore. If County Designated Representative considers that part of the work to be substantially complete, the provisions stated herein will apply with respect to certification of Substantial Completion of that part of the work and the division of responsibility in respect thereof and access thereto.

d. No use or occupancy or separate operation of part of the work may occur prior to compliance with the requirements of the contract documents regarding property insurance.

E. Substantial Completion:

1. When Vendor/Contractor considers the entire work ready for its intended use Vendor/Contractor shall notify County and County Designated Representative in writing that the entire work is substantially complete (except for items specifically listed by Vendor/Contractor as incomplete) and request that the County issue a certificate of substantial completion.

2. Promptly after Vendor/Contractor's notification, County, Agency, Vendor/Contractor, and County Designated Representative shall make a pre-final inspection of the work to determine the status of completion. If County Designated Representative does not consider the work substantially complete, County Designated Representative will notify Vendor/Contractor in writing giving the reasons, therefore.

3. If the County Designated Representative considers the work substantially complete, County Designated Representative will deliver to County a tentative certificate of substantial completion which shall fix the date of substantial completion. There shall be attached to the certificate a tentative list of items to be completed or corrected before final payment. County shall have seven (7) days after receipt of the tentative certificate during which to

make written objection to County Designated Representative as to any provisions of the certificate or attached list. If, after considering such objections, County Designated Representative concludes that the work is not substantially complete, County Designated Representative will within fourteen (14) days after submission of the tentative certificate to County notify Vendor/Contractor in writing, stating the reasons, therefore. If, after consideration of County's objections, County Designated Representative considers the work substantially complete, County Designated Representative will within said fourteen (14) days execute and deliver to County and Vendor/Contractor a definitive certificate of substantial completion (with a revised tentative list of items to be completed or corrected) reflecting such changes from the tentative certificate as County Designated Representative believes justified after consideration of any objections from County.

4. At the time of delivery of the tentative certificate of Substantial Completion, County Designated Representative will deliver to County and Vendor/Contractor a written recommendation as to division of responsibilities pending final payment between County and Vendor/Contractor with respect to security, operation, safety, and protection of the work, maintenance, heat, utilities, insurance, and warranties and guarantees. Unless County and Vendor/Contractor agree otherwise in writing and so inform County Designated Representative in writing prior to County Designated Representative's issuing the definitive certificate of substantial completion, County Designated Representative's aforesaid recommendation will be binding on County and Vendor/Contractor until final payment.

5. County shall have the right to exclude Vendor/Contractor from the site after the date of Substantial Completion subject to allowing Vendor/Contractor reasonable access to complete or correct items on the tentative list.

F. Final Inspection: Upon written notice from Vendor/Contractor that the entire work or an agreed portion thereof is complete, County Designated Representative will promptly make a final inspection with County, Agency, and Vendor/Contractor and will notify Vendor/Contractor in writing of all particulars in which this inspection reveals that the work is incomplete or defective. Vendor/Contractor shall immediately take such measures as are necessary to complete such work or remedy such deficiencies.

9.22. PAYMENTS TO CONTRACTOR AND COMPLETION (continued)

A. Final Payment:

1. Application for Payment:

a. After Vendor/Contractor has, in the opinion of County Designated Representative, satisfactorily completed all corrections identified during the final inspection and has delivered, in accordance with the contract documents, all maintenance and operating instructions, schedules, guarantees, bonds, certificates or other evidence of insurance certificates of inspection, marked up record documents, and other documents,

Vendor/Contractor may make application for final payment following the procedure for progress payments.

b. The final application for payment shall be accompanied (except as previously delivered) by:

   i. All documentation called for in the Contract Documents, including but not limited to the evidence of insurance required by above Section titled: "INSURANCE REQUIREMENTS";

   ii. Consent of the surety, if any, to final payment.

   iii. A list of all claims against County that Vendor/Contractor believes are unsettled; and

   iv. Complete and legally effective releases or waivers (satisfactory to County) of all lien rights arising out of or liens filed in connection with the work.

c. In lieu of the releases or waivers of liens specified in above Paragraph A. 1. b. iv. and as approved by County, Vendor/Contractor may furnish receipts or releases in full and an affidavit of Vendor/Contractor that: (i) the releases and receipts include all labor, services, material, and equipment for which a lien could be filed; and (ii) all payrolls, material and equipment bills, and other indebtedness connected with the work for which County or County's property might in any way be responsible have been paid or otherwise satisfied. If any subcontractor or supplier fails to furnish such a release or receipt in full, Vendor/Contractor may furnish a bond or other collateral satisfactory to County to indemnify County against any lien.

2. County Designated Representative's Review of Application and Acceptance:

   a. If, on the basis of County Designated Representative's observation of the work during construction and final inspection, and County Designated Representative's review of the final application for payment and accompanying documentation as required by the Contract Documents, County Designated Representative is satisfied that the work has been completed and Vendor/Contractor's other obligations under the Contract Documents have been fulfilled, County Designated Representative will, within ten (10) days after receipt of the final application for payment, indicate in writing County Designated Representative's recommendation of payment and present the application for payment to County for payment. At the same time County Designated Representative will also give written notice to County and Vendor/Contractor that the work is acceptable to the provisions as described in above Paragraph A titled "Final Payment" (in this section). Otherwise, County Designated Representative will return the application for payment to Vendor/Contractor, indicating in writing the reasons for refusing to recommend final payment, in which case Vendor/Contractor shall make the necessary corrections and resubmit the application for payment.

3. Payment Becomes Due: After the presentation to County of the application for payment and accompanying documentation to include all of the required Federal and State submittals, the County will, within the time periods established by applicable provisions of the Florida Prompt Payment Act, Part VII, section 218.735, F.S., pay the Vendor/Contractor the amount recommended by County Designated Representative, less any sum County is entitled to set off against County Designated Representative's recommendation, including but not limited to liquidated damages.

B. Final Completion Delayed: If, through no fault of Vendor/Contractor, final completion of the work is significantly delayed, and if County Designated Representative so confirms, County shall, upon receipt of vendor/contractor's final application for payment (for work fully completed and accepted) and recommendation of County Designated Representative, and without terminating the Contract, make payment of the balance due for that portion of the work fully completed and accepted. If the remaining balance to be held by County for work not fully completed or corrected is less than the retainage stipulated in the Contract, and if bonds have been furnished as required in above Section titled "PERFORMANCE AND PAYMENT BOND", the written consent of the surety to the payment of the balance due for that portion of the work fully completed and accepted shall be submitted by Vendor/Contractor to County Designated Representative with the application for such payment. Such payment shall be made under the terms and conditions governing final payment, except that it shall not constitute a waiver of claims. The remaining balance of any sum included in the final application for payment but held by County for work not fully completed and accepted will become due when the work is fully completed and accepted.

C. Waiver of Claims: The making and acceptance of final payment will constitute:

1. A waiver of all claims by County against Vendor/Contractor, except claims arising from unsettled liens, from defective work appearing after final inspection pursuant to above Section titled "TESTS AND INSPECTIONS; CORRECTION, REMOVAL/ACCEPTANCE OF DEFECTIVE WORK", paragraph titled "CORRECTION OR REMOVAL OF DEFECTIVE WORK", from failure to comply with the contract documents or the terms of any special guarantees specified therein, or from Vendor/Contractor's continuing obligations under the contract documents; and

2. A waiver of all claims by Vendor/Contractor against County other than those previously made in accordance with the requirements herein and expressly acknowledged by County in writing as still unsettled.

D. Vendor/Contractor's Continuing Obligation: The Vendor/Contractor's obligation to perform the work and complete the work in accordance with the Contract Documents shall be absolute. Neither approval of any progress or final payment by the County, the issuance of Certificate of Completion, any payment by the County to the Vendor/Contractor under the contract documents, any use or occupancy of the work or any part thereof by the County, any act of

acceptance by the County, any failure to do so, nor any correction of defective work by the County shall constitute an acceptance of work not in accordance with the contract documents.

1. Contract Closeout:

    a. Pre-final and Final Inspections:

        i. Upon completion of work, Vendor/Contractor shall submit written certification that the Contract Documents have been reviewed, the work has been inspected by the Vendor/Contractor, and that the work is substantially complete in accordance with the contract document and ready for Engineer/Owner Designated Representative's inspection.

        ii. At this time the representatives of the Vendor/Contractor, Engineer/County Designated Representative's and County shall make a pre-final/substantial completion inspection with reasonable promptness. If the work is complete or defective, Engineer/County Designated Representative will notify the Contractor to remedy these deficiencies by insurance of a pre-final punch-list.

        iii. Upon written notification from the Vendor/Contractor of substantial complete of the pre-final punch list items, the Engineer/County Designated Representative will coordinate the re-inspection of the work by conducting a final inspection. Representatives of the Contract, Engineer, and County Designated Representative shall be present for the final inspection.

        iv. Vendor/Contractor shall submit the final signed and sealed As-Built drawings ten (10) days prior to the final inspection and provide all other submittals to the Engineer/County Designated Representative's that are required.

    b. Project Record Documents: The Vendor/Contractor shall maintain on site, one (1) set of the following record documents; recording actual revisions of the work commensurate with the construction progress:

        i. Contract Drawings

        ii. Specifications

        iii. Addenda

        iv. Change Orders and other modification to the Contract.

        v. Reviewed (and approved) Shop Drawings and Product Data

        vi. Permits

    c. Closeout Submittals: When the Engineer/County Designated Representative's has determined that the work is acceptable under the Contract Documents, and the contract is fully performed, the Vendor/Contractor shall prepare and submit his final

applicable for payment to the Engineer/County Designated Representative's with the following:

i. Contractor's Lien Waiver in the full amount of the contract sum.

ii. Lien waivers from all subcontractors and material suppliers who have furnished for the work under contract with the Contactor or subcontractor. The lien waivers shall be in the full amount of the Contract involved.

iii. Consent of Surety to final payment.

iv. Evidence of compliance with governing authorities.

v. Certifications of inspections from all required agencies and departments, as needed.

vi. Warranties and Maintenance Bond.

vii. Confirmation from Florida Department of Environmental Protection the National Pollution Discharge Elimination System Notice of Termination (NOT) has been filed.

viii. Any outstanding documentation and/or reports necessary to ensure compliance with FDOT requirements.

ix. As-Built documents prepared in accordance with the contract documents and signed and sealed by a professional surveyor and mapper, registered in the State of Florida and all other requirements as set forth in the contract documents.

d. Performance Evaluation: At the end of the contract, the receiving Department will evaluate the successful Vendor/Contractor's performance. This evaluation will become public record.

9.23. TERMINATION AND SUSPENSION OF WORK

A. Termination for Default:

1. The County may, by written notice to the Vendor/Contractor, terminate this Contract for default in whole or in part (delivery orders, if applicable) if the Vendor/Contractor fails to:

   a. Provide products or services that comply with the specifications herein or fails to meet the County's performance standards.

   b. Deliver the supplies or to perform the services within the time specified in this Contract or any extension.

   c. Make progress so as to endanger performance of this Contract.

   d. Perform any of the other provisions of this Contract.

2. Prior to termination for default, the County will provide adequate written notice to the (Vendor/Contractor/Consultant) through the Chief Procurement Officer, Procurement

Department, affording him/her the opportunity to cure the deficiencies or to submit a specific plan to resolve the deficiencies within ten (10) days (or the period specified in the notice) after receipt of the notice. Failure to adequately cure the deficiency shall result in termination action. Such termination may also result in suspension or debarment of the Vendor/Contractor in accordance with the County's Procurement Ordinance. The Vendor/Contractor and its sureties (if any) shall be liable for any damage to the County resulting from the Vendor/Contractor's default of the contract. This liability includes any increased costs incurred by the County in completing contract performance.

3. In the event of termination by the County for any cause, the Vendor/Contractor will have, in no event, any claim against the County for lost profits or compensation for lost opportunities. After a receipt of a termination notice and except as otherwise directed by the County the Vendor/Contractor shall:

    a. Stop work on the date and to the extent specified.

    b. Terminate and settle all orders and subcontracts relating to the performance of the terminated work.

    c. Transfer all work in process, completed work, and other materials related to the terminated work as directed by the County.

    d. Continue and complete all parts of that work that have not been terminated.

4. If the Vendor/Contractor's failure to perform the Contract arises from causes beyond the control and without the fault or negligence of the Vendor/Contractor, the Contract shall not be terminated for default. Examples of such causes include (1) acts of God or the public enemy, (2) acts of a government in its sovereign capacity, (3) fires, (4) floods, (5) epidemics, (6) strikes and (7) unusually severe weather.

B. Termination for Convenience: The County, by written notice, may terminate this Contract, in whole or in part, when it is in the County's interest. If this Contract is terminated, the County shall be liable only for goods or services delivered and accepted. The county notice of termination may provide the Vendor/Contractor thirty (30) days prior notice before it becomes effective. A termination for convenience may apply to individual delivery orders, purchase orders or to the Contract in its entirety.

C. Vendor/Contractor May Stop Work or Terminate:

1. If, through no act or fault of Vendor/Contractor, (i) the work is suspended for more than ninety (90) consecutive days by County or under an order of court or other public authority, or (ii) Engineer fails to act on any application for payment within thirty (30) days after it is submitted, or (iii) County fails for thirty (30) days to pay Vendor/Contractor any sum finally determined to be due, then Vendor/Contractor may, upon seven (7) days written notice to

County and Engineer, and provided County or Engineer do not remedy such suspension or failure within that time, terminate the Contract and recover from County.

2. In lieu of terminating the Contract and without prejudice to any other right or remedy, if Engineer has failed to act on an application for payment within thirty (30) days after it is submitted, or County has failed for thirty (30) days to pay Vendor/Contractor any sum finally determined to be due, Vendor/Contractor may, seven (7) days after written notice to County and Engineer, stop the work until payment is made of all such amounts due Vendor/Contractor, including interest thereon. The provisions of this paragraph are not intended to preclude Vendor/Contractor from making a claim as described in above Section titled "CHANGES IN THE WORK; CLAIMS", paragraph titled "Claims", for an adjustment in contract price or contract times or otherwise for expenses or damage directly attributable to Vendor/Contractor's stopping the work as permitted by this paragraph.

D. County May Suspend Work: County may suspend work at any time and without cause, for a period of not more than ninety (90) consecutive days by notice in writing to Vendor/Contractor and Engineer which will fix the date on which work will be resumed. Vendor/Contractor shall resume the work on the date so fixed. Vendor/Contractor shall be granted an adjustment in the contract price or an extension of the contract times, or both, directly attributable to any such suspension if Vendor/Contractor makes a claim therefore as provided in above Section titled: "CHANGES IN THE WORK; CLAIMS".

E. County May Terminate for Cause:

1. The occurrence of any one (1) or more of the following events will justify termination for cause:

   a. Vendor/Contractor's persistent failure to perform the work in accordance with the Contract Documents (including, but not limited to, failure to supply sufficient skilled workers or suitable materials or equipment or failure to adhere to the Progress Schedule established under above Section titled "STARTING THE WORK" Paragraph A. 2. a. as adjusted from time to time pursuant to above Section titled "CONTRACTOR'S RESPONSIBILITY" Paragraph titled "Progress Schedule";

   b. Vendor/Contractor's disregard of laws or regulations of any public body having jurisdiction.

   c. Vendor/Contractor's disregard of the authority of Engineer; or

   d. Vendor/Contractor's violation in any substantial way of any provisions of the Contract Documents.

2. If one (1) or more of the events identified in above Paragraph E. 1. occur, County may, after giving Vendor/Contractor (and surety) seven (7) days written notice of its intent to terminate the services of Vendor/Contractor:

a. In exercising the rights and remedies under above Section titled "TESTS AND INSPECTIONS; CORRECTION, REMOVAL/ACCEPTANCE OF DEFECTIVE WORK" Paragraph titled "County May Correct Defective Work", County shall proceed expeditiously. In connection with such corrective or remedial action, County may exclude Vendor/Contractor from all or part of the site (without liability to Vendor/Contractor for trespass or conversion), take possession of all or part of the work and suspend Vendor/Contractor's services related thereto, take possession of Vendor/Contractor's tools, appliances, construction equipment and machinery at the site, and incorporate in the work all materials and equipment stored at the site or for which County has paid Vendor/Contractor but which are stored elsewhere. Vendor/Contractor shall allow County, County's representatives, agents and employees, County's other Vendor/Contractors, and Engineer and Engineer's consultants access to the site to enable County to exercise the rights and remedies under above Section titled "TESTS AND INSPECTIONS; CORRECTION, REMOVAL/ACCEPTANCE OF DEFECTIVE WORK" Paragraph titled "County May Correct Defective Work".

b. Complete the work as County may deem expedient.

3. If County proceeds as provided in Paragraph E. 2 above, Vendor/Contractor shall not be entitled to receive any further payment until the work is completed. If the unpaid balance of the contract price exceeds all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) sustained by County arising out of or relating to completing the work, such excess will be paid to Vendor/Contractor. If such claims, costs, losses, and damages exceed such unpaid balance, Vendor/Contractor shall pay the difference to County. Such claims, costs, losses, and damages incurred by County will be reviewed by Engineer as to their reasonableness and, when so approved by Engineer, incorporated in a change order. When exercising any rights or remedies under this paragraph County shall not be required to obtain the lowest price for the work performed.

4. Notwithstanding above Paragraphs E. 2. and E. 3., Vendor/Contractor's services will not be terminated if Vendor/Contractor begins within seven (7) days of receipt of notice of intent to terminate to correct its failure to perform and proceeds diligently to cure such failure within no more than thirty (30) days of receipt of said notice.

5. Where Vendor/Contractor's services have been so terminated by County, the termination will not affect any rights or remedies of County against Vendor/Contractor then existing or which may thereafter accrue. Any retention or payment of moneys due Vendor/Contractor by County will not release Vendor/Contractor from liability.

6. If and to the extent that Vendor/Contractor has provided a Performance Bond under the provisions of above section, titled: "PERFORMANCE AND PAYMENT BOND", the termination procedures of that bond shall supersede the provisions of above Paragraphs E. 2. and E. 3.

F. Litigation:

1. Should the County be temporarily prohibited or enjoined from proceeding with the work herein contemplated, the Vendor/Contractor shall not be entitled to any claim or damages, or otherwise, nor may the Vendor/Contractor withdraw from the Contract except by and with the consent of the County. The Vendor/Contractor shall, however, be entitled to an extension of time for completion of the work equal to the time of such interruption or delay as determined and certified by the County Designated Representative.

2. If the County is permanently prohibited or enjoined from proceeding with the work herein contemplated, the County may terminate this Contract and pay the Vendor/Contractor a sum equal to all expenses legitimately incurred by him in connection with this work, plus ten percent (10%) of such expenses, less an amount equal to the sum of all partial payments previously made to the Vendor/Contractor. The sum thus computed shall be paid to the Vendor/Contractor within thirty (30) days after the County shall have terminated this Contract and the payment of said sum shall be payment in full for any and all liquidated damages for the termination of this Contract and shall constitute full settlement of all claims in connection with this Contract.

9.24. DISPUTE RESOLUTION

A. County and Vendor/Contractor may mutually request mediation of any claim submitted to the County for a decision as provided in above Section titled "CHANGES IN THE WORK; CLAIMS:" Paragraph entitled "Claims" before such decision becomes final and binding. The mediation will be governed by the Construction Industry Mediation Rules of the American Arbitration Association in effect as of the effective date of the Agreement. The request for mediation shall be submitted in writing to the American Arbitration Association. Timely submission of the request shall stay the effect as described in said "Claims" Paragraph.

B. County and Vendor/Contractor shall participate in the mediation process in good faith. The process hall be concluded within sixty (60) days of filing of the request. The date of termination of the mediation shall be determined by application of the mediation rules referenced above.

C. If the claim is not resolved by mediation, Chief Procurement Officer's action or denial pursuant to above Section entitled "CHANGES IN THE WORK; CLAIMS" Paragraph titled "Execution of Change Orders" paragraph C. or Paragraph Titled "Notification of Surety" Paragraph D. shall become final and binding thirty (30) days after termination of the mediation unless, within that time period, County or Vendor/Contractor:

1. Agrees with the other party to submit the claim to another dispute resolution process, or

2. Gives written notice to the other party of their intent to submit the claim to a court of competent jurisdiction.

9.25. MISCELLANEOUS

A. Giving Notice:

1. Whenever any provision of the Contract Documents requires the giving of written notice, it will be deemed to have been validly given if:

   a. Delivered in person to the individual or to a member of the firm or to an officer of the corporation for whom it is intended, or

   b. Delivered at or sent by registered or certified mail, postage prepaid, to the last business address known to the giver of the notice.

B. Computation of Times: When any period of time is referred to in the Contract Documents by days, it will be computed to exclude the first and include the last day of such period. If the last day of any such period falls on a Saturday or Sunday or on a day made a legal holiday by the law of the applicable jurisdiction, such day will be omitted from the computation.

C. Cumulative Remedies: The duties and obligations imposed by these Contract Documents and the rights and remedies available hereunder to the parties hereto are in addition to and are not to be construed in any way as a limitation of, any rights and remedies available to any or all of them which are otherwise imposed or available by laws or regulations, by special warranty or guarantee, or by other provisions of the Contract Documents. The provisions of this paragraph will be as effective as if repeated specifically in the Contract Documents in connection with each particular duty, obligation, right, and remedy to which they apply.

D. Survival of Obligations: All representations, indemnifications, warranties, and guarantees made in, required by, or given in accordance with the Contract Documents, as well as all continuing obligations indicated in the Contract Documents, will survive final payment, completion, and acceptance of the work or termination or completion of the Contract or termination of the services of Vendor/Contractor.

E. Headings: Article and paragraph headings are inserted for convenience only and do not constitute parts of these Contract Documents.

F. Specification and Drawings Furnished by the Owner: All specifications, drawings and copies thereof furnished by the County shall remain its property. They shall not be used on another project and, with the exception of those sets which have been signed in connection with the execution of the Contract, shall be returned to the County upon completion of the project.

G. Laws and Ordinances: The Contract Documents shall be governed by the laws of the State of Florida and the ordinances of Hernando County.

H. Vehicle Licensing: All prime Vendor/Contractors, including their subs, must obtain a temporary vehicle license for each and every out-of-state vehicle, personal or business (including trailers)

that will be operating on-site. The cost shall be borne by the Vendor/Contractor. You must present evidence of title to the Tax Collector's Office to obtain the required temporary licenses.

I. Handicapped Non-discrimination: The Vendor/Contractor will not discriminate against any employee or applicant for employment because he or she is handicapped in regard to any position for which the employee or applicant for employment is qualified.

9.26. OTHER WORK AT THE SITE

OTHER WORK AT THE SITE:

A. Related Work at Site:

1. County may perform other work related to the project at the site with County's employees, or via other direct contracts therefore, or have other work performed by utility owners. If such other work is not noted in the Contract Documents, then:

   a. Written notice thereof will be given to Vendor/Contractor prior to starting any such other work; and

   b. If County and Vendor/Contractor are unable to agree on entitlement to or on the amount or extent, if any, of any adjustment in the contract price or contract times that should be allowed as a result of such other work, a claim may be made therefore as provided in above Section titled: "CHANGES INTHE WORK; CLAIMS" Paragraph titled: "Claims".

2. Vendor/Contractor shall afford other Vendor/Contractors who are a party to such a direct contract, each utility owner and County, if County is performing other work with County's employees, proper and safe access to the site, a reasonable opportunity for the introduction and storage of materials and equipment and the execution of such other work and shall properly coordinate the work with theirs. Vendor/Contractor shall do all cutting, fitting, and patching of the work that may be required to properly connect or otherwise make its several parts come together and properly integrate with such other work. Vendor/Contractor shall not endanger any work of others by cutting, excavating, or otherwise altering their work and will only cut or alter their work with the written consent of County Designated Representative and the others whose work will be affected. The duties and responsibilities of Vendor/Contractor under this paragraph are for the benefit of such utility owners and other Vendor/Contractors to the extent that there are comparable provisions for the benefit of Vendor/Contractor in said direct contracts between County and such utility owners and other Vendor/Contractors.

3. If the proper execution or results of any part of Vendor/Contractor's work depends upon work performed by others under this section titled "OTHER WORK AT THE SITE", Vendor/Contractor shall inspect such other work and promptly report to County Designated Representative in writing any delays, defects, or deficiencies in such other work that render

it unavailable or unsuitable for the proper execution and results of Vendor/Contractor's work. Vendor/Contractor's failure to so report will constitute an acceptance of such other work as fit and proper for integration with Vendor/Contractor's work except for latent defects and deficiencies in such other work.

B. Coordination:

1. If County intends to contract with others for the performance of other work on the project at the site, the following will be set forth in the Contract Documents:

   a. The individual or entity who will have authority and responsibility for coordination of the activities among the various Vendor/Contractors will be identified.

   b. The specific matters to be covered by such authority and responsibility will be itemized; and

2. Unless otherwise provided in the Contract Documents, County shall have sole authority and responsibility for such coordination.

9.27. MATERIAL SAFETY DATA SHEETS

MATERIAL SAFETY DATA SHEETS:

A. In accordance with Florida Emergency Planning and Community Right-to-Know Act, Chapter 252, Part II, Florida Statutes, it is the seller's duty to advise Hernando County if a product is a listed toxic substance and to provide a material safety data sheet (MSDS) at the time of delivery. Vendor/Contractors must comply with this procedure along with the Federal Emergency Planning and Community Right-to-Know Act (42 U.S.C. Ch 116) and the Federal Hazard Communications Standards (29CFR sec.1910.1200) all other applicable laws.

9.28. TRENCH SAFETY ACT

Bidder shall be solely responsible for complying with the Florida Trench Safety Act as established under 553.60 through 553.64, Florida Statutes, and under the OSHA excavation safety standards as established under 29 CFR 1926.650 (Sub-Part P) as amended. All costs associated with complying with these requirements shall be included in the bid. The Trench Safety Act Compliance Form attached in Questionnaire, must be submitted with the bid.

9.29. SCRUTINIZED COMPANIES Pursuant to Florida Statute 287.135 And 215.473

Vendor/Contractor must certify that the company is not participating in a boycott of Israel. Vendor/Contractor must also certify that Vendor/Contractor is not on the Scrutinized Companies that Boycott Israel List, not on the Scrutinized Companies with Activities in Sudan List, and not on the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List or has been engaged in business operations in Cuba or Syria. Subject to limited exceptions provided in State law, the County will not contract for the provision of goods or services with any scrutinized company referred to above. Vendor/Contractor must submit the certification form included as an attachment to this Solicitation. Submitting a false certification shall be deemed a material breach of contract. The County shall provide

notice, in writing, to the Vendor/Contractor of the County's determination concerning the false certification. The Vendor/Contractor shall have five (5) days from receipt of notice to refute the false certification allegation. If such false certification is discovered during the active contract term, the Vendor/Contractor shall have ninety (90) days following receipt of the notice to respond in writing and demonstrate that the determination of false certification was made in error. If the Vendor/Contractor does not demonstrate that the County's determination of false certification was made in error, then the County shall have the right to terminate the contract and seek civil remedies pursuant to Section 287.135, Florida Statutes, as amended from time to time.

10. SUPPLEMENTARY REQUIREMENTS FOR FEDERAL/STATE

10.1. CONTRACTOR PURCHASED EQUIPMENT FOR LOCAL OWNERSHIP – 23 CFR 140 and 49 CFR 18

Vendor/Contractor shall not purchase any equipment to be transferred to the ownership of either the State of Florida or Hernando County. "Equipment" means tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit.

10.2. DEBARMENT AND SUSPENSION: (2 CFR part 180 (Subpart C); 2 CFR part 1200

A. Certificate Regarding Debarment and Suspension (Bidder Or Offeror): By submitting a bid/proposal under this solicitation, the Bidder or Offeror certifies that neither it nor its principals are presently debarred or suspended by any federal department or agency from participation in this transaction.

B. Certification Regarding Debarment and Suspension (Successful Bidder Regarding Lower Tier Participants): The successful Bidder, by administering each lower tier subcontract that exceeds $25,000 as a "covered transaction", must verify each lower tier participant of a "covered transaction" under the project is not presently debarred or otherwise disqualified from participation in this federally assisted project. The successful Bidder will accomplish this by:

1. Checking the System for Award Management at website: http://www.beta.sam.gov
2. Collecting a certification statement similar to the Certificate Regarding Debarment and Suspension (Bidder or Offeror), above.
3. Inserting a clause or condition in the covered transaction with the lower tier contract
4. If the FDOT later determines that a lower tier participant failed to disclose to a higher tier participant that it was excluded or disqualified at the time it entered the covered transaction, the FDOT may pursue any available remedies, including suspension and debarment of the non-compliant participant.

10.3. FOREIGN VENDOR/CONTRACTOR AND SUPPLIER RESTRICTION – 49 CFR 30: Applies to all Federal-aid construction projects. Proposal may not limit project to domestic-owned contractors only.

A. Definitions. The definitions pertaining to this clause are those that are set forth in 49 CFR 30.7-30.9.

B. General. This clause implements the procurement provisions contained in the Continuing Resolution on the Fiscal Year 1988 Budget, Public Law No. 100-202, and the Airport and Airway Safety and Capacity Expansion Act of 1987, Public Law No. 100-223.

C. Restrictions. The Vendor/Contractor shall not knowingly enter into any Sub-Contract under this contract: (1) With a Sub-Contractor of a foreign country included on the list of countries that discriminate against U.S. firms published by the United States Trade Representative (U.S.T.R.); or (2) for the supply of any product for use on the Federal Public works project under this contract that is produced or manufactured in a foreign country included on the list of countries that discriminate against U.S. firms published by the U.S.T.R.

D. Certification. The Vendor/Contractor may rely upon the certification of a prospective Sub-Contractor that it is not a Sub-Contractor of a foreign country included on the list of countries that discriminates against U.S. firms published by the U.S.T.R. and that products supplied by such Sub-Contractor for use on the Federal public works project under this contract are not products of a foreign country included on the list of countries that discriminate against U.S. firms published by the U.S.T.R., unless the contractor has knowledge that the certification is erroneous.

E. Erroneous certification. The certification in Paragraph (b) of the provision entitled “Restriction on Federal Public Works Projects—Certification,” is a material representation of fact upon which reliance was placed when making the award. If it is later determined that the Vendor/Contractor knowingly rendered an erroneous certification, in addition to other remedies available to the Government, the Contracting Officer may cancel this contract for default at no cost to the Government.

F. Cancellation. Unless the restrictions of this clause are waived as provided in Paragraph (e) of the provision entitled “Restriction on Federal Public Works Projects—Certification,” if the Vendor/Contractor knowingly enters into a Sub-Contract with a Sub-Contractor that is a Sub-Contractor of a foreign country included on the list of countries that discriminate against U.S. firms published by the U.S.T.R. or that supplies any product for use on the Federal public works project under this contract of a foreign country included on the list of countries that discriminate against U.S. firms published by the U.S.T.R., the Contracting Officer may cancel this contract for default, at no cost to the Government.

G. Sub-Contracts. The Vendor/Contractor shall incorporate the clause found in 49 CFR 30.15, without modification, including this Paragraph (G.) in all Solicitations and Sub-Contracts under this contract. This project is partially funded with Federal aid Highway Program Funds, the only governmental applicable prohibition against contracting with scrutinized companies are the ones that are in accordance with the economic sanctions established by the US Department of State and the US Department of the Treasury.

H. Proposal may not include the Florida orders on business with Syria, Cuba, Iran, Israel and Sudan.

10.4. INCENTIVE/DISINCENTIVE CLAUSES – 23 CFR 635.127 (d,f)

The Incentive/Disincentive clause is not applicable for this project.

10.5. INDIAN PREFERENCE ON FEDERAL AID PROJECTS – 23 CFR 635.117

This requirement is not applicable for this project.

10.6. COUNTY FORCE ACCOUNT/COST EFFECTIVE JUSTIFICATION – 23 CFR 635B UNDER 635.205

The County will be utilizing an independent contractor to perform the scope of work.

10.7. PATENTED PROPRIETARY MATERIALS – 23 CFR 635.411

Several requirements (e.g., use of a proprietary product, use of public equipment, or contract award based on other than competitive Bidding) may be waived under specific conditions if it is found to be in the public interest or cost effective. These findings should be used sparingly since such a determination is an acknowledgment that the needs of the public will be better met by not following the general rules. Since the general requirement addresses a specific issue or concern, waiving that requirement should be done only after careful consideration of the effect or precedent that will be set.

A. The actual cost effectiveness / public interest finding will consist of a written document outlining the basis for the request and any supporting documentation such as a cost/benefit analysis; discussion of product compatibility; logistical concerns; etc.

The cost effectiveness / public interest finding can only be used if approved by FDOT and it is specified in Bid document.

10.8. PREQUALIFICATION – 23 CFR 635.110

The County shall certify that Florida DOT Pre-qualified Contractors will be used to perform LAP projects when on the NHS, SHS and Class C projects. However, when the project is on the NHS or SHS, and the contract is under $250,000 then a pre-qualified contractor is not required, per FDOT Standard Specifications 2-1 Prequalification of Bidders.

A. Non-NHS/SHS projects may use County pre-qualified contractors.

B. This project is Non-NHS/SHS and is not a Class C project. Hernando County does not pre-qualify contractors for construction projects.

10.9. PUBLIC AGENCIES IN COMPETITION WITH THE PRIVATE SECTOR – 23 CFR 635.112(e)

No public agency shall be permitted to Bid in competition or to enter into Sub-Contracts with private contractors. A public agency is defined as any organization with administrative or functional responsibilities that are either directly or indirectly affiliated with a governmental body of any nation, state, or local jurisdiction.

10.10. PUBLICLY OWNED EQUIPMENT – 23 CFR 635.106

Hernando County does not permit the use of publicly owned equipment to compete with privately owned equipment on a project to be let to contract.

10.11. RESTRICTIONS ON MATERIALS 23 CFR 635.409

No requirement shall be imposed and no procedure shall be enforced by any state transportation department in connection with a project which may operate:

A. To require the use of or provide a price differential in favor of articles or materials produced within the state, or otherwise to prohibit, restrict or discriminate against the use of articles or materials shipped from or prepared, made or produced in any state, territory or possession of the United States; or

B. To prohibit, restrict or otherwise discriminate against the use of articles or materials of foreign origin to any greater extent than is permissible under policies of the Department of Transportation as evidenced by requirements and procedures prescribed by the FHWA Administrator to carry out such policies.

10.12. USE OF MATERIALS MADE AVAILABLE BY A PUBLIC AGENCY 23 CFR 635.407

A. Contracts for highway projects shall require the contractor to furnish all materials to be incorporated in the work and shall permit the contractor to select the sources from which the materials are to be obtained. Exception to this requirement may be made when there is a definite finding by the State transportation department and concurred in by the FHWA Division Administrator, that it is in the public interest to require the contractor to use material furnished by the State transportation department or from sources designated by the State transportation department. In cases such as this, the FHWA does not expect mutual sharing of costs unless the State transportation department receives a related credit from another agency or political subdivision of the State. Where such a credit does accrue to the State transportation department, it shall be applied to the Federal-aid project involved. The designation of a mandatory material source may be permitted based on environmental considerations, provided the environment would be substantially enhanced without excessive cost. Otherwise, if a State transportation department proposal to designate a material source for mandatory use would result in higher project costs, Federal-aid funds shall not participate in the increase even if the designation would conserve other public funds.

B. The provisions of paragraph (a) of this section will not preclude the designation in the plans and specifications of sources of local natural materials, such as borrow aggregates, that have been investigated by the State transportation department and found to contain materials meeting specification requirements. The use of materials from such designated sources shall not be mandatory unless there is a finding of public interest as stated in paragraph (a) of this section.

C. Federal funds may participate in the cost of specifications materials made available by a public agency when they have been actually incorporated in accepted items of work, or in the cost of such materials meeting the criteria and stockpiled at the locations specified in § 635.114 of this chapter.

D. To be eligible for Federal participation in its cost, any material, other than local natural materials, to be purchased by the State transportation department and furnished to the contractor for mandatory use in the project, must have been acquired on the basis of competitive bidding, except when there is a finding of public interest justifying the use of another method of acquisition. The location and unit price at which such material will be available to the contractor must be stated in the special provisions for the benefit of all prospective bidders. The unit cost eligible for Federation participation will be limited to the unit cost of such material to the State transportation department.

E. When the State transportation department or another public agency owns or has control over the source of a local natural material the unit price at which such material will be made available to the contractor must be stated in the plans or special provisions. Federal participation will be limited to

1. the cost of the material to the State transportation department or other public agency; or

2. the fair and reasonable value of the material, whichever is less. Special cases may arise that will justify Federal participation on a basis other than that set forth above. Such cases should be fully documented and receive advance approval by the FHWA Division Administrator.

F. Costs incurred by the State transportation department or other public agency for acquiring a designated source or the right to take materials from it will not be eligible for Federal participation if the source is not used by the contractor.

G. The contract provisions for one or a combination of Federal-aid projects shall not specify a mandatory site for the disposal of surplus excavated materials unless there is a finding by the State transportation department with the concurrence of the FHWA Division Administrator that such placement is the most economical except that the designation of a mandatory site may be permitted based on environmental considerations, provided the environment would be substantially enhanced without excessive cost.

10.13. EQUIPMENT RENTAL RATES – 23 CFR 635.120 AND 48 CFR 31

For any work proposed to be performed by equipment-rental Agreement, Vendor/Contractor shall notify the Engineer in writing of such intention before using the rented equipment, and indicate whether the equipment will be rented on an operated or non-operated basis. Include with the written notice a listing and description of the equipment and a description of the particular work to be performed with such equipment. As an exception to the above requirements, the County will not require written notice for equipment to be rented (without operators) from an equipment dealer or from a firm whose principal business is the renting or leasing of equipment.

A. The operators of all rented equipment, whether rented on an operated or a non-operated basis are operators are subject to all wage rate requirements applicable to the project. When renting equipment without operators, the Vendor/Contractor shall carry the operators on his own

payroll. For equipment that is rented on an operated basis, and when required by the Contract or requested by the Engineer, Vendor/Contractor shall furnish payrolls from the lessor with the names of the operators shown thereon.

B. When a lessor provides rentals of equipment on an operated basis that exceed $10,000, such lessor is subject to any Equal Employment Opportunity requirements that are applicable to the project.

10.14. CONFLICT OF INTEREST

Neither Hernando County nor any of its contractors or their subcontractors shall enter into any contract, subcontract or arrangement in connection with the Project or any property included or planned to be included in the Project in which any member, officer or employee of Hernando County or the locality during tenure or for 2 years thereafter has any interest, direct or indirect. If any such present or former member, officer or employee involuntarily acquires or had acquired prior to the beginning of tenure any such interest, and if such interest is immediately disclosed to Hernando County, Hernando County, with prior approval of the Department, may waive the prohibition contained in this paragraph provided that any such present member, officer or employee shall not participate in any action by Hernando County or the locality relating to such contract, subcontract or arrangement. Hernando shall insert in all contracts entered into in connection with the Project or any property included or planned to be included in any Project, and shall require its contractors to insert in each of their subcontracts, the following provision:

A. "No member, officer or employee of the Recipient or of the locality during his tenure or for 2 years thereafter shall have any interest, direct or indirect, in this contract or the proceeds thereof."

B. The provisions of this paragraph shall not be applicable to any agreement between Hernando County and its fiscal depositories or to any agreement for utility services the rates for which are fixed or controlled by a governmental agency.

10.15. DOMESTIC PREFERENCES FOR PROCUREMENTS 2 CFR 200.322

A. As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

B. For purposes of this section:

1. “Produced in the United States” means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

2. “Manufactured products” means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as

polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

10.16. PROHIBITION ON CERTAIN TELECOMMUNICATIONS AND VIDEO SURVEILLANCE SERVICES OR EQUIPMENT 2 CFR 200.216

A. Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:

1. Procure or obtain;

2. Extend or renew a contract to procure or obtain; or

3. Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115–232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

   a. For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).

   b. Telecommunications or video surveillance services provided by such entities or using such equipment.

   c. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

B. In implementing the prohibition under Public Law 115–232, section 889, subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.

C. See Public Law 115–232, section 889 for additional information.

D. See also § 200.471.

10.17. PROCUREMENT OF RECOVERED MATERIALS 2 CFR 200.323

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired during the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

10.18. EQUAL EMPLOYMENT OPPORTUNITY (EEO) 2 CFR 200, Appendix II(C), 41 CFR § 60-4.1, Executive Order 11246

Federally assisted construction contracts.

(1) Except as otherwise provided, each administering agency shall require the inclusion of the following language as a condition of any grant, contract, loan, insurance, or guarantee involving federally assisted construction which is not exempt from the requirements of the equal opportunity clause:

The County hereby agrees that it will incorporate or cause to be incorporated into any contract for construction work, or modification thereof, as defined in the regulations of the Secretary of Labor at 41 CFR Chapter 60, which is paid for in whole or in part with funds obtained from the Federal Government or borrowed on the credit of the Federal Government pursuant to a grant, contract, loan, insurance, or guarantee, or undertaken pursuant to any Federal program involving such grant, contract, loan, insurance, or guarantee, the following equal opportunity clause:

During the performance of this contract, the contractor agrees as follows:

(1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:

Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.

(3) The contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information.

(4) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(5) The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(6) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(7) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(8) The contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:

Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

The applicant further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: *Provided,*

That if the applicant so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the contract.

The applicant agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.

The applicant further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the applicant agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the applicant under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such applicant; and refer the case to the Department of Justice for appropriate legal proceedings.

10.19. LOCAL PREFERENCE F.S. 255.0991

Local preference is not applicable on this project. Florida Statutes 255.0991

11. SUPPLEMENTARY CONDITIONS (LAP DIV 1 SPECS)

11.1. SUPPLEMENTARY CONDITIONS LAP DIVISION I SPECIFICATIONS

SUPPLEMENTARY CONDITIONS

LAP DIVISION I SPECIFICATIONS

FOR THE

HERNANDO COUNTY Department of Public Works

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

SOLICITATION/CONTRACT NO. 25-CG00926/JG

11.2. V-A LAP DIV I SPECS

Please see Exhibit E: 438651-1-58-01 SPECS 06.10.24

12. ADDT'L SUP CONDITIONS PREVAIL WAGE REQS

12.1. ADDITIONAL SUPPLEMENTARY CONDITIONS PREVAILING WAGE REQUIREMENTS

ADDITIONAL SUPPLEMENTARY CONDITIONS

PREVAILING WAGE REQUIREMENTS

FOR THE

HERNANDO COUNTY Department of Public Works

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

SOLICITATION/CONTRACT NO. 25-CG00926/JG

12.2. Department of Labor Wage Determination

Department of Labor Wage Determination

See Attached Wage Decision (WD), FL20240250 for Highway Construction Projects, Hernando County, Florida.

For contracts which are the result of sealed Bidding procedures, revisions to the WD which are published in the WDOL SCA Database ten (10) or more days prior to Bid Opening shall be effective. Any revised WD which is published in the WDOL SCA Database less than ten (10) days prior to Bid Opening shall not be effective if the contracting office determines that there is not a reasonable time still available to notify bidders of the revision.

Visit the Wage Determinations Online Web Page for additional information relating to the Davis Bacon Act and Wage Determinations: https://sam.gov/

Wage decision (s) must be monitored during construction Bidding phase and any updates subject to 10-day rule must be issued by addendum.

12.3. ADDITIONAL SUPPLEMENTARY CONDITIONS PREVAILING WAGE REQUIREMENTS

Please see Attachment: FL20240168_1-5-2024 Prevailing Wage Determination

13. ADDT'L SUP CONDITIONS DBE GOOD FAITH

13.1. ADDITIONAL SUPPLEMENTARY CONDITIONS DISADVANTAGED BUSINESS ENTERPRISE

ADDITIONAL SUPPLEMENTARY CONDITIONS

DISADVANTAGED BUSINESS ENTERPRISE INFORMATION ON GOOD FAITH EFFORTS IN PROCUREMENT

FOR THE

HERNANDO COUNTY Department of Public Works

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

SOLICITATION/CONTRACT NO. 25-CG00926/JG

13.2. DBE

OVERALL FDOT DBE GOALS:

FDOT is required to set overall DBE goals every three (3) years. The overall race neutral program FDOT DBE goal **is 10.67%, effective October 1, 2023** FDOT aspires to spend 10.67% of FHWA funds on projects with Certified DBEs as prime Contractors/Sub-Contractors and prime Consultants/Sub-Consultants. ***The goal is not a Contractual requirement and neither FDOT nor Local Agencies in the LAP program may take sanctions or other punitive actions for failure of Contractor(s) to meet the 10.67% goal.*** However, FDOT strongly encourages Vendor/Contractors to seek out, solicit Bids/Quotes and use DBEs wherever possible, and it expects Local Agencies in LAP do likewise.

BID OPPORTUNITY DATA COLLECTION:

In order to ensure that the DBE program is narrowly tailored in compliance with **49 CFR 26.45** and applicable Supreme Court decision(s), FDOT must maintain a statewide database of all firms that are participating or attempting to participate in FHWA-assisted Contracts. The list must include all firms that Bid on prime Contracts or Bid or Quote Sub-Contracts on FHWA-assisted projects, including both DBEs and non-DBEs. The ***Bid Opportunity List*** is used to record Bidders' information for all Sub-Contractors or Sub-Consultants who submitted Bids to primes. **All Vendor/Contractors must enter their Bid opportunity information in the Equal Opportunity Compliance (EOC) System within three (3) business days of submission of the Bid or Proposal for all Sub-Contractors or Sub-Consultants who Quoted Bids for FHWA-assisted projects.** The link to the EOC system is located in ***Chapter 1 Section 1.4, Directory of Compliance Websites & Addresses.*** For further information reference the DBE Bid package information and Form 275-030-11. **Failure of Bidders to enter Bid Opportunity List information is a violation of 49 C.F.R. 26.11 and grounds for compliance actions up to and including withholding of progress payments.**

ANTICIPATED DBE PARTICIPATION OR COMMITMENTS:

The Prime Vendor/Contractor is required to enter anticipated DBE utilization data in the EOC System at or before the Pre-Construction Conference. The anticipated DBE participation is also known as

"commitments" and would also be reflected on the Certificate of Sublet work submitted by the prime Vendor/Contractor. The data includes:

A. DBE company name,

B. specialty code/North American Industry Classification System (NAICS) code identifying work to be performed, and

C. the total Contract amount.

In addition, prime Vendor/Contractors are required to promptly update the EOC System whenever DBEs are added or removed from the Certificate of Sublet Work, or when utilization changes. Even when DBEs are not used on a project, the prime Vendor/Contractor is still responsible for reporting zero DBE utilization in the EOC System. Prime Vendor/Contractors who are certified DBEs must report the portion of the Contract which will be performed directly by them with their own workforces. Other DBE Sub-Contractors that the DBE prime Vendor/Contractor anticipates using must also be reported.

PAYMENTS TO DBEs:

The Prime Vendor/Contractor reports data on actual payments, minority status, and the type of work of all Sub-Contractors and major suppliers **monthly** in the EOC System. Included in the reporting are monies paid from each monthly pay application to each DBE for the work performed in their certified area(s). If no payment is made to a DBE, the Prime must report a zero-dollar payment. The Prime must continue monthly reporting in the EOC System until such time that the DBE has been 'finalized or closed out' of the project.

PROMPT PAYMENT:

Monthly actual payment reporting requirements for prime Vendor/Contractors and Consultants are based on prompt payment rules and laws. The same holds true for return of retainage after the Sub-Contractor has completed its work, not when the overall project is finished. Florida Law requires timely payment for both construction and nonconstruction services. Generally, invoices for construction Contracts must be paid within twenty-five (25) days of receipt. Invoices for Consultant Contracts are payable per the Contract terms, but shall not exceed federal regulations in ***49 CFR 26.29*** that requires payment of all Sub-Contractors for satisfactory performance within thirty (30) days of payment to the Prime.

To access the FDOT – EOC system for access and training:
http://www.dot.state.fl.us/equalopportunityoffice/eoc.shtm

13.3. V-C DBE Bid Package

Please see Exhibit D: V-C DBE Bid Package

14. FHWA – FORM 1273 Items

14.1. ADDITIONAL SUPPLEMENTARY CONDITIONS FHWA-FORM 1273

FHWA – FORM 1273

REQUIRED

FOR THE

HERNANDO COUNTY Department of Public Works

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

SOLICITATION/CONTRACT NO. 25-CG00926/JG

14.2. V-D FHWA 1273 Required Contract Provisions Federal-Aid Construction Contracts

Please see Exhibit F: V-D FHWA 1273

15. SCOPE AND SPECIFICATIONS

15.1. SCOPE OF WORK

The Vendor/Contractor will supply all materials, labor, and equipment in order to accomplish the S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid), as described in the specifications and construction plans showing the proposed improvements in Hernando County, Florida.

15.2. PROJECT DESCRIPTION:

A. This project consists of Construction activities to build a five (5) foot ADA compliant sidewalk on the west side of South Linden Dr from County Line Road to Spring Hill Drive.

B. It will be the Vendor/Contractor's responsibility to provide an acceptable MOT plan at the Pre-Construction meeting along with a chart showing the project schedule.

C. The Vendor/Contractor shall comply with all applicable OSHA workplace safety requirements and shall accomplish the work in a manner providing for the safety of their equipment and workers and for the safety of the general public.

15.3. LOCATION OF THE WORK:

The work to be performed in this contract will be performed on South Linden Drive sidewalk from County Line Road to Spring Hill Drive, in Hernando County, Florida.

15.4. SURVEY CONTROL

Vendor/Contractor will furnish all surveys and construction stakeouts unless otherwise specified. The Vendor/Contractor will provide horizontal control and bench marks or elevations for vertical control. The Vendor/Contractor shall furnish, free of charge, all stakes, all templates, and other materials necessary for marking and maintaining points and lines given. The Vendor/Contractor shall be held responsible for the preservation of all stakes and markers, and if the stakes or markers are destroyed or disturbed, the cost of replacing them shall be charged against the Vendor/Contractor, and shall be deducted from the payment for the work. The Vendor/Contractor shall be responsible for any mistakes that may be caused by their unnecessary loss or disturbance.

15.5. TRAFFIC CONTROL

A. The Vendor/Contractor shall be responsible for installing, operating, and maintaining all traffic control associated with the project, including detours, advance warnings, channelization, or other features, both at the immediate work site and at outlaying points as detailed on the construction plans or as referenced by the FDOT indexes.

B. Vendor/Contractor shall prepare a detailed traffic control plan designed to accomplish the level of performance outlined in the scope of work, and incorporating the methods and criteria

contained in the Manual on Uniform Traffic Control Devices published by the U.S. Department of Transportation and adopted as amended by the FDOT. This plan must be approved in writing by the Engineer.

C. The Engineer may inspect and monitor the traffic control scheme and devices of the Vendor/Contractor and shall, through the Project Manager or County's Designated Inspector assigned to the project, make known his requirements for any alterations and adjustments to the control plan or devices. The Vendor/Contractor shall take direction only as appropriately expressed by the Inspector or Engineer.

15.6. BID FORM

25-CG00926/JG, S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

The Vendor/Contractor shall provide all labor and other resources necessary to provide the supplies, equipment and/or services in strict accordance with the specifications defined in this Solicitation for the amounts specified in this Bid Form, inclusive of overhead, profit and any other costs.

Vendor/Contractor is to understand that the total bid price is based on the estimated quantities indicated as follows and will control in awarding the Contract as provided in the Solicitation Instructions. It is further understood that the quantities stated in the Bid Form for various items are estimated only and may be increased or decreased as provided in the Contract.

PLEASE COMPLETE ELECTRONIC PRICING SHEET SECTION

16. GENERAL REQUIREMENTS AND TECHNICAL SPECIFICATIONS

16.1. Requirement and Technical Specifications

Please refer to **Exhibit A** and **Exhibit E** in the Section 17, ATTACHMENTS, for comprehensive General Requirements and Technical Specifications.

17. PRICING PROPOSAL

Line Item	FDOT No	Description	Quantity	Unit of Measure	Unit Cost	Total
1	101-1	MOBILIZATION	1	L.S.		
2	102-1	MAINTENANCE OF TRAFFIC	1	L.S		
3	102-60	WORK ZONE SIGN	1	L.S		
4	102-74-1	CHANNELIZING DEVICE- TYPES I, II, DI, VP, DRUM, OR LCD	1	L.S		
5	102-74-8	CHANNELIZING DEVICE-TYPES LCD	1	L.S.		
6	104-10-3	SEDIMENT BARRIER	300	L.F.		
7	104 18	INLET / MES PROTECTION SYSTEM	11	EA.		
8	110-1-1	CLEARING & GRUBBING	1	L.S.		
9	110-4-10	REMOVAL EXISTING CONCRETE	588	S.Y.		
10	120-1	REGULAR EXCAVATION	985	C.Y.		
11	120-6	EMBANKMENT	968	C.Y.		
12	425-1-559	FDOT MOD. INLET, DITCH BOTTOM, TYPE E, <10' (2 PIECE) (CONCRETE TOP - NO GRATE) (w/ TRAVERSABLE SLOTS and CONCRETE INLET PAVEMENT)	1	EA.		
13	430174115	FDOT PIPE CULVERT, OPT. MATERIAL, ROUND, 15" SD	56	L.F.		

Line Item	FDOT No	Description	Quantity	Unit of Measure	Unit Cost	Total
14	430984123	FDOT MES, OPTIONAL ROUND, 15" SD	2	EA.		
15	515-2311	PEDESTRIAN RAILING, ALUMINUM, 36", TYPE 1	56	LF.		
16	520-2-2	CONCRETE CURB, TYPE B (3000 PSI w/ COMMERCIAL FIBERMESH)	20	LF.		
17	520-2-4	CONCRETE CURB, TYPE D (3000 PSI w/ COMMERCIAL FIBERMESH)	24	LF.		
18	520-1-10	CONCRETE CURB & GUTTER, TYPE F (3000 PSI w/ COMMERCIAL FIBERMESH)	82	LF.		
19	522-2	CONCRETE SIDEWALK and DRIVEWAYS, 6'' Thick (3000 PSI w/ COMMERCIAL FIBERMESH)	6,136	S.Y.		
20	527-1	DETECTABLE WARNINGS (FDOT ADA MAT) (YELLOW)	686	S.F.		
21	570-1-2	PERFORMANCE TURF, BAHIA SOD	22,118	S.Y.		
22	570-1-2	PERFORMANCE TURF, FLORITAM SOD	3,300	S.Y.		
23	700-1-11	SINGLE POST SIGN ASSEMBLY, FURNISH & INSTALL, GROUND MOUNT, <12 SF	1	AS.		

Line Item	FDOT No	Description	Quantity	Unit of Measure	Unit Cost	Total
24	700-13-15	RETROREFLECTIVE SIGN STRIP, F&I, 5 FT	16	EA.		
25	711-11-123	THERMOPLASTIC, STD, WHITE, SOLID, 12''	2,080	L.F.		
26	711-14-125	THERMOPLASTIC, PREFORMED, WHITE, SOLID, 24''	270	L.F.		
27	635-2-11	PULL BOX & COVER #A241324xxA (14.75x25.25) (INCLUDES CONDUIT, FITTINGS & WIRING)	3	EA.		
28	653-1-11	PEDESTRIAN SIGNAL ASSEMBLY, FURNISH & INSTALL LED COUNTDOWN, 1 WAY	2	AS.		
29	1000-5	GOPHER TORTOISE PERMITTING & MAPPING	1	L.S.		
30	1000-6	GOPHER TORTOISE BURROWS EXCAVATIONS	5	EA.		
31	1000-7	GOPHER TORTOISE RELOCATIONS	5	EA.		
32		REMOVE & RESET BRICK PAVERS	40	S.Y.		
TOTAL						

County of Hernando
Procurement Department
Carla Rossiter-Smith, Chief Procurement Officer
15470 Flight Path Drive, Brooksville, FL 34604
(352) 754-4020

ADDENDA REPORT

ITB No. 25-CG00926/JG

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

RESPONSE DEADLINE: May 12, 2025 at 10:00 am

Tuesday, July 8, 2025

Addenda Issued:

Addendum #1

Mar 26, 2025 8:35 AM

Addendum #1 25-CG00926/JG S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

Attachments:

· Addendum 1 25-CG00926 South Linden LAP

Addendum #2

Apr 3, 2025 9:38 AM

Addendum #2 - 25-CG00926/JG S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

Attachments:

· Addendum 2 25-CG00926 South Linden LAP

Addendum #3

Apr 4, 2025 2:19 PM

Addendum 3 for 25-CG00926/JG S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid) **PLEASE NOTE, THE SUBMISSION DEADLINE HAS CHANGED**

Attachments:

· Addendum 3 25-CG00926 South Linden LAP-

Addendum #4

Apr 14, 2025 10:03 AM

Addendum_4_25-CG00926 S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

Attachments:

· Addendum 4 25-CG00926 South Linden LAP

Addendum #5

Apr 16, 2025 10:22 AM

Addendum 5 for 25-C00926/JG S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid). Please note extension of question period and revised Bid Submission Deadline.

Attachments:

· Addendum 5 - 25-CG00926 South Linden LAP

Addenda Acknowledgements:

Addendum #1

Proposal	Confirmed	Confirmed At	Confirmed By
Augustine Construction, Inc.	X	Apr 2, 2025 1:37 PM	Megan Christie
DB Civil Construction	X	May 9, 2025 9:41 AM	David Borchert
Cathcart Construction Company - Florida, LLC	X	May 7, 2025 11:30 AM	Ryan McClellan

Addendum #2

Proposal	Confirmed	Confirmed At	Confirmed By
Augustine Construction, Inc.	X	Apr 16, 2025 10:19 AM	Megan Christie
DB Civil Construction	X	May 9, 2025 9:41 AM	David Borchert
Cathcart Construction Company - Florida, LLC	X	May 7, 2025 11:30 AM	Ryan McClellan

Addendum #3

Proposal	Confirmed	Confirmed At	Confirmed By
Augustine Construction, Inc.	X	Apr 16, 2025 10:19 AM	Megan Christie
DB Civil Construction	X	May 9, 2025 9:41 AM	David Borchert
Cathcart Construction Company - Florida, LLC	X	May 7, 2025 11:30 AM	Ryan McClellan

Addendum #4

Proposal	Confirmed	Confirmed At	Confirmed By
Augustine Construction, Inc.	X	Apr 16, 2025 10:19 AM	Megan Christie
DB Civil Construction	X	May 9, 2025 9:41 AM	David Borchert
Cathcart Construction Company - Florida, LLC	X	May 7, 2025 11:30 AM	Ryan McClellan

Addendum #5

Proposal	Confirmed	Confirmed At	Confirmed By
Augustine Construction, Inc.	X	Apr 16, 2025 12:07 PM	Megan Christie
DB Civil Construction	X	May 9, 2025 9:41 AM	David Borchert
Cathcart Construction Company - Florida, LLC	X	May 7, 2025 11:30 AM	Ryan McClellan

PROCUREMENT DEPARTMENT

15470 FLIGHT PATH DRIVE ◆ BROOKSVILLE, FLORIDA 34604
P 352.754.4020 ◆ F 352.754.4199 ◆ W www.HernandoCounty.us

ADDENDUM # ONE (1)

TO
THE CONTRACT DOCUMENTS
FOR THE

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

IN
HERNANDO COUNTY, FLORIDA

SOLICITATION NO. 25-CG00926/JG

Bidders are required to acknowledge receipt of this Addendum via OpenGov prior to the time of the Bid Opening.

The following changes, additions are hereby made a part of the Contract Documents for the above-referenced Solicitation as fully and completely as if the same were fully set forth therein:

A. QUESTIONS AND ANSWERS

1.Q. I am reaching out to inquire whether a Zoom or Teams link will be provided for the Prebid meeting scheduled for this Wednesday at 11 AM. Given that we have a three-hour drive to attend in person and with timing conflicts we would greatly appreciate a virtual option.

1.A. No. Attendance must be in person and is mandatory to be able to enter a bid for this project.

BOARD OF COUNTY COMMISSIONERS
OF HERNANDO COUNTY, FLORIDA

Cathy Tefft Procurement Manager

For: Carla Rossiter-Smith, Chief Procurement Officer

PROCUREMENT DEPARTMENT

15470 FLIGHT PATH DRIVE ◆ BROOKSVILLE, FLORIDA 34604
P 352.754.4020 ◆ F 352.754.4199 ◆ W www.HernandoCounty.us

ADDENDUM # TWO (2)

TO
THE CONTRACT DOCUMENTS
FOR THE

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

IN
HERNANDO COUNTY, FLORIDA

SOLICITATION NO. 25-CG00926/JG

Bidders are required to acknowledge receipt of this Addendum via OpenGov prior to the time of the Bid Opening.

The following changes, additions are hereby made a part of the Contract Documents for the above-referenced Solicitation as fully and completely as if the same were fully set forth therein:

A. QUESTIONS AND ANSWERS

1.Q. What is the Budget Engineers Estimate for this Solicitation.

1.A. Please refer to **Section 7.1**, sub-section **AE**.

2.Q. Will the county or the contractor be responsible for incurring costs on relocating light poles and utilities/water meter work.

2.A. The costs associated with relocating light poles and any utility meters will be the responsibility of the respective utility.

BOARD OF COUNTY COMMISSIONERS
OF HERNANDO COUNTY, FLORIDA

For: Carla Rossiter-Smith, Chief Procurement Officer

PROCUREMENT DEPARTMENT

15470 FLIGHT PATH DRIVE ◆ BROOKSVILLE, FLORIDA 34604
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ADDENDUM NO. THREE (3)

TO
THE CONTRACT DOCUMENTS FOR THE

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

IN
HERNANDO COUNTY, FLORIDA

SOLICITATION NO. 25-CG00926/JG

Bidders are required to acknowledge receipt of this Addendum via OpenGov prior to the time of the Bid Opening.

The following changes, additions and/or deletions are hereby made a part of the Contract Documents for the above-referenced Solicitation as fully and completely as if the same were fully set forth therein:

A. CHANGES

1. **OVERVIEW is revised as follows:**

Timeline

Release Project Date: March 19, 2025
Pre-Proposal Meeting (Mandatory): March 26, 2025, 11:00am
Hernando County Department of Public Works, 1525 E. Jefferson St., Brooksville, FL 34601
Question Submission Deadline: March 31, 2025, 5:00pm
Proposal Submission Deadline: ~~April 21, 2025~~, April 28, 2025, 10:00am
Administrative Conference Room at 15470 Flight Path Drive Brooksville, FL 34604

BOARD OF COUNTY COMMISSIONERS
OF HERNANDO COUNTY, FLORIDA

Cathy Tefft Procurement Manager
For: Carla Rossiter-Smith, MSM PMP GPC
Chief Procurement Officer

PROCUREMENT DEPARTMENT

15470 FLIGHT PATH DRIVE ◆ BROOKSVILLE, FLORIDA 34604
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ADDENDUM NO. FOUR (4)

TO
THE CONTRACT DOCUMENTS FOR THE

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

IN
HERNANDO COUNTY, FLORIDA

SOLICITATION NO. 25-CG00926/JG

Bidders are required to acknowledge receipt of this Addendum via OpenGov prior to the time of the Bid Opening.

The following changes, additions and/or deletions are hereby made a part of the Contract Documents for the above-referenced Solicitation as fully and completely as if the same were fully set forth therein:

A. CHANGES

1. In Section 17, ATTACHMENTS, **remove** Exhibit B A - 438651-1-58-01 Plans **and replace with** Exhibit B Addendum 4 Construction Plans

   No Pay Items or Quantities are affected by this Addendum 4.

BOARD OF COUNTY COMMISSIONERS
OF HERNANDO COUNTY, FLORIDA

For: Carla Rossiter-Smith, MSM PMP GPC
Chief Procurement Officer

PROCUREMENT DEPARTMENT

15470 FLIGHT PATH DRIVE ◆ BROOKSVILLE, FLORIDA 34604
P 352.754.4020 ◆ F 352.754.4199 ◆ W www.HernandoCounty.us

ADDENDUM NO. FIVE (5)

TO
THE CONTRACT DOCUMENTS FOR THE

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

IN
HERNANDO COUNTY, FLORIDA

SOLICITATION NO. 25-CG00926/JG

Bidders are required to acknowledge receipt of this Addendum via OpenGov prior to the time of the Bid Opening.

The following changes, additions and/or deletions are hereby made a part of the Contract Documents for the above-referenced Solicitation as fully and completely as if the same were fully set forth therein:

A. CHANGES

1. **OVERVIEW is revised as follows:**

Timeline

Release Project Date: March 19, 2025
Pre-Proposal Meeting (Non-Mandatory): March 26, 2025, 11:00am
Hernando County Department of Public Works, 1525 E. Jefferson St., Brooksville, FL 34601
Question Submission Deadline: ~~March 31, 2025,~~ April 22, 2025, 5:00pm
Proposal Submission Deadline: ~~April 28, 2025~~, May 12, 2025, 10:00am
Administrative Conference Room at 15470 Flight Path Drive Brooksville, FL 34604

BOARD OF COUNTY COMMISSIONERS
OF HERNANDO COUNTY, FLORIDA

Cathy Tefft, Procurement Manager
For: Carla Rossiter-Smith, MSM PMP GPC
Chief Procurement Officer

County of Hernando
Procurement Department
Carla Rossiter-Smith, Chief Procurement Officer
15470 Flight Path Drive, Brooksville, FL 34604

EVALUATION TABULATION

ITB No. 25-CG00926/JG

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

RESPONSE DEADLINE: May 12, 2025 at 10:00 am
Report Generated: Tuesday, May 13, 2025

SELECTED VENDOR TOTALS

Vendor	Total
Augustine Construction, Inc.	$1,202,741.20
DB Civil Construction, LLC	$1,272,912.60
Cathcart Construction Company - Florida, LLC	$1,573,487.00

					Augustine Construction, Inc.		Cathcart Construction Company - Florida, LLC		DB Civil Construction, LLC	
Line Item	Description	Quantity	Unit of Measure	FDOT No	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total
1	MOBILIZATION	1	L.S.	101-1	$110,000.00	$110,000.00	$150,525.00	$150,525.00	$110,000.00	$110,000.00
2	MAINTENANCE OF TRAFFIC	1	L.S	102-1	$15,753.00	$15,753.00	$75,000.00	$75,000.00	$45,000.00	$45,000.00
3	WORK ZONE SIGN	1	L.S	102-60	$9,094.00	$9,094.00	$3,000.00	$3,000.00	$6,000.00	$6,000.00
4	CHANNELIZING DEVICE- TYPES I, II, DI, VP, DRUM, OR LCD	1	L.S	102-74-1	$1,908.00	$1,908.00	$8,000.00	$8,000.00	$5,000.00	$5,000.00
5	CHANNELIZING DEVICE-TYPES LCD	1	L.S.	102-74-8	$4,361.00	$4,361.00	$1,500.00	$1,500.00	$3,000.00	$3,000.00
6	SEDIMENT BARRIER	300	L.F.	104-10-3	$3.75	$1,125.00	$5.00	$1,500.00	$5.002	$1,500.60

					Augustine Construction, Inc.		Cathcart Construction Company - Florida, LLC		DB Civil Construction, LLC	
Line Item	Description	Quantity	Unit of Measure	FDOT No	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total
7	INLET / MES PROTECTION SYSTEM	11	EA.	104 18	$126.00	$1,386.00	$550.00	$6,050.00	$240.00	$2,640.00
8	CLEARING & GRUBBING	1	L.S.	110-1-1	$151,809.00	$151,809.00	$140,000.00	$140,000.00	$120,000.00	$120,000.00
9	REMOVAL EXISTING CONCRETE	588	S.Y.	110-4-10	$26.00	$15,288.00	$30.00	$17,640.00	$40.00	$23,520.00
10	REGULAR EXCAVATION	985	C.Y.	120-1	$78.00	$76,830.00	$35.00	$34,475.00	$55.00	$54,175.00
11	EMBANKMENT	968	C.Y.	120-6	$78.00	$75,504.00	$50.00	$48,400.00	$70.00	$67,760.00
12	FDOT MOD. INLET, DITCH BOTTOM, TYPE E, <10' (2 PIECE) (CONCRETE TOP - NO GRATE) (w/ TRAVERSABLE SLOTS and CONCRETE INLET PAVEMENT)	1	EA.	425-1-559	$13,330.00	$13,330.00	$9,500.00	$9,500.00	$16,000.00	$16,000.00
13	FDOT PIPE CULVERT, OPT. MATERIAL, ROUND, 15" SD	56	L.F.	430174115	$105.00	$5,880.00	$150.00	$8,400.00	$150.00	$8,400.00
14	FDOT MES, OPTIONAL ROUND, 15" SD	2	EA.	430984123	$975.00	$1,950.00	$3,500.00	$7,000.00	$3,000.00	$6,000.00
15	PEDESTRIAN RAILING, ALUMINUM, 36", TYPE 1	56	LF.	515-2311	$200.00	$11,200.00	$125.00	$7,000.00	$110.00	$6,160.00
16	CONCRETE CURB, TYPE B (3000 PSI w/ COMMERCIAL FIBERMESH)	20	LF.	520-2-2	$65.00	$1,300.00	$56.00	$1,120.00	$50.00	$1,000.00
17	CONCRETE CURB, TYPE D (3000 PSI w/ COMMERCIAL FIBERMESH)	24	LF.	520-2-4	$65.00	$1,560.00	$50.00	$1,200.00	$50.00	$1,200.00
18	CONCRETE CURB & GUTTER, TYPE F (3000 PSI w/ COMMERCIAL FIBERMESH)	82	LF.	520-1-10	$65.00	$5,330.00	$52.00	$4,264.00	$50.00	$4,100.00

					Augustine Construction, Inc.		Cathcart Construction Company - Florida, LLC		DB Civil Construction, LLC	
Line Item	Description	Quantity	Unit of Measure	FDOT No	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total
19	CONCRETE SIDEWALK and DRIVEWAYS, 6" Thick (3000 PSI w/ COMMERCIAL FIBERMESH)	6136	S.Y.	522-2	$76.45	$469,097.20	$120.00	$736,320.00	$90.00	$552,240.00
20	DETECTABLE WARNINGS (FDOT ADA MAT) (YELLOW)	686	S.F.	527-1	$41.00	$28,126.00	$50.00	$34,300.00	$36.00	$24,696.00
21	PERFORMANCE TURF, BAHIA SOD	22118	S.Y.	570-1-2	$5.00	$110,590.00	$7.00	$154,826.00	$4.50	$99,531.00
22	PERFORMANCE TURF, FLORITAM SOD	3300	S.Y.	570-1-2	$6.00	$19,800.00	$7.00	$23,100.00	$7.50	$24,750.00
23	SINGLE POST SIGN ASSEMBLY, FURNISH & INSTALL, GROUND MOUNT, <12 SF	1	AS.	700-1-11	$519.00	$519.00	$750.00	$750.00	$800.00	$800.00
24	RETROREFLECTIVE SIGN STRIP, F&I, 5 FT	16	EA.	700-13-15	$104.00	$1,664.00	$202.00	$3,232.00	$40.00	$640.00
25	THERMOPLASTIC, STD, WHITE, SOLID, 12"	2080	L.F.	711-11-123	$9.40	$19,552.00	$7.00	$14,560.00	$5.00	$10,400.00
26	THERMOPLASTIC, PREFORMED, WHITE, SOLID, 24"	270	L.F.	711-14-125	$18.00	$4,860.00	$35.00	$9,450.00	$10.00	$2,700.00
27	PULL BOX & COVER #A241324xxA (14.75x25.25) (INCLUDES CONDUIT, FITTINGS & WIRING)	3	EA.	635-2-11	$4,543.00	$13,629.00	$5,000.00	$15,000.00	$6,600.00	$19,800.00
28	PEDESTRIAN SIGNAL ASSEMBLY, FURNISH & INSTALL LED COUNTDOWN, 1 WAY	2	AS.	653-1-11	$7,788.00	$15,576.00	$3,500.00	$7,000.00	$6,000.00	$12,000.00
29	GOPHER TORTOISE PERMITTING & MAPPING	1	L.S.	1000-5	$2,500.00	$2,500.00	$3,000.00	$3,000.00	$7,000.00	$7,000.00

					Augustine Construction, Inc.		Cathcart Construction Company - Florida, LLC		DB Civil Construction, LLC	
Line Item	Description	Quantity	Unit of Measure	FDOT No	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total
30	GOPHER TORTOISE BURROWS EXCAVATIONS	5	EA.	1000-6	$500.00	$2,500.00	$875.00	$4,375.00	$700.00	$3,500.00
31	GOPHER TORTOISE RELOCATIONS	5	EA.	1000-7	$1,000.00	$5,000.00	$8,000.00	$40,000.00	$6,200.00	$31,000.00
32	REMOVE & RESET BRICK PAVERS	40	S.Y.	1	$143.00	$5,720.00	$75.00	$3,000.00	$60.00	$2,400.00
TOTAL – BASIS OF AWARD						$1,202,741.20		$1,573,487.00		$1,272,912.60

Approved by: Cathy Tefft, CPPB, NIGP-CPP, FCCM, Procurement Manager
for: Carla Rossiter Smith, MSM, PMP, GPC

PROCUREMENT DEPARTMENT

15470 FLIGHT PATH DRIVE • BROOKSVILLE, FLORIDA 34604
P 352.754.4020 • F 352.754.4199 • W www.HernandoCounty.us

DATE: May 21, 2025

TO: Carla Rossiter - Smith

FROM: Scott E. Nelson

SUBJECT: Recommendation for Award Bid No 25-CG00926
Project Name: South Linden Sidewalk (LAP) (FPN 438651-1)

The attached bid(s) received from Augustine Construction, Inc. for the above referenced project/solicitation is submitted as recommendation for award.

Items 1 through 5 below have been completed.

See attached for technical evaluation and reference checks. Total Contract Bid Price for this award is:

$1,202,741.20

1. Reference checks are satisfactory: ☒ YES ☐ NO
   If no, provide an explanation using the space provided below and/or attached to this form.
2. Recommend award as responsive and responsible bidder ☒ YES ☐ NO
   If no, provide a detailed explanation using the space provided below and/or attached to this form.
3. Request Next Bidder? ☐ YES ☒ NO
4. Provide a statement that addresses the reason(s) for your recommendation or rejection. Include your basis for determining that pricing is fair and reasonable and that the Bidder has the ability and resources to perform in accordance with the bid terms, conditions and scope.

Bid is 1.09% higher than Engineer's Estimate which is reasonable. Bidder has performed and completed work with Hernando County several times completing under budget and within time allotted. Augustine has the equipment and manpower to complete this project.

5. Provide the funding information: Fund 1013 Dept 34607 Account 5616371

Recommendation Approved By: _____ Date: 5/22/25
Department Director/Manager

Enclosure(s)

REFERENCE #1

Reference For (Firm/Company): Augustine Construction, Inc.

Company & Person Completing Reference: (Company & First and Last Name of Person Completing this Form):

Company Name: CITY OF SAFETY HARBOR, FLORIDA

First Name, Last Name: MICHELLE GIULIANI, CITY ENGINEER

PHONE #: 727.724.1555 EXT 1706 Email: MGIULIANI@CITYOFSAFETYHARBOR.COM

1. **Describe the work contracted to firm/company.**
   See attached Description

2. Was the work completed on time?
   Yes

3. Were you satisfied with the final results?
   Yes

4. Did you implement their recommendations?
   Yes

5. Did you encounter any problems?
   More precaution needed by workers to locate and soft dig around existing utilities. Additional MOT signs and flaggers should be used.

6. How would you rate the company on a scale of 1 to 5 (low to high) on the following:

Professionalism	5
Qualifications	4
Final Product	5
Cooperation	5
Reliability	5

7. Would you contract with this company again?

   Yes Yes No _____ Maybe _____

Hernando County Use Only
Reference checked by: Scott E Nelson Date: 6-5-25

REFERENCE #1

Reference For (Firm/Company): Augustine Construction, Inc.

Company & Person Completing Reference: (Company & First and Last Name of Person Completing this Form):

Company Name: CITY OF SAFETY HARBOR, FLORIDA

First Name, Last Name: MICHELLE GIULIANI, CITY ENGINEER

PHONE #: 727.724.1555 EXT 1706 Email: MGIULIANI@CITYOFSAFETYHARBOR.COM

1. **Describe the work contracted to firm/company.**

North Bay Hills Phase III Water Main Replacement Project.

Work Scope included:

- Installation of 50 LF of 2-inch Certa-Lok Yelomine PVC water main by open cut;
- Installation of 260 LF of 4-inch, and 760 LF of 6-inch, and 520 LF of 8-inch C-900 PVC DR-18 Water Main by open cut;
- Installation of 4,800 LF of 6-inch, and 1,160 LF of 8-inch Certa-Lok C-900 PVC Water Main by horizontal directional drill (HDD);
- Installation of locate stations;
- Abandonment and grout filling of existing water mains;
- Connecting existing water main(s) and service piping to the new water main(s) and service laterals;
- Installation of Fire Hydrant Assemblies;
- Pressure Testing and Disinfection of the water mains;
- Restoration of private property and City Right-of-Ways, included landscaping, irrigation, curb, driveways, sidewalks and site restoration, and other miscellaneous restoration;
- Installation of road base, asphalt pavement, concrete sidewalk, ADA ramps, and curbing;
- Maintenance of Traffic.

+

+AND+

+

Philippe Pointe Pedestrian Bridge Water Main Project.

Work Scope included:

- Installation of 100 LF of 8-inch C-900 PVC DR-18 Water Main by open cut;
- Installation of 1,100 LF 8-inch C-900 PVC DR-18 Water Main by subaqueous horizontal directional drill;
- Installation of locate stations;
- Installation service line;
- Pressure Testing and Disinfection of the water mains;
- Abandonment and grouting of existing water main;
- Restoration of curb, driveways, sidewalks and site restoration;
- Installation of road base, asphalt pavement, and concrete sidewalk and curbing;
- Maintenance of Traffic

REFERENCE #2

Reference For (Firm/Company): Augustine Construction, Inc.

Company & Person Completing Reference: (Company & First and Last Name of Person Completing this Form):

Company Name: STROUD ENGINEERING CONSULTANTS, INC.

First Name, Last Name: GARY PETERSON, ENGINEERING CONSULTANT FOR CITY OF NEW PORT RICHEY

PHONE #: 813.503.7828 Email: GARY@STROUDENGINEERING.COM

1. **Describe the work contracted to firm/company.**
   On behalf of the City of New port Richey, worked with Augustine Construction, Inc. on multiple Utility projects. This includes Central Sewer Improvements, Central Water Improvements, Road Paving Improvements and Sims Park Boardwalk, Docks and Stormwater improvements.

2. Was the work completed on time?
   Yes

3. Were you satisfied with the final results?
   Very Satisfied, Augustine Construction does excellent work

4. Did you implement their recommendations?
   Yes, they are very helpful in solving problems during construction

5. Did you encounter any problems?
   Yes, see number 4.

6. How would you rate the company on a scale of 1 to 5 (low to high) on the following:

Professionalism	5
Qualifications	5
Final Product	5
Cooperation	5
Reliability	5

7. Would you contract with this company again?

Yes X No _____ Maybe _____

Hernando County Use Only
Reference checked by: Gary Peterson Date: 6/6/25 5/14/2025

REFERENCE #4

Reference For (Firm/Company): Augustine Construction, Inc.

Company & Person Completing Reference: (Company & First and Last Name of Person Completing this Form):

Company Name: CITY OF TARPON SPRINGS, FLORIDA

First Name, Last Name: NICK MAKRIS, PROJECT MANAGER

PHONE #: 727.938.3711 Email: NMAKRIS@CTSFL.US

1. **Describe the work contracted to firm/company.**
   Multiple projects completed successfully with Augustine as prime City contractor: e.g. City yardwaste scale/house; Cycadia cemetery expansion; roadway drainage.
2. Was the work completed on time?
   Yes
3. Were you satisfied with the final results?
   Yes
4. Did you implement their recommendations?
   N/A
5. Did you encounter any problems?
   No atypical construction issues encountered
6. How would you rate the company on a scale of 1 to 5 (low to high) on the following:

Professionalism	5
Qualifications	5
Final Product	5
Cooperation	5
Reliability	5

7. Would you contract with this company again?

   Yes X No _____ Maybe _____

Hernando County Use Only
Reference checked by: _____ Date: 6/6/25

TECHNICAL EVALUATION FOR BID AWARD

ITB NO. # **25-CG00926/JG**
Project Name: S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr
LAP 438651-1-58-01 (Rebid)

This document has been developed to facilitate your evaluation. Your evaluation should be limited to the attached. **Purchasing will ensure that all documents required by the solicitation are contained for evaluation. This documentation will be included with the bid submitted for evaluation. Bids that are determined non-responsive by the Purchasing Division will not be submitted to you for evaluation.** Please note that you should focus your attention on the areas contained within this document. Your evaluation will be a major consideration as to the responsiveness and/or responsibility of a bidder.

A. Is the amount of the bid reasonable and realistic for the services to be performed or the item or equipment to be purchased? *Yes*

If the bid is considered reasonable/realistic, provide justification for your conclusion. *The bid items are reasonably priced to equal average costs associated with each item.*

If you consider the bid to be unreasonable and/or unrealistic, please explain in detail.

B. Was an independent County estimate developed prior to soliciting for the procurement? *Yes, an independent County estimate was prepared (see attached).*

If affirmative, submit this estimate with your evaluation in the same format as the bid schedule and describe the extent the estimate was used in the analysis of the bid.

C. Do the resources (manpower, equipment, supplies, etc.) proposed by the bidder meet the minimum requirements, if any, established by the solicitation? *The Contractor has the minimum equipment and workers to complete the required work.*

If minimums were not identified in the solicitation, you may request information on proposed resources from the bidder **through Purchasing.**

When specific types and quantities of equipment are required to meet minimum standards, the bidder may address this requirement by providing purchasing with a pro-forma invoice with confirmation from a bank or lending institution to the effect that they are prepared to finance the lease or purchase of equipment necessary to perform the services if the bidder is awarded the contract.

D. Does the bidder have a satisfactory record of performance? *Yes, the contractor has completed similar Hernando County Project(s) and according to the reference checks.*

At a minimum, the bidder's record on previous county contracts must be considered and an attempt must be made to contact all references. The reference form attached is to be used for your documentation of your reference check. If references cannot be contacted, the Department shall contact Purchasing for additional references. Purchasing shall request from the bidder in writing of this fact and inform that the reference must contact the project person within two business days or it will negatively impact the evaluation the bid.

E. Provide your overall recommendation on the Recommendation for Award Form. *See our attached recommendation.*

Note: At no time will the user/project person/bid evaluator discuss responsiveness, responsibility, or withdrawal from the bidding process with any bidder. Moreover, it is strictly prohibited for any County representative involved in the bidding process to attempt to negotiate bids, influence or otherwise impact the business decisions of a bidder.

County of Hernando
Procurement Department
Carla Rossiter-Smith, Chief Procurement Officer
15470 Flight Path Drive, Brooksville, FL 34604
(352) 754-4020

NOTICE OF INTENT TO AWARD

ITB No. 25-CG00926/JG

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

RESPONSE DEADLINE: May 12, 2025 at 10:00 am

Tuesday, July 8, 2025

TO: All Interested Parties

After a thorough review of the bid(s)/proposal(s) received, Hernando County Government staff intends to recommend to the Board of County Commissioners of Hernando County, Florida, a contract award for the above solicitation be approved with:

Augustine Construction, Inc.

2495 Keystone Rd.

Tarpon Springs, FL 34688

The tentative date for this recommendation is **August 12, 2025**. The final contract award is subject to funding availability, insurance coverage, and approval by the Board of County Commissioners of Hernando County, Florida.

Any Bidder who protests the Bid Specifications or Award or Intent to Award, must file with the County a notice of protest and formal written protest in compliance with the Hernando County Procurement Manual, Section 22, which can be found at http://www.hernandocounty.us/home/showpublisheddocument/9013. Failure to timely file such documents will constitute a waiver of proceedings. Failure to file a protest within the time prescribed by, or failure to post the bond or other security in strict accordance with, the Hernando County Procurement Manual, Section 22, shall constitute a waiver of protest proceedings."

Thank you for your interest in conducting business with Hernando County Government.

Sincerely,

Approved by: Cathy Tefft, CPPB, NIGP-CPP, FCCM, Procurement Manager
for: Carla Rossiter Smith, MSM, PMP, GPC

Anti-Human Trafficking Affidavit

In compliance with Fla. Stat. § 787.06(13), this affidavit must be completed by an officer or representative of a nongovernmental entity that is executing, renewing, or extending a contract with Hernando County or any of its subordinate units (the "Governmental Entity").

1. My name is JENNIFER MCCOY and I am over eighteen years of age. The following information is given from my own personal knowledge.

2. I am an officer or representative with AUGUSTINE CONSTRUCTION, INC., a non-governmental entity (the "Nongovernmental Entity"). I am authorized to provide this affidavit on behalf of Nongovernmental Entity.

3. Neither Nongovernmental Entity, nor any of its subsidiaries or affiliates, uses *coercion* for *labor* or *services*, as such italicized terms are defined in Fla. Stat. § 787.06, as it may be amended from time to time.

4. If, at any time in the future, Nongovernmental Entity does use coercion for labor or services, Nongovernmental Entity will immediately notify Governmental Entity and no contracts may be executed, renewed, or extended between the parties.

5. This declaration is made pursuant to Fla, Stat. § 92.525. I understand that making a false statement in this declaration may subject me to criminal penalties.

Under penalties of perjury, I JENNIFER MCCOY, declare that I have read the foregoing Anti-Human Trafficking Affidavit and that the facts stated in it are true.

FURTHER AFFIANT SAYETH NAUGHT.

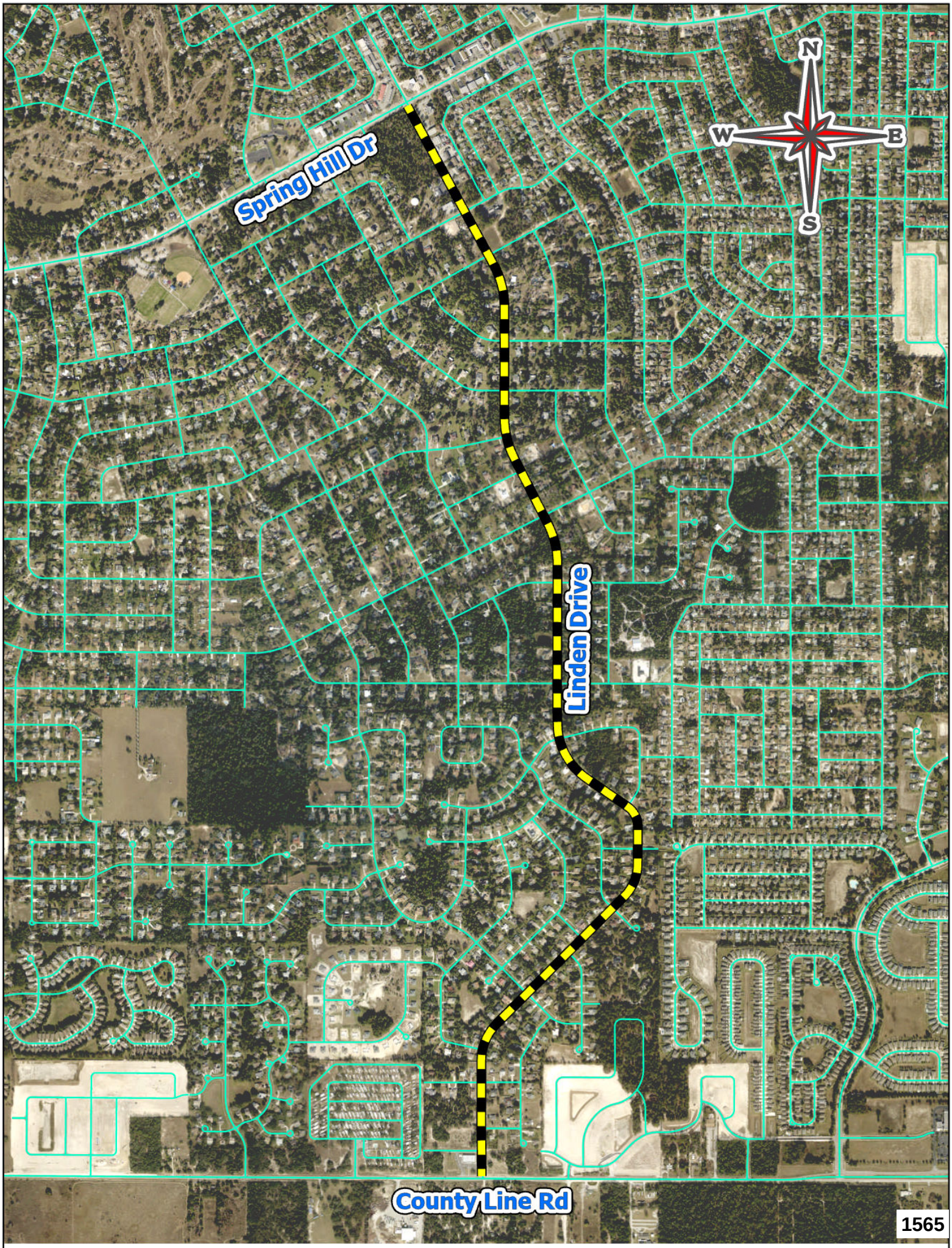
AUGUSTINE CONSTRUCTION, INC.
Name of Nongovernmental Entity

JENNIFER MCCOY
Printed Name of Affiant

PRESIDENT
Title of Affiant

Jennifer McCoy
Signature of Affiant

4/28/25
Date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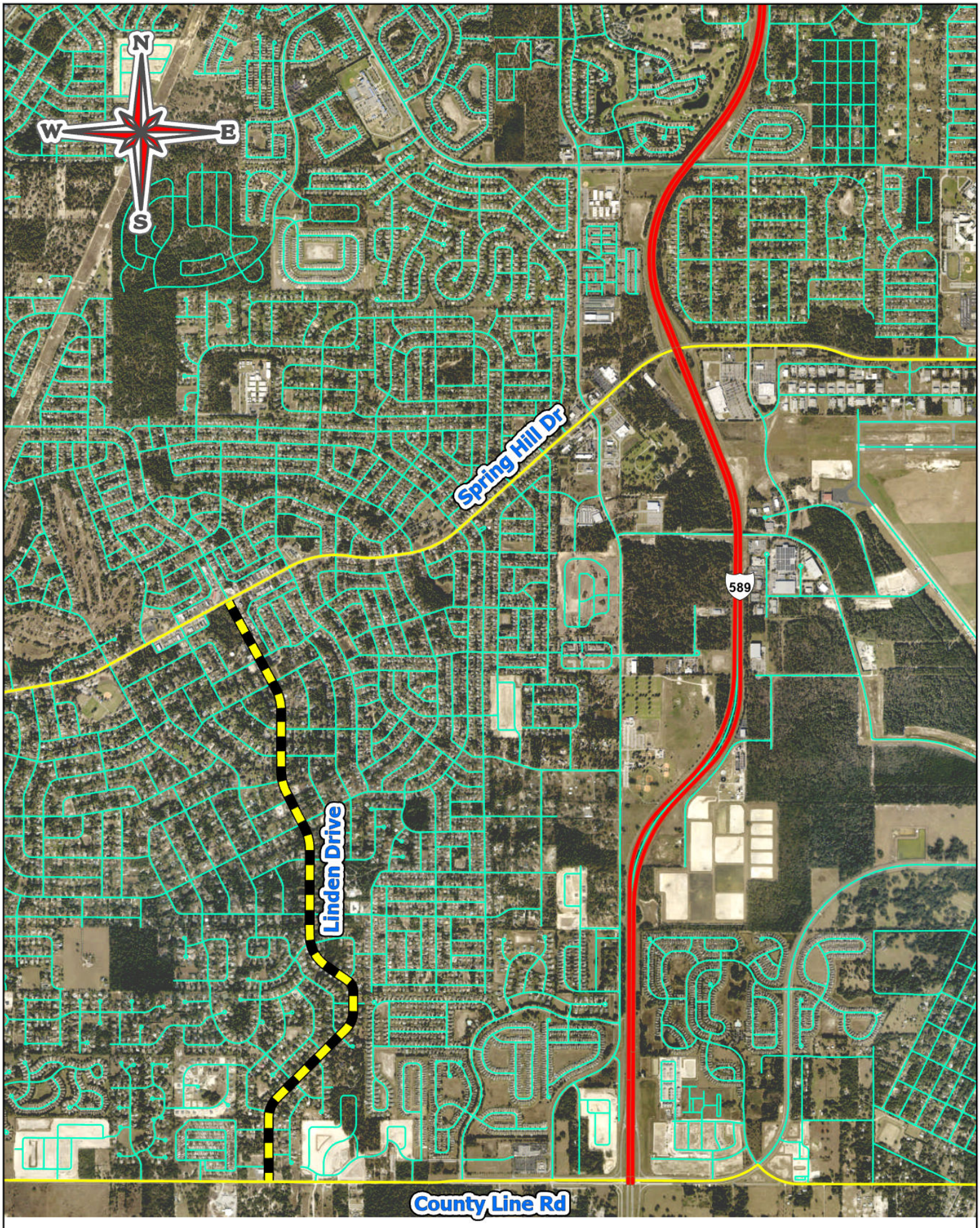
Spring Hill Dr
Linden Drive
County Line Rd
1565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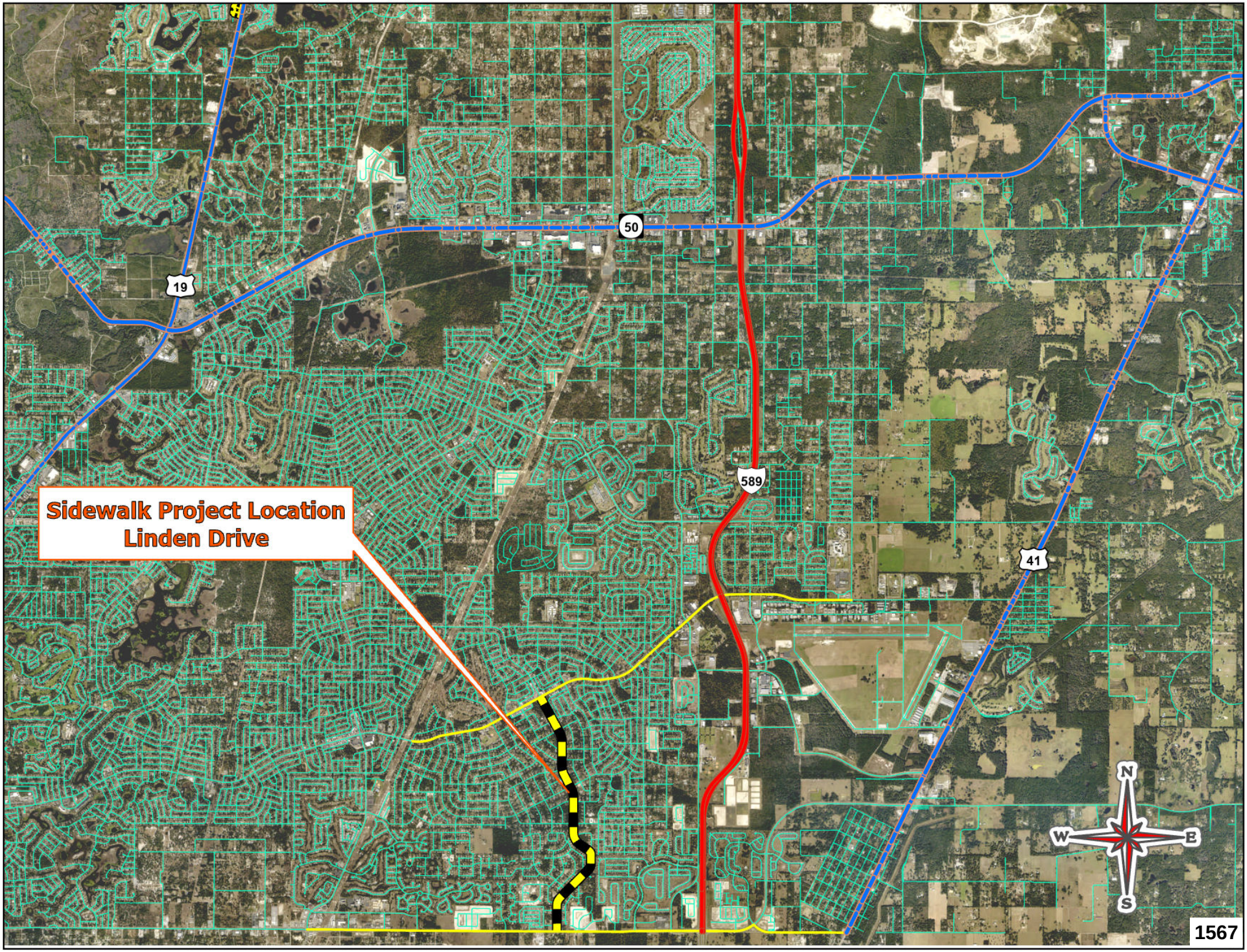
County Line Rd


Sidewalk Project Location
Linden Drive
50
19
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41
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S
1567

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA
CONSTRUCTION AGREEMENT

This Contract, entered into this _____ day of _____, 2024, by and between the Hernando County Board of County Commissioners, hereafter called the COUNTY, and Augustine Construction, Inc. 2495 Keystone Road, Tarpon Springs, FL 34688 hereinafter called the VENDOR/CONTRACTOR. Owner and Vendor/Contractor, in consideration of the mutual covenants hereinafter set forth, agree as follow:

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

ITB NO. 25-CG00926/JG

Spring Hill, FL

ARTICLE 1 – CONTRACT DOCUMENTS

The Vendor/Contractor shall furnish all labor, equipment and materials and perform the work above described for the amount stated above in strict accordance with this Contract and the Contract Documents, all of which are made a part hereof and designated as follows:

1.01.1 The Contract Documents for Bid No. 25-CG00926/JG consist of the following:

Solicitation-Offer-Award

Advertisement of Bid

Solicitation Instructions

General Conditions

Special Conditions

Supplementary Conditions for Federal/State Requirements

Scope and Specifications

Bid Form

Required Forms and Certifications

Construction Agreement and Required Documents After Award

Reference Documents

Exhibit A - 438651-1-58-01 SPECS 06.10.24
Exhibit B - 438651-1-58-01 Plans
Exhibit C - 438651-1-54-01 Survey Docs
Exhibit D - FL20250250_1-3-2025 Prevailing Wages Determination
Exhibit E - V-C DBE Bid Package
Exhibit F - V-D FHWA 1273
Exhibit G - 438651-1-58-1 Signed Clear Letters
Exhibit H - Specification Acknowledgement 11-14-23
Exhibit I - LAP Construction Checklist_05.23.24 full signed
Exhibit J – 438651 1 South Linden Drive Revised PCR 091323
Exhibit L - Holiday Schedule 2025
Exhibit M - Executed Grant Agreement G2Z70

All addenda issued by the County prior to the receipt of bids and all supplementary drawings issued after award of the Contract become part of the Contract Document.

Amending and Supplementing Contract Documents:

The Contract Documents may be amended to provide for additions, deletions, and revisions in the work or to modify the terms and conditions thereof by Change Order.

The requirements of the Contract Documents may be supplemented, and minor variations and deviations in the work may be authorized, by one (1) or more of the following ways:

1. A Field Order;

2. Engineer's approval of a shop drawing or sample; or

3. Engineer's written interpretation or clarification per the provisions described in the Contract Documents.

In resolving such conflicts, errors and discrepancies, the documents shall be given preference in the following order: Agreement, Specifications, Drawings, Solicitation Instructions. Within the specifications the order of preference shall be as follows: Addenda, General Conditions, Technical Specifications. Figure dimensions on drawings shall govern over scale dimensions, and the detailed drawings shall govern over general drawings. Any work that may reasonably be inferred from the specifications or drawings as being required to produce the intended result shall be supplied whether or not it is specifically called for. Work materials or equipment described in words which so applied have a well-known technical or trade meaning shall be deemed to refer to such recognized standards. In case of conflict the more stringent requirements shall take precedence and govern.

The Vendor/Contractor shall take no advantage of any error or omission in the plans or of any discrepancy between the plans and specifications, and the Engineer shall make such interpretation as may be deemed necessary for the fulfillment of the intent of the plans and specifications as construed by him and his decision shall be final.

All provisions required by law to be inserted in this Contract, whether actually inserted or not.

Exhibits to this Agreement (as follows):

1. Vendor/Contractor's Bid

2. Documentation submitted by Vendor/Contractor after the Notice of Award:

   a. Insurance Certificate

   b. Payment and Performance Bond

1.02 The following which may be delivered or issued on or after the Effective Date of the Agreement and are not attached hereto:

1. Notice to Proceed

2. Change Order(s)

1.03 The documents listed in the Article are attached to this Agreement (except as expressly noted otherwise).

1.04 There are no Contract Documents other than those listed in this Article

1.05 The Contract Documents may only be amended, modified, or supplemented as stated in solicitation Section Titled "SPECIAL CONDITIONS", paragraph 16. Titled "Changes in the Work; Claims".

ARTICLE 2 - THE ENGINEER

2.01 Engineer in the administration of this Contract and any references to the Engineer or the Professional shall be deemed to mean **J. Scott Herring P.E.** for the plans and specifications. **Scott E. Nelson, D. Todd Crosby P.E. or J. Scott Herring P.E., Hernando County Public Works Department** will act as the Owner's representative, assume all duties and responsibilities, and have the rights and authority assigned to Engineer in the Contract Documents in connection with the completion of the work in accordance with their respective scope of work and the Contract Documents.

ARTICLE 3 – CONTRACT TIMES

3.01 Time of the Essence:

3.01.1 All time limits for completion and readiness for final payment as stated in the Contract Documents are of the essence of the Contract.

3.02 Days to Achieve Substantial Completion and Final Payment:

3.02.1 Vendor/Contractor agrees that the work will be substantially complete within **one hundred twenty (120)** calendar days after the commencement date indicated in the Notice to Proceed and ready for final payment within **one hundred fifty (150)** calendar days after the date indicated on the Notice to Proceed.

3.03 Liquidated Damages:

Vendor/Contractor and Owner agree for each consecutive calendar day that the work remains incomplete after the Contract date established for Substantial Completion and/or Final Completion, the County will retain from the compensation otherwise to be paid to the Vendor/Contractor the sum of **One Thousand Six Hundred Ninety-Nine ($1685.00)**. This amount is the minimum measure of damages the County will sustain by failure of the Vendor/Contractor to complete all remedial work, correct deficient work, clean up the project and other miscellaneous tasks as required to complete all work specified.

ARTICLE 4 – CONTRACT PRICE

4.01 Owner shall pay Vendor/Contractor for completion of the work in accordance with the Contract Documents an amount in current funds equal to the sum of the amounts determined pursuant to the paragraphs below:

4.01.1 For all work other than unit price work, a Lump Sum of:

LUMP SUM ITEMS						
Line Item	Item No.	Description	QTY	U.O.M.	Unit Cost	Total
1	101-1	MOBILIZATION	1	LS	$110,000.00	$110,000.00
2	102-1	MAINTENANCE OF TRAFFIC	1	LS	$15,753.00	$15,753.00
3	102-60	WORK ZONE SIGN	1	LS	$9,094.00	$9,094.00
4	102-74-1	CHANNELIZING DEVICE- TYPES I, II, DI, VP, DRUM, OR LCD	1	LS	$1,908.00	$1,908.00
5	102-74-8	CHANNELIZING DEVICE-TYPES LCD	1	LS	$4,361.00	$4,361.00
8	110-1-1	CLEARING & GRUBBING	1	LS	$151,809.00	$151,809.00
29	1000-5	GOPHER TORTOISE PERMITTING & MAPPING	1	LS	$2,500.00	$2,500.00
Total of Lump Sum Items			Two hundred ninety-five thousand, four hundred twenty-five dollars and zero cents			$295,425.00

All specific cash allowances are included in the above price and have been computed in accordance with solicitation Section Titled "SPECIAL CONDITIONS", paragraph 17. Titled "Cost of the Work; Allowances; Unit Price Work", subparagraph B. titled "Allowances" item no. 2. Titled "Cash Allowances".

4.01.2 For all unit price work, an amount equal to the sum of the established unit price for each separately identified item of unit price work times the estimated quantity of that item as indicated in this Paragraph:

As provided in solicitation Section Titled "SPECIAL CONDITIONS", paragraph 17. Titled "Cost of the Work; Allowances; Unit Price Work", subparagraph C. titled "Unit Price Work", estimated quantities are not guaranteed, and determinations of actual quantities and classifications are

to be made by Owner Designated Representative as provided in solicitation Section Titled "SPECIAL CONDITIONS", paragraph 17. Titled "Cost of the Work; Allowances; Unit Price Work", subparagraph C. titled "Unit Price Work". Unit prices have been computed as provided in solicitation Section Titled "SPECIAL CONDITIONS", paragraph 17. Titled "Cost of the Work; Allowances; Unit Price Work", subparagraph C. titled "Unit Price Work".

UNIT PRICED ITEMS

Line Item	Item No.	Description	QTY	U.O.M	Unit Cost	Total
6	104-10-3	SEDIMENT BARRIER	300	L.F.	$3.75	$1,125.00
7	104-18	INLET / MES PROTECTION SYSTEM	11	EA.	$126.00	$1,386.00
9	110-4-10	REMOVAL EXISTING CONCRETE	588	S.Y.	$26.00	$15,288.00
10	120-1	REGULAR EXCAVATION	985	C.Y.	$78.00	$76,830.00
11	120-6	EMBANKMENT	968	C.Y.	$78.00	$75,504.00
12	425-1-559	FDOT MOD. INLET, DITCH BOTTOM, TYPE E, <10' (2 PIECE) (CONCRETE TOP - NO GRATE) (w/ TRAVERSABLE SLOTS and CONCRETE INLET PAVEMENT)	1	EA.	$13,330.00	$13,330.00
13	430174115	FDOT PIPE CULVERT, OPT. MATERIAL, ROUND, 15" SD	56	L.F.	$105.00	$5,880.00
14	430984123	FDOT MES, OPTIONAL ROUND, 15" SD	2	EA.	$975.00	$1,950.00
15	515-2311	PEDESTRIAN RAILING, ALUMINUM, 36", TYPE 1	56	LF.	$200.00	$11,200.00
16	520-2-2	CONCRETE CURB, TYPE B (3000 PSI w/ COMMERCIAL FIBERMESH)	20	LF.	$65.00	$1,300.00
17	520-2-4	CONCRETE CURB, TYPE D (3000 PSI w/ COMMERCIAL FIBERMESH)	24	LF.	$65.00	$1,560.00
18	520-1-10	CONCRETE CURB & GUTTER, TYPE F (3000 PSI w/ COMMERCIAL FIBERMESH)	82	LF.	$65.00	$5,330.00
19	522-2	CONCRETE SIDEWALK and DRIVEWAYS, 6" Thick (3000 PSI w/ COMMERCIAL FIBERMESH)	6136	S.Y.	$76.45	$469,097.20
20	527-1	DETECTABLE WARNINGS (FDOT ADA MAT) (YELLOW)	686	S.F.	$41.00	$28,126.00
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22	570-1-2	PERFORMANCE TURF, FLORITAM SOD	3300	S.Y.	$6.00	$19,800.00
23	700-1-11	SINGLE POST SIGN ASSEMBLY, FURNISH & INSTALL, GROUND MOUNT, <12 SF	1	AS.	$519.00	$519.00
24	700-13-15	RETROREFLECTIVE SIGN STRIP, F&I, 5 FT	16	EA.	$104.00	$1,664.00
25	711-11-123	THERMOPLASTIC, STD, WHITE, SOLID, 12"	2080	L.F.	$9.40	$19,552.00
26	711-14-125	THERMOPLASTIC, PREFORMED, WHITE, SOLID, 24"	270	L.F.	$18.00	$4,860.00
27	635-2-11	PULL BOX & COVER #A241324xxA (14.75x25.25) (INCLUDES CONDUIT, FITTINGS & WIRING)	3	EA.	$4,543.00	$13,629.00
28	653-1-11	PEDESTRIAN SIGNAL ASSEMBLY, FURNISH & INSTALL LED COUNTDOWN, 1 WAY	2	AS.	$7,788.00	$15,576.00

30	1000-6	GOPHER TORTOISE BURROWS EXCAVATIONS	5	EA	$500.00	$2,500.00
31	1000-7	GOPHER TORTOISE RELOCATIONS	5	EA	$1,000.00	$5,000.00
32		REMOVE & RESET BRICK PAVERS	40	SY	$143.00	$5,720.00
TOTAL OF UNIT PRICED ITEMS			Nine hundred seven thousand, three hundred sixteen dollars and twenty cents			$907,316.20
TOTAL OF LUMP ITEMS AND UNIT PRICED ITEMS			One million, two hundred two thousand, seven hundred forty-one dollars and twenty cents			$1,202,741.20

ARTICLE 5 – PAYMENT PROCEDURES

5.01 Submittal and Processing of Payments:

5.01.1 Vendor/Contractor shall submit Applications for Payment in accordance with solicitation Section Titled "SPECIAL CONDITIONS", paragraph 21. Titled "Payments to Contractor and Completion", subparagraph B. titled "Progress Payments", subparagraph 1 titled "Application for Payments:, item A. Applications for Payment will be processed by Owner Designated Representative as provided in the Contract Documents.

5.02 Progress Payments; Retainage:

5.02.1 Owner shall make progress payments on account of the Contract Price on the basis of Vendor/Contractor's Applications for Payment not later than the time periods established by applicable provisions of the Florida Prompt Payment Act, Part VII, Ch. 218.735, F.S. (current version), during performance of the work as provided in paragraphs below. All such payments will be measured by the Schedule of Values (and in the case of unit price work based on the number of units completed) or, in the event there is no schedule of values, as provided in the General Requirements:

5.02.1.1 Progress payments will be made in an amount equal to the percentage indicated below but, in each case, less the aggregate of payments previously made and less such amounts as Owner Designated Representative may determine or Owner may withhold, including but not limited to liquidated damages, in accordance with the Contract Documents:

5.02.1.1.1 Ninety-five percent (95%) of work completed (with the balance being retainage); and

5.02.1.1.2 Ninety-five percent (95%) of cost of materials and equipment not incorporated in the work (with the balance being retainage).

5.03 Final Payment:

5.03.1 Upon receipt of the final Application for Payment accompanied by Owner Designated Representative's recommendation of payment in accordance with solicitation Section Titled "SPECIAL CONDITIONS", paragraph 21. Titled "Payments to Contractor and Completion", subparagraph B. titled "Progress Payments", subparagraph 1 titled "Application for Payments:, item A, Owner shall pay Vendor/Contractor the remainder of the Contract Price as recommended by Owner Designated Representative, less any sum Owner is entitled to set off against Owner Designated Representative's recommendation, including but not limited to liquidated damages.

5.03.2 Final Payment, constituting the entire unpaid balance of the Contract Sum, shall be paid by the Owner to the Vendor/Contractor when the work has been completed, the Contract fully performed, NPDES – FDEP Notice of Termination (NOT) has been delivered to the Owner Designated Representative and a final Certificate for Payment has been issued by the Owner Designated Representative.

ARTICLE 6 – INTEREST

6.01 All moneys not paid when due shall bear interest at the maximum legal rate.

ARTICLE 7 – VENDOR/CONTRACTOR'S REPRESENTATIONS

7.01 In order to induce Owner to enter into this Agreement Vendor/Contractor makes the following representations:

7.01.1 Vendor/Contractor has examined and carefully studied the Contract Documents and the other related data identified in the Bid Documents.

7.01.2 Vendor/Contractor has visited the site and become familiar with and is satisfied as to the general, local, and site conditions that may affect cost, progress, and performance of the work.

7.01.3 Vendor/Contractor is familiar with and is satisfied as to all Federal, State, and local laws and regulations that may affect cost, progress, and performance of the work.

7.01.4 Vendor/Contractor does not consider that any further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract Documents.

7.01.5 Vendor/Contractor is aware of the general nature of work to be performed by Owner and others at the site that relates to the work as indicated in the Contract Documents.

7.01.6 Vendor/Contractor has correlated the information known to Vendor/Contractor, information and observations obtained from visits to the site, reports and drawings identified in the Contract Documents, and all additional examinations, investigations, explorations, tests, studies, and data with the Contract Documents.

7.01.7 Vendor/Contractor has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Vendor/Contractor has discovered in the Contract Documents, and the written resolution thereof by Engineer is acceptable to Vendor/Contractor.

7.01.8 The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the work.

ARTICLE 8 – MISCELLANEOUS

8.01 Terms:

8.01.1 Terms used in this Agreement will have the meanings stated in the Contract Documents.

8.02 Assignment of Contract:

8.02.1 No assignment by a party hereto of any rights under or interests in the Contract will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically but without limitation, moneys that may become due and moneys that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.

8.03 Severability:

8.03.1 Any provision or part of the Contract Documents held to be void or unenforceable under any law or regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Owner and Vendor/Contractor, who agree that the Contract Documents

shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

8.04 This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one (1) and the same instrument.

ARTICLE 9 – CONTRACT PAYMENT

9.01 The County agrees to pay the Vendor/Contractor for the faithful performance under this Contract for the agreed amount of One million, two hundred two thousand, seven hundred forty-one dollars and twenty cents ($1,202,741.20) and is based on the lump sum prices contained herein and subject to additions or deductions as modified.

OWNER:
HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS

By: BRIAN HAWKINS

Title: CHAIRMAN

[CORPORATE SEAL]

Attest: Douglas A. Chorvat, Jr.

Title: Clerk of Circuit Court & Comptroller

Address for giving notices:

15470 Flight Path Dr.

Brooksville, FL 34604

VENDOR/CONTRACTOR

AUGUSTINE CONSTRUCTION, INC.

Jennifer McCoy

By: JENNIFER McCOY

Title: PRESIDENT

[CORPORATE SEAL]

Beverly Phillips

Attest: BEVERLY PHILLIPS

Title: SEC./TRES.

Address for giving notices:

2495 KEYSTONE RD.

TARPON SPRINGS, FL 34688

Agent for service of process:

(If Vendor/Contractor is a corporation or a partnership, attach evidence of authority to sign.)

SELECTION CRITERIA: orgn.fund='1013'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1013 CONSTITUTIONAL GAS TAX
DEPARTMENT-03211 DEBT SRV/RESERV-CONST GT
1ST SUBTOTAL-530 * OPERATING EXPENSES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD	
5304205	POSTAGE AND FREIGHT	300.00	.00	.00	131.60	168.40	43.87	
5304933	FEES/COSTS-CST ALLO PLN	111,096.00	.00	.00	111,096.00	.00	100.00	
5304934	FEES/COSTS-ADMIN	50,000.00	.00	.00	.00	50,000.00	.00	
5304936	FEES/COSTS-TC COMMISSN	20,000.00	.00	.00	15,600.43	4,399.57	78.00	
5304940	FEES/COSTS-PROP APPRSR	20,000.00	.00	.00	16,353.48	3,646.52	81.77	
	TOTAL * OPERATING EXPENSES	201,396.00	.00	.00	143,181.51	58,214.49	71.09	
1ST SUBTOTAL-560 * CAPITAL OUTLAY								
5606308	IMPROV-ROAD ASSMT PROJCT	.00	.00	.00	1,466.08	-1,466.08	.00	
5616306	IMPROV-ROADS & BRIDGES	2,805,940.00	.00	1,803,465.48	962,958.87	39,515.65	98.59	
5616307	IMPROV-SIGNALS	.00	.00	.00	1,810.43	-1,810.43	.00	
5616310	IMPROV-TRAFFIC MANAGEMEN	175,264.00	13,903.75	.00	178,545.85	-3,281.85	101.87	
5616313	IMPROV-SURFACE TREATMENT	1,817,872.00	.00	110,129.78	791,265.90	916,476.32	49.59	
5616371	IMPROV-SIDEWALKS	1,004,230.00	.00	912,766.48	1,240.07	90,223.45	91.02	****BA was received and in progress to be posted...JF
	TOTAL * CAPITAL OUTLAY	5,803,306.00	13,903.75	2,826,361.74	1,937,287.20	1,039,657.06	82.09	
1ST SUBTOTAL-590 * NON-OPERATING EXPENSES								
5909910	BUDGET RES FOR CONTINGNC	2,109,999.00	.00	.00	.00	2,109,999.00	.00	
5909967	BUDGET RES-CAP IMP PROJ	807,176.00	.00	.00	.00	807,176.00	.00	
	TOTAL * NON-OPERATING EXPENSE	2,917,175.00	.00	.00	.00	2,917,175.00	.00	
1ST SUBTOTAL-591 *TRANSFERS TO OTHER FUNDS								
5917945	TRNSF-AREA B PAVING MSBU	.00	.00	.00	4,840.00	-4,840.00	.00	
	TOTAL *TRANSFERS TO OTHER FUN	.00	.00	.00	4,840.00	-4,840.00	.00	
1ST SUBTOTAL-599 TRNSF-TO/FROM SAME FUND								
5999078	TRNSF-GRANT MATCH	2,252,541.00	.00	.00	.00	2,252,541.00	.00	
	TOTAL TRNSF-TO/FROM SAME FUND	2,252,541.00	.00	.00	.00	2,252,541.00	.00	
	TOTAL DEBT SRV/RESERV-CONST G	11,174,418.00	13,903.75	2,826,361.74	2,085,308.71	6,262,747.55	43.95	

SELECTION CRITERIA: orgn.fund='1013'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1013 CONSTITUTIONAL GAS TAX
DEPARTMENT-34607 DPW-LAP S LINDEN SW CON
1ST SUBTOTAL-560 * CAPITAL OUTLAY

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5616371	IMPROV-SIDEWALKS	1,065,395.00	.00	.00	1,339.71	1,064,055.29	.13
	TOTAL * CAPITAL OUTLAY	1,065,395.00	.00	.00	1,339.71	1,064,055.29	.13
	TOTAL DPW-LAP S LINDEN SW CON	1,065,395.00	.00	.00	1,339.71	1,064,055.29	.13

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA
CONSTRUCTION AGREEMENT

This Contract, entered into this 12th day of August, 2024, by and between the Hernando County Board of County Commissioners, hereafter called the COUNTY, and Augustine Construction, Inc. 2495 Keystone Road, Tarpon Springs, FL 34688 hereinafter called the VENDOR/CONTRACTOR. Owner and Vendor/Contractor, in consideration of the mutual covenants hereinafter set forth, agree as follow:

S Linden Dr Sidewalk from County Line Rd to Spring Hill Dr LAP 438651-1-58-01 (Rebid)

ITB NO. 25-CG00926/JG

Spring Hill, FL

ARTICLE 1 – CONTRACT DOCUMENTS

The Vendor/Contractor shall furnish all labor, equipment and materials and perform the work above described for the amount stated above in strict accordance with this Contract and the Contract Documents, all of which are made a part hereof and designated as follows:

1.01.1 The Contract Documents for Bid No. 25-CG00926/JG consist of the following:

Solicitation-Offer-Award

Advertisement of Bid

Solicitation Instructions

General Conditions

Special Conditions

Supplementary Conditions for Federal/State Requirements

Scope and Specifications

Bid Form

Required Forms and Certifications

Construction Agreement and Required Documents After Award

Reference Documents

Exhibit A - 438651-1-58-01 SPECS 06.10.24
Exhibit B - 438651-1-58-01 Plans
Exhibit C - 438651-1-54-01 Survey Docs
Exhibit D - FL20250250_1-3-2025 Prevailing Wages Determination
Exhibit E - V-C DBE Bid Package
Exhibit F - V-D FHWA 1273
Exhibit G - 438651-1-58-1 Signed Clear Letters
Exhibit H - Specification Acknowledgement 11-14-23
Exhibit I - LAP Construction Checklist_05.23.24 full signed
Exhibit J – 438651 1 South Linden Drive Revised PCR 091323
Exhibit L - Holiday Schedule 2025
Exhibit M - Executed Grant Agreement G2Z70

All addenda issued by the County prior to the receipt of bids and all supplementary drawings issued after award of the Contract become part of the Contract Document.

Amending and Supplementing Contract Documents:

The Contract Documents may be amended to provide for additions, deletions, and revisions in the work or to modify the terms and conditions thereof by Change Order.

The requirements of the Contract Documents may be supplemented, and minor variations and deviations in the work may be authorized, by one (1) or more of the following ways:

1. A Field Order;

2. Engineer's approval of a shop drawing or sample; or

3. Engineer's written interpretation or clarification per the provisions described in the Contract Documents.

In resolving such conflicts, errors and discrepancies, the documents shall be given preference in the following order: Agreement, Specifications, Drawings, Solicitation Instructions. Within the specifications the order of preference shall be as follows: Addenda, General Conditions, Technical Specifications. Figure dimensions on drawings shall govern over scale dimensions, and the detailed drawings shall govern over general drawings. Any work that may reasonably be inferred from the specifications or drawings as being required to produce the intended result shall be supplied whether or not it is specifically called for. Work materials or equipment described in words which so applied have a well-known technical or trade meaning shall be deemed to refer to such recognized standards. In case of conflict the more stringent requirements shall take precedence and govern.

The Vendor/Contractor shall take no advantage of any error or omission in the plans or of any discrepancy between the plans and specifications, and the Engineer shall make such interpretation as may be deemed necessary for the fulfillment of the intent of the plans and specifications as construed by him and his decision shall be final.

All provisions required by law to be inserted in this Contract, whether actually inserted or not.

Exhibits to this Agreement (as follows):

1. Vendor/Contractor's Bid

2. Documentation submitted by Vendor/Contractor after the Notice of Award:

   a. Insurance Certificate

   b. Payment and Performance Bond

1.02 The following which may be delivered or issued on or after the Effective Date of the Agreement and are not attached hereto:

1. Notice to Proceed

2. Change Order(s)

1.03 The documents listed in the Article are attached to this Agreement (except as expressly noted otherwise).

1.04 There are no Contract Documents other than those listed in this Article

1.05 The Contract Documents may only be amended, modified, or supplemented as stated in solicitation Section Titled "SPECIAL CONDITIONS", paragraph 16. Titled "Changes in the Work; Claims".

ARTICLE 2 - THE ENGINEER

2.01 Engineer in the administration of this Contract and any references to the Engineer or the Professional shall be deemed to mean **J. Scott Herring P.E.** for the plans and specifications. **Scott E. Nelson, D. Todd Crosby P.E. or J. Scott Herring P.E., Hernando County Public Works Department** will act as the Owner's representative, assume all duties and responsibilities, and have the rights and authority assigned to Engineer in the Contract Documents in connection with the completion of the work in accordance with their respective scope of work and the Contract Documents.

ARTICLE 3 – CONTRACT TIMES

3.01 Time of the Essence:

3.01.1 All time limits for completion and readiness for final payment as stated in the Contract Documents are of the essence of the Contract.

3.02 Days to Achieve Substantial Completion and Final Payment:

3.02.1 Vendor/Contractor agrees that the work will be substantially complete within **one hundred twenty (120)** calendar days after the commencement date indicated in the Notice to Proceed and ready for final payment within **one hundred fifty (150)** calendar days after the date indicated on the Notice to Proceed.

3.03 Liquidated Damages:

Vendor/Contractor and Owner agree for each consecutive calendar day that the work remains incomplete after the Contract date established for Substantial Completion and/or Final Completion, the County will retain from the compensation otherwise to be paid to the Vendor/Contractor the sum of **One Thousand Six Hundred Ninety-Nine ($1685.00)**. This amount is the minimum measure of damages the County will sustain by failure of the Vendor/Contractor to complete all remedial work, correct deficient work, clean up the project and other miscellaneous tasks as required to complete all work specified.

ARTICLE 4 – CONTRACT PRICE

4.01 Owner shall pay Vendor/Contractor for completion of the work in accordance with the Contract Documents an amount in current funds equal to the sum of the amounts determined pursuant to the paragraphs below:

4.01.1 For all work other than unit price work, a Lump Sum of:

LUMP SUM ITEMS						
Line Item	Item No.	Description	QTY	U.O.M.	Unit Cost	Total
1	101-1	MOBILIZATION	1	LS	$110,000.00	$110,000.00
2	102-1	MAINTENANCE OF TRAFFIC	1	LS	$15,753.00	$15,753.00
3	102-60	WORK ZONE SIGN	1	LS	$9,094.00	$9,094.00
4	102-74-1	CHANNELIZING DEVICE- TYPES I, II, DI, VP, DRUM, OR LCD	1	LS	$1,908.00	$1,908.00
5	102-74-8	CHANNELIZING DEVICE-TYPES LCD	1	LS	$4,361.00	$4,361.00
8	110-1-1	CLEARING & GRUBBING	1	LS	$151,809.00	$151,809.00
29	1000-5	GOPHER TORTOISE PERMITTING & MAPPING	1	LS	$2,500.00	$2,500.00
Total of Lump Sum Items			Two hundred ninety-five thousand, four hundred twenty-five dollars and zero cents			$295,425.00

All specific cash allowances are included in the above price and have been computed in accordance with solicitation Section Titled "SPECIAL CONDITIONS", paragraph 17. Titled "Cost of the Work; Allowances; Unit Price Work", subparagraph B. titled "Allowances" item no. 2. Titled "Cash Allowances".

4.01.2 For all unit price work, an amount equal to the sum of the established unit price for each separately identified item of unit price work times the estimated quantity of that item as indicated in this Paragraph:

As provided in solicitation Section Titled "SPECIAL CONDITIONS", paragraph 17. Titled "Cost of the Work; Allowances; Unit Price Work", subparagraph C. titled "Unit Price Work", estimated quantities are not guaranteed, and determinations of actual quantities and classifications are

to be made by Owner Designated Representative as provided in solicitation Section Titled "SPECIAL CONDITIONS", paragraph 17. Titled "Cost of the Work; Allowances; Unit Price Work", subparagraph C. titled "Unit Price Work". Unit prices have been computed as provided in solicitation Section Titled "SPECIAL CONDITIONS", paragraph 17. Titled "Cost of the Work; Allowances; Unit Price Work", subparagraph C. titled "Unit Price Work".

UNIT PRICED ITEMS						
Line Item	Item No.	Description	QTY	U.O.M	Unit Cost	Total
6	104-10-3	SEDIMENT BARRIER	300	L.F.	$3.75	$1,125.00
7	104-18	INLET / MES PROTECTION SYSTEM	11	EA.	$126.00	$1,386.00
9	110-4-10	REMOVAL EXISTING CONCRETE	588	S.Y.	$26.00	$15,288.00
10	120-1	REGULAR EXCAVATION	985	C.Y.	$78.00	$76,830.00
11	120-6	EMBANKMENT	968	C.Y.	$78.00	$75,504.00
12	425-1-559	FDOT MOD. INLET, DITCH BOTTOM, TYPE E, <10' (2 PIECE) (CONCRETE TOP - NO GRATE) (w/ TRAVERSABLE SLOTS and CONCRETE INLET PAVEMENT)	1	EA.	$13,330.00	$13,330.00
13	430174115	FDOT PIPE CULVERT, OPT. MATERIAL, ROUND, 15" SD	56	L.F.	$105.00	$5,880.00
14	430984123	FDOT MES, OPTIONAL ROUND, 15" SD	2	EA.	$975.00	$1,950.00
15	515-2311	PEDESTRIAN RAILING, ALUMINUM, 36", TYPE 1	56	LF.	$200.00	$11,200.00
16	520-2-2	CONCRETE CURB, TYPE B (3000 PSI w/ COMMERCIAL FIBERMESH)	20	LF.	$65.00	$1,300.00
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21	570-1-2	PERFORMANCE TURF, BAHIA SOD	22118	S.Y.	$5.00	$110,590.00
22	570-1-2	PERFORMANCE TURF, FLORITAM SOD	3300	S.Y.	$6.00	$19,800.00
23	700-1-11	SINGLE POST SIGN ASSEMBLY, FURNISH & INSTALL, GROUND MOUNT, <12 SF	1	AS.	$519.00	$519.00
24	700-13-15	RETROREFLECTIVE SIGN STRIP, F&I, 5 FT	16	EA.	$104.00	$1,664.00
25	711-11-123	THERMOPLASTIC, STD, WHITE, SOLID, 12"	2080	L.F.	$9.40	$19,552.00
26	711-14-125	THERMOPLASTIC, PREFORMED, WHITE, SOLID, 24"	270	L.F.	$18.00	$4,860.00
27	635-2-11	PULL BOX & COVER #A241324xxA (14.75x25.25) (INCLUDES CONDUIT, FITTINGS & WIRING)	3	EA.	$4,543.00	$13,629.00
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30	1000-6	GOPHER TORTOISE BURROWS EXCAVATIONS	5	EA	$500.00	$2,500.00
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32		REMOVE & RESET BRICK PAVERS	40	SY	$143.00	$5,720.00
TOTAL OF UNIT PRICED ITEMS			Nine hundred seven thousand, three hundred sixteen dollars and twenty cents			$907,316.20
TOTAL OF LUMP ITEMS AND UNIT PRICED ITEMS			One million, two hundred two thousand, seven hundred forty-one dollars and twenty cents			$1,202,741.20

ARTICLE 5 – PAYMENT PROCEDURES

5.01 Submittal and Processing of Payments:

5.01.1 Vendor/Contractor shall submit Applications for Payment in accordance with solicitation Section Titled "SPECIAL CONDITIONS", paragraph 21. Titled "Payments to Contractor and Completion", subparagraph B. titled "Progress Payments", subparagraph 1 titled "Application for Payments:, item A. Applications for Payment will be processed by Owner Designated Representative as provided in the Contract Documents.

5.02 Progress Payments; Retainage:

5.02.1 Owner shall make progress payments on account of the Contract Price on the basis of Vendor/Contractor's Applications for Payment not later than the time periods established by applicable provisions of the Florida Prompt Payment Act, Part VII, Ch. 218.735, F.S. (current version), during performance of the work as provided in paragraphs below. All such payments will be measured by the Schedule of Values (and in the case of unit price work based on the number of units completed) or, in the event there is no schedule of values, as provided in the General Requirements:

5.02.1.1 Progress payments will be made in an amount equal to the percentage indicated below but, in each case, less the aggregate of payments previously made and less such amounts as Owner Designated Representative may determine or Owner may withhold, including but not limited to liquidated damages, in accordance with the Contract Documents:

5.02.1.1.1 Ninety-five percent (95%) of work completed (with the balance being retainage); and

5.02.1.1.2 Ninety-five percent (95%) of cost of materials and equipment not incorporated in the work (with the balance being retainage).

5.03 Final Payment:

5.03.1 Upon receipt of the final Application for Payment accompanied by Owner Designated Representative's recommendation of payment in accordance with solicitation Section Titled "SPECIAL CONDITIONS", paragraph 21. Titled "Payments to Contractor and Completion", subparagraph B. titled "Progress Payments", subparagraph 1 titled "Application for Payments:, item A, Owner shall pay Vendor/Contractor the remainder of the Contract Price as recommended by Owner Designated Representative, less any sum Owner is entitled to set off against Owner Designated Representative's recommendation, including but not limited to liquidated damages.

5.03.2 Final Payment, constituting the entire unpaid balance of the Contract Sum, shall be paid by the Owner to the Vendor/Contractor when the work has been completed, the Contract fully performed, NPDES – FDEP Notice of Termination (NOT) has been delivered to the Owner Designated Representative and a final Certificate for Payment has been issued by the Owner Designated Representative.

ARTICLE 6 – INTEREST

6.01 All moneys not paid when due shall bear interest at the maximum legal rate.

ARTICLE 7 – VENDOR/CONTRACTOR'S REPRESENTATIONS

7.01 In order to induce Owner to enter into this Agreement Vendor/Contractor makes the following representations:

7.01.1 Vendor/Contractor has examined and carefully studied the Contract Documents and the other related data identified in the Bid Documents.

7.01.2 Vendor/Contractor has visited the site and become familiar with and is satisfied as to the general, local, and site conditions that may affect cost, progress, and performance of the work.

7.01.3 Vendor/Contractor is familiar with and is satisfied as to all Federal, State, and local laws and regulations that may affect cost, progress, and performance of the work.

7.01.4 Vendor/Contractor does not consider that any further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract Documents.

7.01.5 Vendor/Contractor is aware of the general nature of work to be performed by Owner and others at the site that relates to the work as indicated in the Contract Documents.

7.01.6 Vendor/Contractor has correlated the information known to Vendor/Contractor, information and observations obtained from visits to the site, reports and drawings identified in the Contract Documents, and all additional examinations, investigations, explorations, tests, studies, and data with the Contract Documents.

7.01.7 Vendor/Contractor has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Vendor/Contractor has discovered in the Contract Documents, and the written resolution thereof by Engineer is acceptable to Vendor/Contractor.

7.01.8 The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the work.

ARTICLE 8 – MISCELLANEOUS

8.01 Terms:

8.01.1 Terms used in this Agreement will have the meanings stated in the Contract Documents.

8.02 Assignment of Contract:

8.02.1 No assignment by a party hereto of any rights under or interests in the Contract will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically but without limitation, moneys that may become due and moneys that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.

8.03 Severability:

8.03.1 Any provision or part of the Contract Documents held to be void or unenforceable under any law or regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Owner and Vendor/Contractor, who agree that the Contract Documents

shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

8.04 This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one (1) and the same instrument.

ARTICLE 9 – CONTRACT PAYMENT

9.01 The County agrees to pay the Vendor/Contractor for the faithful performance under this Contract for the agreed amount of One million, two hundred two thousand, seven hundred forty-one dollars and twenty cents ($1,202,741.20) and is based on the lump sum prices contained herein and subject to additions or deductions as modified.

OWNER:
HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS

By: BRIAN HAWKINS

Title: CHAIRMAN

[CORPORATE SEAL]

Attest: Douglas A. Chorvat, Jr.

Title: Clerk of Circuit Court & Comptroller

Address for giving notices:

15470 Flight Path Dr.

Brooksville, FL 34604

VENDOR/CONTRACTOR

AUGUSTINE CONSTRUCTION, INC.

By: JENNIFER MCCOY

Title: PRESIDENT

[CORPORATE SEAL]

Attest: BEVERLY PHILLIPS

Title: SEC./TRES.

Address for giving notices:

2495 KEYSTONE RD.

TARPON SPRINGS, FL 34688

Agent for service of process:

(If Vendor/Contractor is a corporation or a partnership, attach evidence of authority to sign.)

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Procurement Department
Prepared By: Julie Crull
Initiator: Carla Rossiter-Smith
DOC ID: 15422
Legal Request Number:
Bid/Contract Number: 25-SS0249/JG

TITLE

Award of Sole Source Purchase From Econolite Control Products, Inc., for Traffic Signal Cabinets for Department of Public Works (Amount: $123,321.00)

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	John Allocco
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

PROCUREMENT DEPARTMENT

15470 FLIGHT PATH DRIVE ◆ BROOKSVILLE, FLORIDA 34604
P 352.754.4020 ◆ F 352.754.4199 ◆ W www.HernandoCounty.us

NOTICE OF INTENDED SOLE SOURCE PURCHASE

Posted: July 3, 2025

Agency: Board of County Commissioners of Hernando County, Florida

Title: Traffic Cabinets - Econolite

Project ID: 25-SS0249/JG

Vendor: Econolite Control Products, Inc.

Short Description of the Commodity or Service Desired:

Supply of Cobalt controllers, cabinets and traffic signal camera equipment.

Total Estimated Amount: $ 123,321.00

Procurement Department Contact:

Name: Joe Goulart, Contracting Agent II

Telephone: (352) 754-4020

Email: jgoulart@co.hernando.fl.us

Last Day for Receipt of Information: Friday, July 25, 2025

Please be advised that pursuant to Section 120.57(3), Florida Statutes, “Failure to file a protest within the time prescribed in Section 120.57(3), Florida Statutes, or failure to post the bond or other security required by law within the time allowed for filing a bond shall constitute a waiver of the proceedings under Chapter 120, Florida Statutes.”

Posted per Hernando County Government Procurement Department Policies & Procedures

By: Carla Rossiter-Smith

Carla Rossiter-Smith, MSM PMP, Chief Procurement Officer

DEPARTMENT OF PUBLIC WORKS
ENGINEERING • FACILITIES • REAL PROPERTY • ROADS/BRIDGES • STORMWATER • TRAFFIC
1525 EAST JEFFERSON STREET • BROOKSVILLE, FLORIDA 34601
P 352.754.4060 • F 352.754.4423 • W www.HernandoCounty.us

MEMORANDUM

TO: **Carla Rossiter-Smith, Chief Procurement Officer**

FROM: **David Bland Hernando County Traffic Supervisor** DB

VIA: **Casey Phillips / Finance Specialist**

DATE: **June 5, 2025**

RE: **Sole Source / Econolite / Traffic Signal Controllers and Traffic Signal Cabinets. (TS-2 TYPE-1)**

Hernando County Traffic Operations maintains all the County's Traffic Signals. All Traffic Signals in Hernando County are operated by Econolite equipment (Example: Signal Cabinets, Controllers and MMU'S and is compatible with the Traffic Management Center. Therefor to maintain compatibility with all the County's Traffic Signals and the Traffic Management Center Econolite equipment is used. Econolite is the sole source for their product.

Econolite Control Products is the sole developer, provider and manufacture for the Cobalt controller and (TS2-TYPE1) Traffic signal cabinets in the state of Florida. Econolite dose not have any other distributors within the state of Florida. Econolite Control Products offers repair services, warranty repairs, and on-site visits as required.

If additional information is needed, please contact me.

cc: Alisa Pike, Procurement Coordinator
Casey Phillips, Finance Specialist
Jon Sanchez, Signal Project Manager

ECONOLITE

MOVING TRAFFIC FORWARD

To: Hernando County, Traffic Signal Dept
From: Connie Braithwaite, Econolite Control Products, Inc.
Date: 6/4/2025
Re: Sole Source

To whom it may concern,

This letter is to verify that **Econolite Control Products, Inc.** (FEIN:95-3196532) located at 1250 N. Tustin Ave., Anaheim, CA 92807 is the sole developer, provider or manufacturer of any and all, "Econolite" and "Safetran" products in the state of Florida.

Econolite does not have any other distributors within the state of Florida.

Product would include:

1. **Plug-N-Go Cabinets**: TS1 and TS2
2. **Safetran ATC Cabinets**: ATCC Standard and ATCC Plus series
3. Controllers: **COBALT® and Safetran 2070®**. This also includes any products or licensing that would be associated with Econolite proprietary products. Example: **ASC3®** or **EOS®** software upgrades can only be purchased through Econolite as the software is developed, registered, and licensed for use only by Econolite.
4. **Autoscope®** video detection: **Vision®** are registered trademarks of Image Sensing Systems. Econolite is the sole distributor of **Autoscope®** products in the United States.
5. Radar vehicle detection: **EVO®.**
6. **Econolite Display Products**
7. **Econolite branded BIU's, Load Switches, Power Supplies, Zinc Blue UPS** and any other products with the **Econolite®** name.

If you have any questions concerning this matter, please contact me at (904) 759-0745.

We appreciate the opportunity for your business!

Thank You,

Alan Baker

Alan Baker, Account Executive
Econolite Control Products, Inc.

REQUEST FOR QUOTE

HERNANDO COUNTY BOARD OF
COUNTY COMMISSIONERS
PURCHASING & CONTRACTS DEPARTMENT

THIS IS NOT AN ORDER

352-754-4020, FAX 352-754-4199
15470 FLIGHT PATH DR.
BROOKSVILLE, FL 34604

Quotation No. Q-51085

Date: 5/14/2025

Project Name Cabinets

Requesting Department Traffic

Name: Hernando County
Address: 1525 E. Jefferson St
Brooksville Fla 34601
Contact Person: David Bland Telephone: 352-540-0577 Fax:

Date & Time Due for Return of Quote: ASAP

Please see reverse side for Terms, Conditions and Instructions to Bidders applicable to this Quotation.

ITEM	QUAN.	DESCRIPTION	STOCK NO.	NET PRICE	TOTAL
1	5 each	TS2-1 PNG FDOT55 P/44/38 BM 16 HORZI CAB IN-WHITE/OUT BARE. 1 RACK. 6FTR, 1 POWER SUPPLY, 1 MMU2-LEIP-E, 16 LOAD SWITCHES, 1 FLASHER	CAB18726	$ 18,875.00	$ 94,375.00
2	5 each	CABINET EXTENDER BASE-P-44 18" HIGH W/P-38 MOUNTING.	SK3051P10	$ 592.00	$ 2960.00
3	6 each	COBALT C-SERIES,TS1,8MB DATAKEY,NO COMM CARD	COBS2212012000 0	$ 4331.00	25,986.00
				TOTAL=	$ 123,321.00

QUOTE MUST INCLUDE DELIVERY Destination Delivery Date or Start of Work
FOB DESTINATION

It is hereby certified and affirmed that the bidder will accept any awards made to him as a result of this quotation.
The award may be all or partial being in the best interest of Hernando County.
It is further agreed that prices quoted will remain firm for a minimum period of 60 calendar days from quotation opening date.

Contact Person Submitting Quote: Alan Baker
Firm Name: Econolite Control Products Inc
Address: 1250 N Tustin Ave City: Anaheim State: Ca Zip: 92807
Telephone No: 714-630-3700 Fax No: DATE 5-15-2025
PRINT/TYPE NAME: Alan Baker
TITLE: Account Executive SIGNATURE:

orm 11 Quote Form
reated: 12/30/11

HERNANDO COUNTY PURCHASE ORDER TERMS AND CONDITIONS

GENERAL

The condition of this order may not be changed by Vendor/Contractor. If order is not acceptable, return to Hernando County Purchasing and Contracts Department. Failure of a Vendor/Contractor to deliver according to this purchase order awarded to him or to comply with any of the terms and conditions therein may disqualify him from receiving future orders.

QUALITY

All material or services furnished on this order must be as specified and subject to County inspection and approval within a reasonable time after delivery at destination. Variations in materials or services from those specified in this order must not be made without written authority from the Chief Procurement Officer. Materials rejected will be returned at the Vendor/Contractor's risk and expense.

QUANTITY/PRICE

The quantity of materials ordered or the prices specified must not be exceeded without written authority being first obtained from the Chief Procurement Officer.

INDEMNITY AND INSURANCE

The Vendor/Contractor agrees to indemnify and hold harmless Hernando County, including its officers, agents and employees, from all claims, damages, losses and expenses, including reasonable attorneys' fees, and costs brought or incurred on account of injuries or damages sustained by any party due to the operations of the Vendor/Contractor under this contract. The Vendor/Contractor further agrees to provide workers' compensation for all employees, and to maintain such general and auto liability insurance as is deemed necessary by the County for the particular circumstances and operations of the Vendor/Contractor. The Vendor/Contractor further agrees to provide the County with Certificates of Insurance, indicating the amount of coverage in force, upon request.

PACKING

Packages must be plainly marked with shipper's name and purchase order number; charges are not allowed for boxing or crating unless previously agreed upon in writing.

DELIVERY

All materials must be shipped F. O. B. destination. The County will pay no freight or express charges, except by previous agreement. If specific purchase is negotiated on the basis of F.O.B. shipping point, VENDOR/CONTRACTOR ARE TO PREPAY SHIPPING CHARGES AND ADD TO INVOICE. Delivery must actually be affected within the time stated on purchase made between 8:00 AM and 5:00 PM Monday to Friday inclusive unless otherwise stated. In case of default by the Vendor/Contractor, Hernando County may procure the articles or services covered by this order from other sources and hold the Vendor/Contractor responsible for any excess occasioned thereby.

PAYMENT

Partial billing will be accepted only for items received within the specified delivery period. Payments for items delivered after this specified delivery period will be made after the entire order is completed and accepted by Hernando County. Payment shall be made in accordance with Florida Statute 218, Florida Prompt Payment Act. Payment for accepted equipment/supplies/services will be accomplished by submission of an invoice, in duplicate; to the Ship To Address on the front of the purchase order unless otherwise indicated.

MATERIAL SAFETY DATA SHEET

The Vendor/Contractor agrees to furnish Hernando County with a current Material Safety Data Sheet (MSDS) on or before delivery of each and every hazardous chemical or substance purchased which is classified as toxic under Florida Statute 442. Appropriate labels and MSDSs shall be provided for all shipments. Send MSDSs and other pertinent data to: Hernando County Purchasing and Contracts Department, 20 North Main Street, Room 365, Brooksville, FL 34601-2828.

OSHA REQUIREMENT

The Vendor/Contractor or contractor hereby guarantees Hernando County that all materials, supplies and equipment as listed on the purchase order meet the requirements; specifications and standards as provided for under the Federal Occupations Safety and Health Administration Act of 1970, as from time to time amended and in force at the date thereof.

LEGALLY AUTHORIZED WORKFORCE

VENDOR/CONTRACTOR represents and warrants that VENDOR/CONTRACTOR is in compliance with all applicable federal, state and local laws, including, but not limited to, the laws related to the requirement of an employer to verify an employee's eligibility to work in the United States. VENDOR/CONTRACTOR is encouraged (but not required) to incorporate the IMAGE best practices into its business and, when practicable, incorporate verification requirements into its agreements with subcontractors. The IMAGE Best Practices can be found on the COUNTY'S website at www.hernandocounty.us/pur/.

INSURANCE

Unless otherwise specified, the Contractor shall, at its sole expense, maintain in effect at all times during the performance of the services insurance coverage with limits not less than those set forth below (unless limits have been lowered) and with insurers and under forms of policies satisfactory to COUNTY.

Coverage	Minimum Amounts and Limits
(a) Worker's Compensation	Statutory requirements at location of work
Employer's Liability	$ 100,000 each accident
	$ 100,000 by employee
	$ 500,000 policy limit
(b) Commercial General Liability	$ 2,000,000 General Aggregate
(Additional Insured & Wavier Of Subrogation)	$ 2,000,000 Products-Comp. Ops Agg.
	$ 1,000,000 Each Occurrence
	$ 5,000 Medical Expense
(c) Automobile Liability	$ 1,000,000 Combined Single Limit (owned, hired and non-owned)
Option of Split Limits:	
(1.) Bodily Injury	$ 1,000,000 Per Person or $1,000,000 Per Accident

(Revised Jan.-2014)

HERNANDO CO BOARD OF CO COMMISSIONERS
EXPENDITURE STATUS REPORT

SELECTION CRITERIA: orgn.fund='1015' and expledgr.key_orgn='03221' and expledgr.account='5616307'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1015 COUNTY FUEL TAX
DEPARTMENT-03221 COUNTY FUEL TAX
1ST SUBTOTAL-560 * CAPITAL OUTLAY

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5616307	IMPROV-SIGNALS	2,961,553.00	.00	1,009,623.03	145,993.57	1,805,936.40	39.02
	TOTAL * CAPITAL OUTLAY	2,961,553.00	.00	1,009,623.03	145,993.57	1,805,936.40	39.02
	TOTAL COUNTY FUEL TAX	2,961,553.00	.00	1,009,623.03	145,993.57	1,805,936.40	39.02
	TOTAL COUNTY FUEL TAX	2,961,553.00	.00	1,009,623.03	145,993.57	1,805,936.40	39.02
TOTAL REPORT		2,961,553.00	.00	1,009,623.03	145,993.57	1,805,936.40	39.02

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Procurement Department
Prepared By: Julie Crull
Initiator: Carla Rossiter-Smith
DOC ID: 16128
Legal Request Number:
Bid/Contract Number: 25-SS0250/JG

TITLE

Award of Sole Source Purchase From Transportation Control Systems, Inc., for Traffic Cameras for Department of Public Works (Amount: $53,328.00)

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	John Allocco
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

PROCUREMENT DEPARTMENT

15470 FLIGHT PATH DRIVE ◆ BROOKSVILLE, FLORIDA 34604
P 352.754.4020 ◆ F 352.754.4199 ◆ W www.HernandoCounty.us

NOTICE OF INTENDED SOLE SOURCE PURCHASE

Posted: July 3, 2025

Agency: Board of County Commissioners of Hernando County, Florida

Title: Traffic Cameras – Transportation Control Systems

Project ID: 25-SS0250/JG

Vendor: Transportation Control Systems, Inc.

Short Description of the Commodity or Service Desired:

Supply of Miovision vehicle detection camera systems from the sole authorized distributor in Florida.

Total Estimated Amount: $ 53,328.00

Procurement Department Contact:

Name: Joe Goulart, Contracting Agent II

Telephone: (352) 754-4020

Email: jgoulart@co.hernando.fl.us

Please be advised that pursuant to Section 120.57(3), Florida Statutes, "Failure to file a protest within the time prescribed in Section 120.57(3), Florida Statutes, or failure to post the bond or other security required by law within the time allowed for filing a bond shall constitute a waiver of the proceedings under Chapter 120, Florida Statutes."

Last Day for Receipt of Information: Friday, July 25, 2025

Posted per Hernando County Government Procurement Department Policies & Procedures

By: Carla Rossiter-Smith

Carla Rossiter-Smith, MSM PMP, Chief Procurement Officer

DEPARTMENT OF PUBLIC WORKS
ENGINEERING • FACILITIES • REAL PROPERTY • ROADS/BRIDGES • STORMWATER • TRAFFIC • TRANSIT
1525 EAST JEFFERSON STREET • BROOKSVILLE, FLORIDA 34601
P 352.754.4060 • F 352.754.4423 • W www.HernandoCounty.us

MEMORANDUM

TO: **Carla Rossiter-Smith, Chief Procurement Officer**

FROM: **David Bland, Traffic Operations Supervisor**

VIA: **Susan Brown / Accounting Clerk III**

DATE: **May 20, 2025**

RE: **Sole Source/Transportation Control Systems/Miovision Technologies Inc.**

The justification for the selection of this vendor, Transportation Control Systems (TCS), is for the utilization of the Miovision vehicle detection cameras and the accompanying software suite which includes,Miovision One, Miovision SmartView, and Miovision SmartView 360.

We currently have a Miovision vehicle detection camera operating at the County Line Road and Waterfall Drive intersection; therefore, Traffic Engineering is familiar with the technology.

The Miovision system provides wireless communication, a 360-degree vehicle detection camera, and critical alerts. Traffic Engineering plans to utilize Miovision cameras at intersections without fiber communication.

TSC is the sole authorized distributor within the State of Florida of the above listed products from Miovision Technologies Incorporated.

If additional information is needed, please contact me.

cc: Alisa Pike, Procurement Coordinator
Lillian Hoyt, Finance Manager
Susan Brown, Finance Specialist
Laura A. Borgesi, Traffic Engineer
Jon Sanchez, Signal Project Manager

Docusign Envelope ID: 42C6BD8F-CDFE-4194-8190-A30555D23EBB

miovision

April 14, 2025

Mr. Jon Sanchez
1525 E. Jefferson St.
Brooksville FL 34601

Dear Mr. Jon Sanchez,

Miovision Technologies Incorporated ("Miovision") is the owner of Miovision One™, a scalable software platform designed to address both current and future global mobility challenges that our customers may face. It leverages one common interface to create a seamless user experience and enable new capabilities as traffic networks grow. Miovision hardware associated with the Miovision One platform includes Miovision Core® (CTM & DCM), Miovision SmartView™ Approach, and Miovision SmartView™ 360.

Miovision Opticom™ ("Opticom") priority control system is owned and manufactured by Miovision Technologies US, LLC, a subsidiary of Miovision. Since 1968, Opticom has been the standard in emergency and transit priority traffic control.

Further to your request, this letter is provided to you to confirm that, as of the date hereof, Transportation Control Systems, Inc. ("TCS") is an authorized distributor of the above listed products from Miovision or its affiliates within the State of Florida. Please note that Miovision may change its distributors in its sole discretion from time to time and without a requirement to notify you.

Should you have any questions, please contact Kris McCoy at kmccoy@miovision.com

Kind Regards,

DocuSigned by:
Scott Bailey
B1476C232BE0AE7...

Scott Bailey, Director, Partner Programs
sbailey@miovision.com | (519) 212-5556
Miovision Technologies Incorporated

REQUEST FOR QUOTE

HERNANDO COUNTY BOARD OF
COUNTY COMMISSIONERS
PURCHASING & CONTRACTS DEPARTMENT

THIS IS NOT AN ORDER

352-754-4020, FAX 352-754-4199
15470 FLIGHT PATH DR.
BROOKSVILLE, FL 34604

Quotation No. _____

Date: May 20, 2025

Project Name New Vehical Detection

Requesting Department Traffic Operations

Name: David Bland
Address: 1525 E. Jefferson St.
Brooksville, FL 34601
Contact Person: David Bland Telephone: 352-754-4060 Fax: _____

Date & Time Due for Return of Quote: 5/27/25

Please see reverse side for Terms, Conditions and Instructions to Bidders applicable to this Quotation.

ITEM	QUAN.	DESCRIPTION	STOCK NO.	NET PRICE	TOTAL
1	2	Miovison Dual Camera System, Core, Lifetime License, 4 Channel In Cabinet Surge, 2-360' Camera, 2-Camera Mount, 2 Asto-Brac, CAMERA SURGE FOR ETHERNET IN 4X ENCLOSURE (LESS THAN 300 FEET)		26,664.00	53,328.00
					$53,328.00

QUOTE MUST INCLUDE DELIVERY Destination Delivery Date or Start of Work N/A
FOB DESTINATION Hernando County D.P.W.

It is hereby certified and affirmed that the bidder will accept any awards made to him as a result of this quotation.
The award may be all or partial being in the best interest of Hernando County.
It is further agreed that prices quoted will remain firm for a minimum period of 60 calendar days from quotation opening date.

Contact Person Submitting Quote: John Gaskins
Firm Name: TCS
Address: 1100 South 86th Street City: Tampa State: FL Zip: 33619
Telephone No: 813-351-9973 Fax No: 813-630-2801 DATE 5/20/25
PRINT/TYPE NAME: John Gaskins
TITLE: Regional Sales Manager SIGNATURE: John Gaskins

Form 11 Quote Form
Created: 12/30/11

HERNANDO COUNTY PURCHASE ORDER TERMS AND CONDITIONS

GENERAL

The condition of this order may not be changed by Vendor/Contractor. If order is not acceptable, return to Hernando County Purchasing and Contracts Department. Failure of a Vendor/Contractor to deliver according to this purchase order awarded to him or to comply with any of the terms and conditions therein may disqualify him from receiving future orders.

QUALITY

All material or services furnished on this order must be as specified and subject to County inspection and approval within a reasonable time after delivery at destination. Variations in materials or services from those specified in this order must not be made without written authority from the Chief Procurement Officer. Materials rejected will be returned at the Vendor/Contractor's risk and expense.

QUANTITY/PRICE

The quantity of materials ordered or the prices specified must not be exceeded without written authority being first obtained from the Chief Procurement Officer.

INDEMNITY AND INSURANCE

The Vendor/Contractor agrees to indemnify and hold harmless Hernando County, including its officers, agents and employees, from all claims, damages, losses and expenses, including reasonable attorneys' fees, and costs brought or incurred on account of injuries or damages sustained by any party due to the operations of the Vendor/Contractor under this contract. The Vendor/Contractor further agrees to provide workers' compensation for all employees, and to maintain such general and auto liability insurance as is deemed necessary by the County for the particular circumstances and operations of the Vendor/Contractor. The Vendor/Contractor further agrees to provide the County with Certificates of Insurance, indicating the amount of coverage in force, upon request.

PACKING

Packages must be plainly marked with shipper's name and purchase order number; charges are not allowed for boxing or crating unless previously agreed upon in writing.

DELIVERY

All materials must be shipped F. O. B. destination. The County will pay no freight or express charges, except by previous agreement. If specific purchase is negotiated on the basis of F.O.B. shipping point, VENDOR/CONTRACTOR ARE TO PREPAY SHIPPING CHARGES AND ADD TO INVOICE. Delivery must actually be affected within the time stated on purchase made between 8:00 AM and 5:00 PM Monday to Friday inclusive unless otherwise stated. In case of default by the Vendor/Contractor, Hernando County may procure the articles or services covered by this order from other sources and hold the Vendor/Contractor responsible for any excess occasioned thereby.

PAYMENT

Partial billing will be accepted only for items received within the specified delivery period. Payments for items delivered after this specified delivery period will be made after the entire order is completed and accepted by Hernando County. Payment shall be made in accordance with Florida Statute 218, Florida Prompt Payment Act. Payment for accepted equipment/supplies/services will be accomplished by submission of an invoice, in duplicate; to the Ship To Address on the front of the purchase order unless otherwise indicated.

MATERIAL SAFETY DATA SHEET

The Vendor/Contractor agrees to furnish Hernando County with a current Material Safety Data Sheet (MSDS) on or before delivery of each and every hazardous chemical or substance purchased which is classified as toxic under Florida Statute 442. Appropriate labels and MSDSs shall be provided for all shipments. Send MSDSs and other pertinent data to: Hernando County Purchasing and Contracts Department, 20 North Main Street, Room 365, Brooksville, FL 34601-2828.

OSHA REQUIREMENT

The Vendor/Contractor or contractor hereby guarantees Hernando County that all materials, supplies and equipment as listed on the purchase order meet the requirements, specifications and standards as provided for under the Federal Occupations Safety and Health Administration Act of 1970, as from time to time amended and in force at the date thereof.

LEGALLY AUTHORIZED WORKFORCE

VENDOR/CONTRACTOR represents and warrants that VENDOR/CONTRACTOR is in compliance with all applicable federal, state and local laws, including, but not limited to, the laws related to the requirement of an employer to verify an employee's eligibility to work in the United States. VENDOR/CONTRACTOR is encouraged (but not required) to incorporate the IMAGE best practices into its business and, when practicable, incorporate verification requirements into its agreements with subcontractors. The IMAGE Best Practices can be found on the COUNTY'S website at www.hernandocounty.us/pur/.

INSURANCE

Unless otherwise specified, the Contractor shall, at its sole expense, maintain in effect at all times during the performance of the services insurance coverage with limits not less than those set forth below (unless limits have been lowered) and with insurers and under forms of policies satisfactory to COUNTY.

Coverage	Minimum Amounts and Limits
(a) Worker's Compensation	Statutory requirements at location of work
Employer's Liability	$ 100,000 each accident
	$ 100,000 by employee
	$ 500,000 policy limit
(b) Commercial General Liability	$ 2,000,000 General Aggregate
(Additional Insured & Wavier	$ 2,000,000 Products-Comp. Ops Agg.
Of Subrogation)	$ 1,000,000 Each Occurrence
	$ 5,000 Medical Expense
(c) Automobile Liability	$ 1,000,000 Combined Single Limit (owned, hired and non-owned)
Option of Split Limits:	
(1.) Bodily Injury	$ 1,000,000 Per Person or $1,000,000 Per Accident

(Revised Jan.-2014)

HERNANDO CO BOARD OF CO COMMISSIONERS
EXPENDITURE STATUS REPORT

SELECTION CRITERIA: orgn.fund='1015' and expledgr.key_orgn='03221' and expledgr.account='5616307'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1015 COUNTY FUEL TAX
DEPARTMENT-03221 COUNTY FUEL TAX
1ST SUBTOTAL-560 * CAPITAL OUTLAY

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5616307	IMPROV-SIGNALS	2,961,553.00	.00	1,009,623.03	145,993.57	1,805,936.40	39.02
	TOTAL * CAPITAL OUTLAY	2,961,553.00	.00	1,009,623.03	145,993.57	1,805,936.40	39.02
	TOTAL COUNTY FUEL TAX	2,961,553.00	.00	1,009,623.03	145,993.57	1,805,936.40	39.02
	TOTAL COUNTY FUEL TAX	2,961,553.00	.00	1,009,623.03	145,993.57	1,805,936.40	39.02
TOTAL REPORT		2,961,553.00	.00	1,009,623.03	145,993.57	1,805,936.40	39.02

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Procurement Department
Prepared By: Fran Hallet
Initiator: Carla Rossiter-Smith
DOC ID: 16218
Legal Request Number:
Bid/Contract Number: 18-R00129

TITLE

Change Order No. 3 to Purchase Order With JDMF, LLC, for Mowing and Debris Removal and Disposal Services for Code Enforcement Department and Associated Budget Amendment (Contract No. 22-T00032; Amount: $120,000.00)

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	Steve Champion
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

SOLICITATION - OFFER - AWARD

SOLICITATION NO.:	SOLICITATION TITLE:	DATE ISSUED:	CONTRACT NO.:
22-T00032/TPR	LOT MOWING AND TRASH/DEBRIS REMOVAL AND DISPOSAL SERVICES	JANUARY 26, 2022	22-T00032/TPR

ISSUED BY:
BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA
Steve Champion, Chairman
John Allocco, Vice Chairman
Elizbeth Narverud, Second Vice Chairman
Wayne Dukes
Jeff Holcomb

SUBMIT BID OFFER TO:
HERNANDO COUNTY PURCHASING AND CONTRACTS
15470 FLIGHT PATH DRIVE
BROOKSVILLE, FL 34604

Toni Brady
Chief Procurement Officer
Office of Management and Budget Director

SOLICITATION

SEALED OFFERS, IN TWO (2) ORIGINALS, FOR FURNISHING THE SERVICES, SUPPLIES OR EQUIPMENT DESCRIBED HEREIN WILL BE RECEIVED AT THE OFFICE OF PURCHASING AND CONTRACTS, 15470 FLIGHT PATH DRIVE, BROOKSVILLE, FL 34604, **UNTIL 3:00 P.M., LOCAL TIME ON MARCH 2, 2022.** NO BID OFFERS WILL BE ACCEPTED AFTER THE ABOVE STIPULATED DATE AND TIME. THIS IS AN ADVERTISED SOLICITATION AND THE RESPONDING BIDDERS WILL BE PUBLICLY READ IN THE PURCHASING AND CONTRACTS CONFERENCE ROOM, 15470 FLIGHT PATH DRIVE, BROOKSVILLE, FL 34604 AT **3:00 P.M. ON MARCH 2, 2022.** PURSUANT TO FS 119.071 (Current Edition), SEALED BIDS, PROPOSALS, OR REPLIES RECEIVED BY AN AGENCY PURSUANT TO A COMPETITIVE SOLICITATION ARE EXEMPT FROM INSPECTION UNTIL SUCH TIME AS THE AGENCY PROVIDES NOTICE OF AN INTENDED DECISION OR UNTIL THIRTY (30) DAYS AFTER OPENING THE BIDS, PROPOSALS, OR FINAL REPLIES, WHICHEVER IS EARLIER.

ITEM NO.	DESCRIPTION OF SERVICE/SUPPLIES/EQUIPMENT	QTY	UNIT	UNIT PRICE	TOTAL AMOUNT
1	FOR PROVIDING LOT MOWING AND TRASH/DEBRIS REMOVAL AND DISPOSAL SERVICES FOR HERNANDO COUNTY CODE ENFORCEMENT DEPARTMENT. SUBMIT PRICING ON BID FORM IN SECTION VI PLEASE SUBMIT TWO (2) ORIGINAL SIGNED DOCUMENTS. (SEE ATTACHED SPECIFICATIONS)	XXXX	XXXX	XXXXXXX	$ 1980 ~~00~~

OFFER

(TERMS, CONDITIONS AND SPECIFICATIONS ARE INCLUDED AS PARTS HEREOF)

IN COMPLIANCE WITH THE ABOVE, THE UNDERSIGNED, BEING DULY AUTHORIZED TO SIGN THIS BID FOR THE BIDDER, AGREES THAT IF THIS OFFER IS ACCEPTED WITHIN NINETY (90) DAYS FROM THE BID OPENING DATE, TO FURNISH TO HERNANDO COUNTY ANY AND ALL ITEMS FOR WHICH PRICES ARE OFFERED IN THIS BID SOLICITATION AT THE PRICE(S) SO OFFERED, DELIVERED AT DESIGNATED POINT(S), WITHIN THE TIME PERIOD SPECIFIED, AND AT THE TERMS AND CONDITIONS SO STIPULATED IN THE SOLICITATION FOR BIDS.

DISCOUNT FOR PROMPT PAYMENT: ____% 10 CALENDAR DAYS ____% 20 CALENDAR DAYS ____% ____ CALENDAR DAYS

BIDDER'S INFORMATION
JDMF llc
Company Name
1901 Blackwood Ave
Address
Gotha FL 34734
City State Zip Code
352 272 8835 Jdmf llc 28@ Gmail.com
Phone Number Fax Number Email Address

NAME AND TITLE OF PERSON AUTHORIZED TO SIGN BID OFFER:
BIDDER'S SIGNATURE
OFFER DATE
3-1-22

AWARD

(TO BE COMPLETED BY COUNTY)

REVIEWED FOR LEGAL SUFFICIENCY:	LR NO.:	BY:
January 18, 2022	2022-0028-01	Kyle J. Benda

ACCEPTED AS TO ITEM(S) NO:	AMOUNT:	ACCOUNTING CODE:

SUBMIT INVOICES TO:
HERNANDO COUNTY
CODE ENFORCEMENT DEPARTMENT
789 PROVIDENCE BOULEVARD
BROOKSVILLE, FL 34601

NAME AND TITLE OF PERSON AUTHORIZED TO SIGN ACCEPTANCE AND AWARD FOR THE COUNTY:
Steve Champion, Chairman

SIGNATURE:

AWARD DATE: 04-26-2022

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ISSUE DATE: January 26, 2022

INVITATION TO BID

NOTICE IS HEREBY GIVEN that the Board of County Commissioners of Hernando County, Florida, is accepting Bids for:

TERM CONTRACT ITB NO. 22-T00032/TPR

FOR

LOT MOWING AND TRASH/DEBRIS REMOVAL AND DISPOSAL SERVICES

Hernando County Board of County Commissioners are soliciting Vendors/Contractors active in lot mowing and trash/debris removal and disposal services.

Sealed Bid offers as two (2) originals for furnishing the above will be received and accepted up to 3:00 PM (local time), **March 2, 2022**, in the Hernando County Purchasing and Contract's office. Bids shall be plainly marked on the outside of a sealed envelope/container with: Bidder's Name, Address, and Bid Name and Bid Number. Bids are to be submitted to:

Physical Address:
Hernando County Purchasing and Contracts
15470 Flight Path Drive
Brooksville, FL 34604

The Board of County Commissioners of Hernando County, Florida reserves the right to accept or reject any or all Bids and waive informalities and minor irregularities in offers received in accordance with the Bid documents and the Hernando County Procurement Ordinance.

Interested firms may secure the Bid documents and plans and drawings and all other pertinent information by visiting the website of Bid Net at www.bidnetdirect.com. For additional project information, please visit the Hernando County Board of County Commissioners Purchasing and Contracts Department at www.hernandocounty.us, or by calling Bid Net at (800) 835-4603 or the Purchasing and Contracts Department at (352) 754-4020.

Purchasing and Contracts Department will post addenda on Bid Net at www.bidnetdirect.com to all questions in accordance with the Solicitation Instructions. **It is the responsibility of prospective Bidders to visit the Bid Net at www.bidnetdirect.com to ensure that they are aware of all Addenda issued relative to this solicitation.**

Pursuant to Florida Statutes 119.071 (Current Edition) Sealed Bids, Proposals, or replies received by an agency pursuant to a competitive solicitation are exempt from inspection until such time as the agency provides notice of an intended decision or until thirty (30) days after opening the Bids, Proposals, or final replies whichever is earlier.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY

TONI BRADY
CHIEF PROCUREMENT OFFICER, HERNANDO COUNTY

NOTICE TO BIDDERS

To ensure that your Bid is responsive, you are urged to request clarification or guidance on any issues involving this solicitation before submission of your response. Your point-of-contact for this solicitation is Tonya Parker-Rimes, Contract Compliance Officer, Purchasing and Contracts Department, at (352) 754-4020 or email at purchasing@hernandocounty.us.

SECTION II - SOLICITATION INSTRUCTIONS

1. **DEFINITION OF TERMS:** Where the following terms, or their pronouns, occur herein, the intent and meaning shall be as follows:

   1.1. **BIDDER:** The term "Bidder" used herein refers to the dealer/manufacturer or business organization submitting a Bid to the County in response to this solicitation.

   1.2. **CONTRACT:** The Agreement executed by the Owner and Vendor/Contractor for the performance of work and the other documents (plans, specifications, notice to Bidders, proposal, surety bonds, addenda and other documents) whether attached thereto or not.

   1.3. **COUNTY:** The Board of County Commissioners, Hernando County, or its duly authorized representative.

   1.4. **MODIFICATION/AMENDMENT/CHANGE ORDER:** Shall mean the written order to the Vendor/Contactor signed by the Vendor/Contractor and County authorizing an addition, deletion, or revision in the goods, services and/or work to be provided under the Contract Documents or an adjustment in the Contract Price issued after Contract award.

   1.5. **OWNER:** Hernando County Board of County Commissioners (County).

   1.6. **VENDOR/CONTRACTOR:** The Bidder awarded a Contract by the County for the furnishing of goods or services.

2. **AVAILABILITY OF BIDDING DOCUMENTS:**

   2.1. Interested firms may secure Bid documents, plans, drawings, site locations, and other pertinent information by visiting the website of www.bidnetdirect.com. For additional information please contact the Hernando County Board of County Commissioners, Purchasing and Contracts Department at (352) 754-4020 or by calling Bid Net at (800) 835-4603.

3. **PREPARATION OF BID:** To ensure acceptance of your Bid, please follow these instructions:

   3.1. Interested firms are to submit two (2) original Bid responses. All Bid sheets including this form must be executed and submitted in a sealed envelope. **The face of the envelope shall contain Bidder's Name, Address, and Bid Name and Bid Number**. All Bids are subject to the conditions specified herein. Those which do not comply with these conditions may be declared non-responsive and subject to rejection.

   Submit bids to:
   Hernando County Purchasing and Contracts Department
   15470 Flight Path Drive
   Brooksville, Florida 34604
   BID NUMBER (ITB NO. 22-T00032/TPR)

   3.2. The responsibility for delivering the Bid to the County on or before the stated time and date will be solely and strictly the responsibility of the Bidder. The County will be in no way responsible for delays caused by the U.S. Postal Services, any courier system, or any other occurrence.

   3.3. Bids must be typed or printed in ink. All corrections made by the Bidder prior to the opening must be initialed and dated by the Bidder. No changes or corrections will be allowed after Bid opening.

   3.4. Bids must contain a manual signature of an authorized representative of the company. Telegraphic or facsimile Bids **will not be accepted**.

   3.5. It is the Bidder's responsibility to assure that the Bid is delivered at the proper time and location. Bids which are received after the Bid opening time will be returned unopened to the Bidder.

3.6. Bidders are expected to make all investigations necessary to thoroughly inform themselves regarding all drawings, specifications, delivery requirements, performance requirements, site locations and all solicitation instruction to satisfy themselves of conditions affecting submission of their Bid and the terms and cost of performing the Contract. No pleas of ignorance by the Bidder of conditions that exist or may hereafter exist as a result of failure or omission on the part of the Bidder to make the necessary examinations and investigations, or failure to fulfill in every detail the requirements of the Contract documents, will be accepted as a basis of varying the requirements of the County or the compensation of the Bidder. Bidder agrees that submittal of a Bid for the work is prima facie evidence he/she (they) have conducted such examinations.

3.7. No material, labor, or facilities will be furnished by the County unless specifically stated.

3.8. Blank spaces in the Bid must be properly filled in and the phraseology of the Bid must not be changed. Additions must not be made to items mentioned therein and any unauthorized conditions, limiting any provision, attached to a Bid shall render irregular and may cause the response to be found non-responsive and subject to rejection.

3.9. No responsibility shall attach to Hernando County, the Clerk of Circuit Court, or any official or employee thereof, for the pre-opening of, post opening of, or failure to open, a Bid not properly addressed and identified.

4. TIMETABLE:

Date of Distribution:	**January 26, 2022**
Mandatory Pre-Bid/Site Visit:	**Not Applicable**
Last Date of Inquiries:	**February 11, 2022, at 5:00 p.m.**
Bids Due:	**March 2, 2022, at 3:00 p.m.**

5. MANDATORY PRE-BID CONFERENCE: Not Applicable

6. BID OPENING: Bids that are not received in a timely manner by this specific office will not be accepted. Bids will be opened immediately after this date and time and will remain binding upon the Bidder for a period of ninety (90) days thereafter. Pursuant to Florida Statutes 119.071 (Current Edition) Sealed Bids, Proposals, or replies received by an agency pursuant to a competitive solicitation are exempt from inspection until such time as the agency provides notice of an intended decision or until thirty (30) days after opening the Bids, Proposals, or final replies whichever is earlier.

7. QUESTIONS REGARDING SPECIFICATIONS OR BIDDING PROCESS: To ensure fair consideration for all Bidders, the County prohibits communication to or with any department, division or employee during the Bid process, except as provided below:

7.1. All questions relative to interpretation of the specifications or the Bid process shall be addressed in writing as indicated below, in ample time prior to the period set for submittal and opening of the Bids.

7.2. Any interpretation or clarification made to prospective Bidders will be expressed in the form of an addendum to the specifications which, if issued will be posted on the www.bidnetdirect.com. **Oral answers will not be authoritative.**

7.3. It will be the responsibility of the Bidder to visit www.bidnetdirect.com to ensure they are aware of all Addenda issued for this solicitation.

7.4. Questions must be submitted via e-mail to purchasing@hernandocounty.us or faxed to (352) 754-4199. Questions will only be accepted through the period specified in the Bid documents.

7.5. All Addenda must be acknowledged by signing and submitted with the Bid. Failure to acknowledge any Addenda may render the Vendor/Contractor's Bid as non-responsive and subject to rejection.

8. **COMMUNICATION:** There shall be no communication between the Vendor/Contractor, their employees or Sub-Contractors and County employees and elected officials (hereafter referred to as "County Representative"), except through the Purchasing and Contracts Department. Any attempt to communicate with any County Representative outside the Purchasing and Contracts Department will be considered a violation of the Purchasing Policy and may result in the rejection of your Bid.

9. **WITHDRAWAL OF BIDS:** Bids may be withdrawn by written request received from Bidders prior to the time fixed for opening. Negligence on the part of the Bidder in preparing the bid confers no right for the withdrawal of the Bid after it has been opened. Faxed or electronically mailed withdrawals will not be recognized.

10. **BID PROTESTS:** Any Bidder who protests the Bid specifications or Award or Intent to Award, must file with the County a notice of protest and formal written protest in compliance with Chapter 28-110, Florida Administrative Code (Current Edition), and applicable provisions in Section 120.57, F.S. (Current Edition). Failure to timely file such documents will constitute a waiver of proceedings under Chapter 120, F.S. (Current Edition). Failure to file a protest within the time prescribed in section 120.57(3), F.S. (current edition), or failure to post the bond or other security required by law within the time allowed for filing a bond shall constitute a waiver of proceedings under chapter 120, F.S. (current edition).

SECTION III - GENERAL CONDITIONS

11. **CONTRACT PERIOD:**

11.1. The Contract resulting from this solicitation shall be a term Contract for the time period specified herein. During the specified time period, the County may order services/supplies as the requirements generate and the Vendor/Contractor will deliver the services/supplies ordered. It is understood that the County is not obligated to purchase any specific amount of services/supplies under this Agreement.

11.2. The period of the Contract shall extend for three (3) years effective from date of award.

11.3. **Renewal Option (Unilateral):** At the sole option of the County, through the Board of County Commissioners or Chief Procurement Officer or Designee, this Contract may be unilaterally renewed, for two (2) additional one (1) year periods at the same prices, terms, and conditions. The County alone will determine whether or not this renewal option will be exercised based on its convenience and its best interest. The County will notify the Vendor/Contractor, in writing, no later than thirty (30) days prior to expiration of its decision to exercise this Contract renewal option and/or options. Any request by the Vendor/Contractor for consideration of a price adjustment must be submitted in writing to the County at the time of County notice of its decision to exercise Contract renewal (this provision), and Contractor must provide written evidence based on increased costs to the Vendor/Contractor. Documentation of these increases must be furnished to the County upon request. Any price adjustment (increase or decrease) approved by the County shall impose upon the Vendor/Contractor the requirement to advise and extend to the County price reductions when costs similarly decrease.

11.4. Either party may cancel this Contract, in whole or in part, by giving ninety (90) days prior notice in writing. However, the Vendor/Contractor shall not be authorized to exercise this cancellation option during the first one-hundred eighty (180) days of the Contract. The number of days within which, or the dates by which, the work is to be substantially completed and ready for final payment are set forth in the Agreement.

12. **BID PRICE/SUBMITTAL REQUIREMENTS:**

12.1. The prices Bid shall remain firm during the period of the Contract. The prices Bid shall be inclusive of all labor, equipment, and materials as specified within this solicitation. The price Bid constitutes the total compensation payable to the Vendor/Contractor for performing the work.

12.2. Unless otherwise stated, the prices Bid shall include all costs of packing, transporting, delivery, and services to the designated point within Hernando County.

12.3. The Bidder hereby certifies that this Bid is made without prior understanding, Agreement, or connection with any corporation, firm, or person submitting a Bid for the same materials, supplies, services, or equipment and is in all respects fair and without collusion or fraud. Further, the Bidder hereby agrees to abide by all terms and conditions of this Bid and certifies that the person executing the Bid Form is authorized to sign this Bid for the Bidder.

12.4. Unit prices shall be shown and where there is an error in extension of price, the unit price shall govern.

12.5. The Bidder warrants that the prices of the items set forth herein do not exceed those charged by the Bidder under a Contract with the State of Florida or any of its agencies.

12.6. Bidder must submit the solicitation document in its entirety, including the Solicitation-Offer-Award cover sheet, Bid Specifications, Bid Form and all required Forms/Certifications. Failure to submit these forms may render its Bid as non-responsive.

13. QUALIFICATION OF BIDDERS:

13.1. This Bid shall be awarded to a responsive, responsible bidder, qualified by experience to provide the work specified. The Bidder will submit the following information with his/her Bid:

13.1.1. List and brief description of substantially similar work (size and scope) for at least three (3) references of firms, and/or governmental agencies/entities satisfactorily completed with location, dates of Contract, names, addresses, telephone numbers and email addresses of owners by completing the reference sheets attached in Section VII. These references must be for work performed within the past three (3) years.

13.1.2. List of equipment and facilities available to do work.

13.1.3. List of personnel, by name and title, contemplated to perform the work.

13.1.4. Failure to submit this information may be cause for rejection of your Bid.

14. BID EVALUATION AND AWARD:

14.1. Bid evaluation will be based on price, conformance with specifications and the Bidder's ability and resources to perform the Contract in accordance with the terms and conditions required. Bidders must submit all data necessary to evaluate and determine the quality of the item(s) and/or services they are Bidding. A Vendor/Contractor shall not be qualified to bid when investigation by the Chief Procurement Officer of that Vendor/Contractor is either delinquent on a previously awarded contract or in litigation with Hernando County on a previously awarded Contract.

14.2. Award shall be made on an "All-or-None Total Offer" basis to the lowest, responsive, and responsible Bidder. It is the intention of the County to award a primary and secondary Vendor/Contractor (see Paragraph 70). However, the County reserves the right to reject any and all bids in accordance with the Hernando County Procurement Ordinance. Failure to provide a price for all areas upon the Bid Form may deem the Bidder's response non-responsive.

14.3. If two (2) or more fully responsive, responsible Bids are received for the same total amount or unit price, quality and service being equal, the County reserves the right to award the Contract to the Bidder whose place of business is located within the boundaries of Hernando County, Florida. Should tie Bids, as described above, be received from either two (2) or more Hernando County Bidders or from non-local Bidders when no Hernando County Bidder has submitted a tie Bid, then the Board of County Commissioners shall award the Contract to one (1) Vendor/Contractor by drawing lots in a public meeting.

14.4. The County shall be the sole judge as to the relative merits of the Bids received.

14.5. If a separate written Contract is not required by the County; a written letter of award, mailed or otherwise furnished to the successful Bidder, shall result in a binding Contract without further action by either party.

14.6. Discounts for payments within less than twenty (20) days will not be considered in evaluation of Bids, however, offered discounts will be taken for less than twenty (20) days if payment is made within the discount period.

15. LOCAL PREFERENCE:

15.1. Purpose and Findings: These provisions apply to purchases using Formal Bid, Request for Proposals or Quotes. The County annually spends significant dollars on purchasing personal property, materials, and services, and in constructing improvements to real property or existing structures. The dollars used in making those purchases are derived, in large part, from taxes, fees and utility revenues paid by businesses located within Hernando County, and the County Commission has determined that funds generated in the community should, to the extent possible, be placed back into the local economy. Therefore, the County Commission has determined that it is in the best interest of the County to give a preference to local businesses in making such purchases whenever the application of such a preference is reasonable in light of the dollar-value of Bids and Quotes received in relation to such expenditures.

15.2. Application:

15.2.1. In Bidding for, or letting Contracts for procurement of supplies, materials, equipment, and services, as described in the purchasing policies of the County, the Board of County Commissioners may give a preference to local businesses in making purchases or awarding Contracts in an amount not to exceed:

15.2.1.1. Five percent (5%) of the local business' total Bid price if the cost differential does not exceed $10,000.00 for procurement activities in amounts over $35,000.00, or

15.2.1.2. Three percent (3%) if the cost differential does not exceed $1,000.00 for procurement activities in amounts more than $10,000.00, but less than $35,000.

15.2.2. The total Bid price shall include not only the base Bid price, but also all alterations to the base Bid price resulting from alternates which were both part of the Bid and actually purchased or awarded by the Board of County Commissioners.

15.2.3. In the case of requests for proposals or qualification, letters of interest, or other solicitations and competitive negotiations and selections in which objective factors are used to evaluate the responses, local businesses shall be assigned five percent (5%) of the total points of the total evaluation points.

15.3. Definitions:

15.3.1. Local Vendor means a person or business entity which has maintained a permanent place of business with full-time employees within Hernando County for a minimum of twelve (12) months prior to the date Bids or Quotes were received for the purchase or Contract at issue, and which generally provides from such permanent place of business the kinds of goods or services solicited, and which at the time of the solicitation fully complies with the Local Vendor eligibility identified below.

15.3.2. Local Vendor Affidavit of Eligibility shall accompany the Quotation or Bid submittal in order to be considered valid and shall include, but not be limited to, the following current information:

15.3.2.1. A physical business and location address.

15.3.2.2. Proof of payment of real property tax due to Hernando County.

15.3.2.3. A copy of the firm's most recent annual corporation report to the Florida Division of Corporations.

15.3.2.4. Any additional information necessary to verify Local Vendor status.

15.4. Competitive Bids/Quotes: The County reserves the exclusive right to compare, contrast and otherwise evaluate the qualifications, character, responsibility and financial qualifications of all persons, firms, partnerships, companies or corporations submitting formal Bids or formal Quotes in any procurement for goods and services when making an award in the best interests of the County.

15.5. Exemptions:

15.5.1. Purchases resulting from exigent emergency conditions where any delay in completion or performance would jeopardize public health, safety, or welfare of the citizens of the County, or where in the judgment of the County the operational effectiveness or a significant County function would be seriously threatened if a purchase was not made expeditiously.

15.5.2. Purchases with any sole source supplier for supplies, materials, or other equipment.

15.5.3. Purchases made through cooperative purchasing arrangements utilized by the Purchasing and Contracts Department as identified in the Purchasing Policy.

15.5.4. Purchases that are funded in whole or in part by assistance from any federal, state, or local agency where the program guidelines do not permit local preference.

15.5.5. Purchases with an estimated cost of less than $10,000.00 or less.

15.6. Appeal: If an application for a "Local Contractor/Vendor" designation is denied, the applicant may appeal such decision to the County Administrator for review and further consideration.

16. HOURS: Work may be performed between the hours of 7:000 a.m. to 7:00 p.m., Monday through Friday, except County holidays. The County may, on certain occasions, approve work outside of these times. Such exception(s) must be approved in writing by the County at least one (1) day in advance. Services will not be permitted when operations would cause a traffic or safety hazard.

17. WARRANTIES: The Bidder agrees that the supplies and services furnished under this award shall be covered by the most favorable commercial warranties the Bidder gives to any customer for comparable quantities of such supplies or services and that the rights and remedies provided herein are in addition to and do not limit any rights afforded to the County by any other provision of this award.

18. DELIVERY AND ACCEPTANCE:

18.1. The County will order services by issuance of a Hernando County Numbered Purchase Order (PO). Each Purchase Order will specify the Scope of Work, Location and Date(s) for service required.

18.2. Receipt of services/supplies shall not constitute acceptance. Final acceptance and authorization of payment shall be given only after thorough inspection indicates that the services/supplies delivered meet Bid specifications and conditions. Should the services/supplies differ in any respect from the specifications, payment will be withheld until such time as the Vendor/Contractor takes necessary correction action. If the proposed corrective action is not acceptable to the County, final acceptance of the services may be refused, in which case the services shall remain the property of the Vendor/Contractor and the County shall not be liable for payment for any portion thereof.

18.3. Unless otherwise specified, services shall be performed as described in these Contract documents.

18.4. Vendor/Contractor(s) shall not commence work prior to the County's receipt and acceptance of the Certification of Insurance, and any other required documents/certificates as specified by these Contract documents.

19. REJECTION OF BID: The County reserves the sole right to reject any and all Bid submissions. Bids which are incomplete, unbalanced, conditional, obscure or which contain additions not required, or irregularities of any kind, or which do not comply with every aspect of this solicitation, may be rejected at the option of the County. A Bidder/Contractor shall not be qualified to bid when an investigation by the Chief Procurement Officer finds the Bidder/Contractor delinquent on a previously awarded Contract or in litigation with a Hernando County previously awarded Contract.

20. MINOR INFORMALITIES AND IRREGULARITIES: Hernando County has the right to waive minor defects or variations of a Bid from the exact requirements of the specifications that do not affect price, quality, quantity, delivery, or performance time of the services being procured. If insufficient information is submitted by a Bidder with the Bid for Hernando County to properly evaluate the Bid, Hernando County has the sole right to require such additional information as it may deem necessary after the time set for receipt of Bids, provided that the information requested does not change the price, quality, quantity, delivery or performance time of the services being procured. The Board of County Commissioners reserves the sole right to reject any or all Bids in whole or in part; to award by any item, group(s) of items or in the aggregate whichever is most advantageous to the County.

21. NON-EXCLUSIVE CONTRACT: Award of a Contract resulting from this Bid imposes no obligation on the County to utilize the Vendor/Contractor for all work of this type, which may develop during the Contract period. This is not an exclusive Contract. The County specifically reserves the right to Contract with another company for similar work if it deems such action to be in the County's best interest.

22. NON-PERFORMANCE:

22.1. Time is of the essence in this Contract and failure to deliver the services specified within the time period required shall be considered a default.

22.1.1. In case of default, the County may procure the services from other sources and hold the Vendor/Contractor responsible for all costs occasioned thereby and may immediately cancel the Contract. The Chief Procurement Officer (CPO) reserves the sole right to impose and debar Vendor/Contractors, as a direct result of Vendor/Contractor default and termination for a period of twelve (12) months to twenty-four (24) months depending upon the severity of the default resulting in Contract termination. The Vendor/Contractor and its sureties (if any) shall be liable for any damage to the County resulting from the Vendor/Contractor's default of the Contract. This liability includes any increased costs incurred by the County in completing Contract performance.

23. ASSIGNMENT: The successful Bidder is required to perform this Contract and may not assign, transfer, convey, sublet or otherwise dispose of any award or any or all of its rights, title, or interest therein, or the resulting Contractual Agreement in whole or in part without prior written authorization given at the sole discretion of Hernando County.

24. PUBLIC ENTITY CRIMES: Any person submitting a Bid or Proposal in response to this Invitation to Bid certifies that they are aware of, and in compliance with, all requirements under Section 287.133, Florida Statutes (Current Edition), on Public Entity Crimes. Bidders must complete and return with its Bid the Sworn Statement to Public Entity Crimes Form attached in these Bid documents.

25. LICENSES AND PERMITS: Prior to furnishing the requested product(s) or service(s), it shall be the responsibility of the awarded Vendor/Contractor to obtain, at no additional cost to Hernando County, any

and all licenses and permits required to complete this Contractual service. These licenses and permits shall be readily available for review by the Chief Procurement Officer or his/her designee.

26. LAWS, REGULATIONS, PERMITS AND TAXES: Vendor/Contractor shall comply with County's jobsite procedures and regulations and with all applicable local, state and federal laws, rules and regulations and shall obtain all permits required for any of the work performed hereunder. Vendor/Contractor shall procure and pay for all permits and inspections required for any of the work performed hereunder and shall furnish any bonds, security or deposits required to permit performance of the work. Vendor/Contractor shall, to the extent permissible under applicable law, comply with the jobsite provisions which validly and lawfully apply to work on the specific jobsite being performed under this Contract. **The County of Hernando is exempt from Federal Excise Taxes and all Sales Taxes**.

27. MODIFICATIONS/AMENDMENTS AND CHANGE ORDERS: Without invalidating the Contract, the County may, at any time or from time to time, through its Chief Procurement Officer (CPO) or designee, order additions, deletions or revisions in the Work, the same being authorized by Change Order or Contract Modification/Amendment. The cumulative total of Change Orders and/or Modifications/Amendments to this Contract under $35,000.00 (cap) will be approved by the CPO or its designee. Once the $35,000.00 cap is reached, all other additions, or revisions to this Contract that exceed the "cap" are subject to approval by the Hernando County Board of County Commissioners through Board Agenda Item. Only upon receipt of a Change Order, or Modification/Amendment executed by the Contractor and County (subject to approval by the CPO and/or Board of County Commissioner – as applicable) shall the Contractor be authorized to proceed with the Work involved. All such work shall be executed under the applicable terms and conditions contained in the Contract Documents. In addition;

a) The County will execute an appropriate Modification/Amendment to the Contract if such Modification/Amendment to the Contract is approved by the CPO or Board of County Commissioners (as approvable) and,

b) It is the Contactor's responsibility to notify its Surety of any changes affecting the general scope of the Work/Services or change of the Contract Price, and amount of the applicable Bond(s) shall be adjusted accordingly.

28. TAXES:

28.1. The Board of County Commissioners, Hernando County, Florida, has the following tax exemption certificates assigned:

Florida Sales & Use Tax Exemption Certificate No. 85-8012556945C-8,
effective 1/31/2019 – expiring on 1/31/2024.

28.2. This exemption does not apply to purchases of tangible personal property made by Vendor/Contractor(s) who use the tangible personal property in the performance of Contracts for improvements of County owned real property (Chapters 192 and 212, F.S. (Current Edition) and applicable rules of the Department of Revenue).

29. MANUFACTURERS' NAME AND APPROVED EQUIVALENTS: Manufacturers' names, trade names, brand names, information and/or catalog number listed in a specification are for informational purposes only and are not intended to limit competition. Said listing is for the purpose of item identification and to establish standards for quality; style and features. Bids on equivalent items will be considered unless items are noted as no substitutes. The Bidder may offer any brand for which he/she/it is an authorized representative, which meets or exceeds the specifications for any item(s). If Bids are based on equivalent products, indicate on the Bid Form the manufacturers' name and catalog number. Bidder shall submit with his/her/its Bid, cuts, sketches, and descriptive literature and/or specifications. The Bidder should also explain in detail the reasons(s) why and submit proof that the proposed equivalent will meet the specifications and not be considered an exception thereto. Hernando County Board of County Commissioners reserves the sole right to be the sole judge of what is equal and acceptable. Bids which do not comply with these requirements may be found non-responsive and subject to rejection. If Bidder fails to name a substitute, it will be assumed that he/she/it is bidding on, and will be required to furnish goods identical to the Bid standard as specified.

30. LITIGATION/WAIVER OF JURY TRIAL: This Agreement shall be governed by and construed according to Florida law. Venue for any dispute or formal litigation concerning this Agreement shall be in the appropriate court with territorial jurisdiction over Hernando County, Florida. In the event of a dispute or litigation, each party to such dispute or litigation shall be solely responsible for its own attorneys' fees and costs. This Agreement shall not be construed for or against any party hereto, without regard to which party is wholly or partly responsible for its drafting. Each party acknowledges that it is aware of and has had the opportunity to seek advice of counsel of its choice with respect to its rights to trial by jury, and each party, for itself and its successors, creditors, and assigns, does hereby expressly and knowingly waive and release all such rights to trial by jury in any action, proceeding or counterclaim brought by any party hereto against the other (and/or against its officers, directors, employees, agents, or subsidiary or affiliated entities) on or with regard to any matters whatsoever arising out of or in any way connected with this Contract and/or any other claim of injury or damage.

31. TERMINATION:

31.1. Termination for Default:

31.1.1. The County may, by written notice to the Vendor/Contractor, terminate this Contract for default in whole or in part (delivery orders, if applicable) if the Vendor/Contractor fails to:

31.1.1.1. Provide products or services that comply with the specifications herein or fails to meet the County's performance standards.

31.1.1.2. Deliver the supplies or to perform the services within the time specified in this Contract or any extension.

31.1.1.3. Make progress so as to endanger performance of this Contract.

31.1.1.4. Perform any of the other provisions of this Contract.

31.1.2. Prior to termination for default, the County will provide adequate written notice to the (Vendor/Contractor) through the Chief Procurement Officer, Purchasing and Contracts, affording him/her the opportunity to cure the deficiencies or to submit a specific plan to resolve the deficiencies within ten (10) days (or the period specified in the notice) after receipt of the notice. Failure to adequately cure the deficiency shall result in termination action and possible debarment. Such termination may also result in suspension or debarment of the Vendor/Contractor for a period of twelve (12) to twenty-four (24) months depending upon the severity of the Vendor/Contractor action that caused the default in accordance with the County's Procurement Ordinance. The Vendor/Contractor and its sureties (if any) shall be liable for any damage to the County resulting from the Vendor/Contractor's default of the Contract. This liability includes any increased costs incurred by the County in completing Contract performance.

31.1.3. In the event of termination by the County for any cause, the Vendor/Contractor will have, in no event, any claim against the County for lost profits or compensation for lost opportunities. After a receipt of a Termination Notice and except as otherwise directed by the County the Vendor/Contractor shall:

31.1.3.1. Stop work on the date and to the extent specified.

31.1.3.2. Terminate and settle all orders and Sub-Contracts relating to the performance of the terminated work.

31.1.3.3. Transfer all work in process, completed work, and other materials related to the terminated work as directed by the County.

31.1.3.4. Continue and complete all parts of that work that have not been terminated.

31.1.4. If the Vendor/Contractor's failure to perform the Contract arises from causes beyond the control and without the fault or negligence of the Vendor/Contractor, the Contract shall not be terminated for default. Examples of such causes include (1) acts of God or the public enemy, (2) acts of a government in its sovereign capacity, (3) fires, (4) floods, (5) epidemics, (6) strikes and (7) unusually severe weather.

31.2. Termination for Convenience: The County, by written notice, may terminate this Contract, in whole or in part, when it is in the County's interest. If this Contract is terminated, the County shall be liable only for goods or services delivered and accepted. The County Notice of Termination may provide the Vendor/Contractor ninety (90) days prior notice before it becomes effective. A termination for convenience may apply to individual delivery orders, purchase orders or to the Contract in its entirety.

32. FISCAL NON-FUNDING: In the event sufficient budgeted funds are not available for a new fiscal period, the County must notify the Vendor/Contractor of such occurrence and Contract shall terminate on the last day of current fiscal period without penalty or expense to the County.

33. USE OF CONTRACT BY OTHER GOVERNMENT AGENCIES:

33.1. At the option of the Vendor/Contractor, the use of the Contract resulting from this solicitation may be extended to other governmental agencies, including the State of Florida, its agencies, political subdivisions, counties, and cities.

33.2. Each governmental agency allowed by the Vendor/Contractor to use this Contract shall do so independent of any other governmental entity. Each agency shall be responsible for its own purchases and shall be liable only for goods or services ordered, received and accepted. No agency receives any liability by virtue of this Bid and subsequent Contract award.

34. CERTIFICATION OF INDEPENDENT PRICE DETERMINATION: By submission of this Bid, the Bidder certifies, and in the case of a Joint Bid, each party thereto certifies as to its own organization, that in connection with this procurement:

34.1. The prices in this Bid have been arrived at independently, without consultation, collusion, communication, or Agreement for the purpose of restricting competition, as to any matter relating to such prices with any other Bidder or with any competitor.

34.2. Unless otherwise required by law, the prices which have been quoted in this Bid have not been knowingly disclosed by the Bidder and will not knowingly be disclosed by the Bidder prior to opening, directly or indirectly to any other Bidder or to any competitor.

35. INTERIM EXTENSION OF PERFORMANCE: If it is determined that interim performance is required to allow for the solicitation and award of a new Contract, the County may unilaterally extend the Contract for a maximum period of up to six (6) months. Current pricing, delivery and all other terms and conditions of the Contract shall apply during this interim period.

36. COMPETENCY OF BIDDERS: The County reserves the right to make such investigations as they may deem necessary to establish the competency and financial ability of any Bidder to perform the work; and if after investigation, the evidence of his competency or financial ability is not satisfactory, the County reserves the right to reject his/her/its Bid.

37. MAINTENANCE OF RECORDS: The Vendor/Contractor will keep adequate records and supporting documents applicable to this Contract. Said records and documentation will be retained by the Vendor/Contractor for a minimum of five (5) years from the date of final payment on this Contract. The County and its authorized agents shall have the right to audit, inspect and copy records and documentation as often as the County deems necessary during the period of this Contract and a period of five (5) years after completion of Contract performance; provided however, such activity shall be conducted only during normal business hours.

The County during the period of time defined by the preceding sentence, shall also have the right to obtain a copy of and otherwise inspect any audit made at the direction of the Vendor/Contractor as concerns the aforesaid records and documentation. Pursuant to Section 119.0701 (Current Edition), Florida Statutes, Consultant/Firm shall comply with the Florida Public Records' laws and shall:

37.1. Keep and maintain records that ordinarily and necessarily would be required by the public agency in order to perform the service.

37.2. Provide the public with access to public records on the same terms and conditions that the public agency would provide the records and at a cost that does not exceed the cost provided in Chapter 119, F.S. (Current Edition), or as otherwise provided by law.

37.3. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirement are not disclosed except as authorized by law; and,

37.4. Meet all requirements for retaining public records and transfer, at no cost, to the public agency all public records in possession of the Consultant/Firm upon termination of the Contract and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the public agency in a format that is compatible with the information technology systems of the public agency.

37.5. Failure to comply with this section shall be deemed a breach of the Contract and enforceable as set forth in Section 119.0701, Florida Statutes (Current Edition).

IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES (CURRENT EDITION), TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT 352-754-4020, PURCHASING@HERNANDOCOUNTY.US, WITH AN OFFICE LOCATED AT 15470 FLIGHT PATH DRIVE, BROOKSVILLE, FL 34604.

Per Florida Statute 20.055(5) (Current Edition), it is the duty of every state officer, employee, agency, special district, board, commission, Contractor, and Sub-Contractor to cooperate with the Inspector General in any investigation, audit, inspection, review, or hearing pursuant to this section.

38. PAYMENT:

38.1. Payment for services received will be accomplished by submission of an invoice, in duplicate, with purchase order number referenced thereon at the completion of each specified job. Said invoice(s) shall be submitted to:

HERNANDO COUNTY
CODE ENFORCEMENT DEPARTMENT
789 PROVIDENCE BOULEVARD
BROOKSVILLE, FL 34601

38.2. Each invoice shall give a detailed breakdown of the services provided.

38.3. The Vendor/Contractor may invoice the County after each work order is complete. Invoice shall reference, and be based upon the Quantity Report received after project completion.

38.4. Payment will be made in no less than forty-five (45) days, per Florida Statute 218.74 (Current Edition). Terms not within Hernando County's payment period are not acceptable and may be cause for rejection.

38.5. **Payment to Vendor/Contractor by Electronic Payment Solution:** ACH (**Direct Deposit**): If the Vendor/Contractor is enrolled in the County's ACH electronic payment solution, all payments will be made using the direct deposit which may or may not include a pre-note transaction. The Vendor/Contractor's bank account information will remain confidential to the extent provided by law

and necessary to make direct deposit payments. Once the County has approved payment, an electronic remittance advice will be sent to the Vendor/Contractor via e-mail.

39. CONFLICT OF INTEREST:

39.1. Conflict of Interest of Officers or Employees of the Contracting Entity/Local Jurisdiction, Members of the Local Governing Body, or Other Elected Officials: No member or employee of the contracting entity/local jurisdiction or its designees or agents; no member of the governing body; and no other public official of Hernando County who exercises any function or responsibility with respect to this Contract, during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any Contract or Sub-Contract, or the proceeds thereof, for work to be performed. Further, the Vendor/Contractor shall cause to be incorporated in all Sub-Contracts, the language set forth in this paragraph prohibiting conflict of interest.

39.2. Employee Conflict of Interest: It shall be unethical for any Hernando County employee to participate directly or indirectly in a procurement Contract when Hernando County employee knows that:

39.2.1. Hernando County employee or any member of Hernando County employee's immediate family has a financial interest in the procurement Contract; or

39.2.2. Any other person, business, or organization with whom Hernando County employee or any member of a Hernando County employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement Contract; or

39.2.3. A Hernando County employee or any member of a Hernando County employee's immediate family who holds a financial interest in a disclosed blind trust shall not be deemed to have a conflict of interest with regard to matters pertaining to that financial interest.

39.3. Former Employee Conflict of Interest: It shall be a violation for any person, business or organization contracting with County to employ in any capacity, any former County employee or member of County employee's immediate family within one year of that employee's separation from employment with the County, unless the employer or the former County employee files with the County Clerk, the County's Employment Disclosure Statement. The penalty for this violation may include disqualification of the Bid submission.

40. GRATUITIES AND KICKBACKS:

40.1. Gratuities: It shall be unethical for any person to offer, give, or agree to give any Hernando County employee or former Hernando County employee, or for any Hernando County employee or former Hernando County employee to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, or preparation of any part of a program requirement or a purchase request, or to influence the content of any specification or procurement standard, or to act in an render advisory, investigative or auditing capacity. The County in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter, pertaining to any program requirement or a Contract or Sub-Contract, or to any solicitation or proposal therefore.

40.2. Kickbacks: It shall be unethical for any payment, gratuity, or offer of employment to be made by or on behalf of a Sub-Contractor under a Contract to the prime Contractor or higher tier Sub-Contractor or any person associated therewith, as an inducement for the award of a Sub-Contract or order.

41. E-VERIFY:

41.1. Vendor/Contractor is advised that the County has entered into an Agreement with U.S. Immigration and Customs Enforcement (ICE) wherein the County will, in part, seek to promote the principles of ethical business conduct, prevent the knowing hiring of unauthorized workers through self-governance, and encourage voluntary reporting of the discovery of unauthorized workers to ICE (the IMAGE Agreement). Accordingly, by submitting your bid, Vendor/Contractor represents and

warrants (a) that the Vendor/Contractor is in compliance with all applicable federal, state and local laws, including, but not limited to, the laws related to the requirement of an employer to verify an employee's eligibility to work in the United States, (b) that all of the Vendor/Contractor employees are legally eligible to work in the United States, and (c) that the Vendor/Contractor has actively and affirmatively verified such eligibility utilizing the Federal Government's Employment Verification Eligibility Form (I-9 Form).

41.2. A mere allegation of Vendor/Contractor's intent to use and/or current use of unauthorized workers may not be a basis to delay the County's award of a Contract to the Vendor/Contractor unless such an allegation has been determined to be factual by Immigration and Customs Enforcement (ICE) pursuant to an investigation conducted by ICE prior to the date the Contract is scheduled to be awarded by the County.

41.3. Legitimate claims of the Vendor/Contractor's use of unauthorized workers must be reported to both of the following agencies:

41.3.1. The County's Purchasing and Contracts Department at (352) 754-4020: and

41.3.2. Immigration and Customs Enforcement (ICE) at 1-866-DHS-2-ICE

41.4. In the event it is discovered that the Vendor/Contractor's employees are not legally eligible to work in the United States, the County may, in its sole discretion, demand that the Vendor/Contractor cure this deficiency within a specified time frame, and/or immediately terminate the Contract without any cost or penalty to the County, and/or debar the Vendor/Contractor from Bidding on all County Contracts for a period up to twenty-four (24) months, and/or take any and all legal action deemed necessary and appropriate.

41.5. Vendor/Contractor is required to incorporate the following IMAGE Best Practices into its business and, when practicable, incorporate verification requirements into its Agreements with Sub-Contractors:

41.5.1. Use the Department of Homeland Security employment eligibility verification program (E-Verify) to verify the employment eligibility of all new hires.

41.5.2. Use the Social Security Number Verification Service and make good faith effort to correct and verify the names and Social Security numbers of the current workforce.

41.5.3. Establish a written hiring and employment eligibility verification policy.

41.5.4. Establish an internal compliance and training program related to the hiring and employment verification process, to include, but not limited to, completion of Form I-9, how to detect fraudulent use of documents in the verification process, and how to use E-Verify and the Social Security Number Verification Service.

41.5.5. Require the Form I-9 and E-Verify process to be conducted only by individuals who received appropriate training and include secondary review as of each employee's verification to minimize the potential for a single individual to subvert the process.

41.5.6. Arrange for annual Form I-9 audits by an external auditing firm or a trained employee not otherwise involved in the Form I-9 process.

41.5.7. Establish a procedure to report to ICE credible information of suspected criminal misconduct in the employment eligibility verification process.

41.5.8. Establish a program to assess Sub-Contractors' compliance with employment eligibility verification requirements. Encourage Vendor/Contractors to incorporate the IMAGE Best Practices contained in this Article and, when practicable, incorporate the verification requirements in Sub-Contractor Agreements.

41.5.9. Establish a protocol for responding to letters received from federal and state government agencies indicating that there is a discrepancy between the agency's information and the information provided by the employer or employee; for example, "no match" letters received from the Social Security Administration.

41.5.10. Establish a tip line mechanism (inbox, e-mail, etc.) for employees to report activity relating to the employment of unauthorized workers, and a protocol for responding to employee tips.

41.5.11. Establish and maintain appropriate policies, practices, and safeguards against use of the verification process for unlawful discrimination, and to ensure that U.S. Citizens and authorized workers do not face discrimination with respect to hiring, firing, recruitment or referral for a fee because of citizenship status or national origin.

41.5.12. Maintain copies of any documents accepted as proof of identify and/or employment authorization for all new hires.

42. SCRUTINIZED COMPANIES PURSUANT TO FLORIDA STATUTE 287.135 AND 215.473 (Current Edition): Vendor/Contractor must certify that the company is not participating in a boycott of Israel. Vendor/Contractor must also certify that Vendor/Contractor is not on the Scrutinized Companies that Boycott Israel list, not on the Scrutinized Companies with Activities in Sudan list, and not on the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector list, or has been engaged in business operations in Cuba or Syria. Subject to limited exceptions provided in state law, the County will not contract for the provision of goods or services with any scrutinized company referred to above. Vendor/Contractor must submit the certification form included as an Attachment to this solicitation. Submitting a false certification shall be deemed a material breach of Contract. The County shall provide notice, in writing, to the Vendor/Contractor of the County's determination concerning the false certification. The Vendor/Contractor shall have five (5) days from receipt of notice to refute the false certification allegation. If such false certification is discovered during the active Contract term, the Vendor/Contractor shall have ninety (90) days following receipt of the notice to respond in writing and demonstrate that the determination of false certification was made in error. If the Vendor/Contractor does not demonstrate that the County's determination of false certification was made in error, then the County shall have the right to terminate the Contract and seek civil remedies pursuant to Section 287.135, Florida Statutes (Current Edition), as amended from time to time.

43. INSURANCE REQUIREMENTS:

43.1. INDEMNITY, SAFETY AND INSURANCE PROVISIONS:

43.1.1. **INDEMNITY:** To the fullest extent permitted by Florida law, the Vendor/Contractor covenants, and agrees that it will indemnify and hold harmless the County and all of the County's officers, agents, and employees from any claim, loss, damage, cost, charge, attorney's fees and costs, or any other expense arising out of any act, action, neglect, or omission by Vendor/Contractor during the performance of the Contract, whether direct or indirect, and whether to any person or property to which the County or said parties may be subject, except that neither the Vendor/Contractor nor any of its Sub-Contractors, or assignees, will be liable under this section for damages arising out of injury or damage to persons or property directly caused or resulting from the sole negligence of the County or any of its officers, agents, or employees.

43.1.2. **PROTECTION OF PERSONS AND PROPERTY:**

43.1.2.1. The Vendor/Contractor will take all reasonable precautions for, and will be responsible for initiating, maintaining and supervising all programs relating to the safety of all persons and property affected by, or involved in, the performance of his operations under this Contract.

43.1.2.2. The Vendor/Contractor will take all reasonable precautions to prevent damage, injury or loss to: (a) all persons who may be affected by the performance of his operations, including employees; (b) all materials and equipment; and (c) all property at or surrounding the work site. In an emergency affecting the safety of persons or property, the Vendor/Contractor will act, with reasonable care and discretion, to prevent any threatened damage, injury or loss.

43.2. **MINIMUM INSURANCE REQUIREMENTS:** Vendor/Contractor shall procure, pay for and maintain at least the following insurance coverage and limits. Said insurance shall be evidenced by delivery to the County of a certificate(s) of insurance executed by the insurers listing coverage and limits, expiration dates and terms of policies and all endorsements whether or not required by the County, and listing all carriers issuing said policies. The insurance requirements shall remain in effect throughout the term of this Contract.

43.2.1. **WORKERS' COMPENSATION:** As required by law:

STATE		Statutory
APPLICABLE FEDERAL		Statutory
EMPLOYER'S LIABILITY	Minimum :	$100,000 each accident
		$100,000 by employee
		$500,000 policy limit

Exemption per Florida Statute 440: If a Vendor/Contractor has less than three (3) employees and states that they are exempt per Florida Statute 440 (Current Edition), they must provide an exemption certificate from the State of Florida. Otherwise, they will be required to purchase Workers' Compensation Insurance and provide a copy of Workers Compensation Insurance.
https://www.myfloridacfo.com/Division/WC/Employer/Exemptions/

43.2.2. **GENERAL LIABILITY:** Comprehensive General Liability including, but not limited to, Independent Contractor, Contractual Premises/Operations, and Personal Injury covering the liability assumed under indemnification provisions of this Contract, with limits of liability for personal injury and/or bodily injury, including death.

COVERAGE AS FOLLOWS:

EACH OCCURRENCE	$1,000,000
GENERAL AGGREGATE	$2,000,000
PERSONAL/ADVERTISING INJURY	$1,000,000
PRODUCTS-COMPLETED OPERATIONS AGGREGATE	$2,000,000

Per Project Aggregate (if applicable)

ALSO, include in General Liability coverage for the following areas based on limits of policy, with minimum of:

FIRE DAMAGE (Any one (1) fire)	$50,000
MEDICAL EXPENSE (Any one (1) person)	$5,000

43.2.3. **ADDITIONAL INSURED:** Vendor/Contractor agrees to endorse Hernando County as an additional insured on the Comprehensive General Liability. The additional insured shall read "Hernando County Board of County Commissioners." Proof of Endorsement is required.

43.2.4. **WAIVER OF SUBROGATION:** Vendor/Contractor agrees by entering into this Contract to a Waiver of Subrogation for each required policy herein. When required by the insurer or should a policy condition not permit Vendor/Contractor to enter into a

pre-loss Agreement to waive subrogation without an endorsement, then Vendor/Contractor agrees to notify the insurer and request the policy be endorsed with a waiver of transfer of rights of recovery against others, or its equivalent. This Waiver of Subrogation requirement shall not apply to any policy, which includes a condition specifically prohibiting such an endorsement, or voids coverage should Vendor/Contractor enter into such an Agreement on a pre-loss basis.

43.2.5. AUTOMOBILE LIABILITY: Comprehensive automobile and truck liability covering any auto, all owned autos, scheduled autos, hired autos, and non-owned autos. Coverage shall be on an "occurrence" basis. Such insurance to include coverage for loading and unloading hazards.

COVERAGE AS FOLLOWS:
COMBINED SINGLE LIMIT (CSL).....$1,000,000
BODILY INJURY (Per Person).....$1,000,000
BODILY INJURY (Per Accident).....$1,000,000
PROPERTY DAMAGE.....$1,000,000

43.2.6. [X] Not-Required TB (initials)

PLEASE NOTE: If box is not checked and initialed by Chief Procurement Officer, the specified insurance below is required.

PROFESSIONAL LIABILITY: including errors and omissions with minimum limits of $3,000,000.00 per occurrence, if occurrence form is available; or claims made form with "tail coverage" extending three (3) years beyond completion and acceptance of the project with proof of "tail coverage" to be submitted with the invoice for final payment. In lieu of "tail coverage", consultant may submit annually to the County a current Certificate of Insurance proving insurance remains in force throughout the same three (3) year period.

Notwithstanding the requirements for Professional Liability Insurance listed above, Engineer and/or Architect must provide evidence of coverage, a minimum of $1,000,000.00.

43.2.7. [X] Not-Required TB (initials)

PLEASE NOTE: If box is not checked and initialed by Chief Procurement Officer, the specified insurance below is required.

BUILDERS RISK INSURANCE: Combined single limit must equal value of the construction, per project aggregate.

The policy shall cover portions of the work in transit, property scaffolding, false work and temporary buildings located at the site. The policy must cover the cost of removing debris, including demolition as may be made legally necessary by the operation of any law, Ordinance or regulation.

The insurance required herein must be on an all risk form and must be written to cover all risks of physical loss or damage to the insured party and must insure at least against the perils of fire and extended coverage, theft, vandalism, malicious mischief, collapse, lightning, earthquake, flood, water damage and windstorm.

If there are any deductibles applicable to the insurance required herein, Vendor/Contractor must pay any part of any loss not covered because of the operation of such deductibles.

The insurance as required herein must be maintained in effect until the earliest of the following date:

43.2.7.1. Date which all persons and organization that are insured under the policy agree in writing that it must be terminated;

43.2.7.2. Date on which final payment of this Contract has been made by County to Vendor/Contractor; or

43.2.7.3. Date on which the insurable interests in the property of all insured other the County have ceased.

43.2.7.4. Wind coverage to be included with a minimum deductible to be determined based on the project. Deductible will be a percentage based upon the total insured value.

43.2.8. **[X] Not-Required** TB **(initials)**

PLEASE NOTE: If box is not checked and initialed by Chief Procurement Officer, the specified insurance below is required.

CRIME PREVENTION – BOND: Vendor/Contractor shall procure a fiduciary bond in the amount of $100,000 covering loss or theft by Vendor/Contractor, its agents, or employees, and shall procure insurance in the amount of $10,000 covering loss or theft by non-employees such as by burglary or robbery for any funds or negotiable instruments under the custody or care of Vendor/Contractor that would inure to the benefit of the County.

43.2.9. **[X] Not-Required** TB **(initials)**

PLEASE NOTE: If box is not checked and initialed by Chief Procurement Officer, the specified insurance below is required.

EXCESS/UMBRELLA LIABILITY: Vendor/Contractor shall provide proof of excess/umbrella liability coverage with minimum limits of $1,000,000. Limits can be increased, based on Contract.

43.2.10. **[X] Not-Required** TB **(initials)**

PLEASE NOTE: If box is not checked and initialed by Chief Procurement Officer, the specified insurance below is required.

POLLUTION LIABILITY
Include exposures of pesticides/insecticides and herbicides.
Limits as follows:
No less than $1,000,000 Per Occurrence
$1,000,000 Aggregate
$5,000 Medical Payment
Additional Insured & Waiver of Subrogation required.

43.2.11. SUB-CONTRACTORS (if applicable): All Sub-Contractors hired by said Contractor are required to provide Hernando County Board of County Commissioners Certificates of Insurance with the same limits required by the county as required by the Contract. All Sub-Contractors are required to name Hernando County Board of County Commissioners as additional insured and provide a Waiver of Subrogation in regards to General Liability.

43.2.12. RIGHT TO REVISE OR REJECT: County reserves the right, but not the obligation, to revise any insurance requirement, not limited to limits, coverages and endorsements, or to reject any insurance policies which fail to meet the criteria stated herein. Additionally, County reserves the right, but not the obligation, to review and reject any insurer providing coverage due to its poor financial condition or its failure to adhere to legal requirements.

43.3. Each insurance policy shall include the following conditions by endorsement to the policy:

43.3.1. Vendor/Contractor agrees to provide County with a Certificate of Insurance evidencing that all coverages, limits and endorsements required herein are maintained and in full force and effect. The Certificate of Insurance shall provide a minimum thirty (30) day notice to the County of cancellation of the policy, when available by Vendor/Contractor's insurer. If the Vendor/Contractor receives a non-renewal or cancellation notice from an insurance carrier affording coverage required herein, or receives notice that coverage no longer complies with the insurance requirements herein, **Vendor/Contractor agrees to notify the County by fax within five (5) business days with a copy of the non-renewal or cancellation notice, or written specifics as to which coverage is no longer in compliance.** The Certificate Holder shall read:

Hernando County Board of County Commissioners
Attention: Human Resources/Risk Department
15470 Flight Path Drive
Brooksville, FL 34604

43.3.2. Companies issuing the insurance policy, or policies, shall have no recourse against the County for payment of premiums or assessments for any deductibles as all are the sole responsibility and risk of Vendor/Contractor.

43.3.3. The term "County" or "Hernando County" shall include all authorities, boards, bureaus, commissions, divisions, departments, and offices of the County and individual members, employees and agents thereof in their official capacities, and/or while acting on behalf of Hernando County.

43.3.4. The policy clause "Other Insurance" shall not apply to any insurance coverage currently held by County, to any such future coverage, or to County's self-insured retentions of whatever nature.

43.4. The Vendor/Contractor shall be required to provide a current certificate of insurance to the County prior to commencement of services.

43.5. Bidders may, at the County's request, be required to provide proof that their firm meets the preceding insurance requirements, by submission of a certificate of insurance coverage(s), prior to award of the Contract.

43.6. Failure of the owner to demand such certificates or other evidence of full compliance with these insurance requirements or failure of the owner to identify a deficiency from evidence provided shall not be construed as a waiver of the Vendor/Contractor's obligation to maintain such insurance.

44. MINIMUM WAGE RATES:

44.1. The Vendor/Contractor shall be required to pay his/her/its employees no less than the Federal Minimum Wage Rate.

44.2. If the Contract should be renewed, the Contract shall be adjusted for benefit of the Vendor/Contractor in proportion with Federal Law Governing Wage Rates during the period of the Contract for labor-related costs only.

44.3. The County reserves the right to inspect the payroll records of the Vendor/Contractor, as may be deemed necessary, to determine that the Vendor/Contractor is complying with Federal Wage and Hour Law.

45. SAFETY PRECAUTIONS:

45.1. The Vendor/Contractor shall be responsible for instructing his workmen in appropriate safety measures with respect to all services provided under this Contract, and shall not permit them to place equipment in traffic lanes or other locations in such a manner as to create a safety hazard.

45.2. All equipment shall be equipped with all necessary safety equipment to satisfy all applicable Florida Department of Transportation and Occupational Safety and Health Administration (OSHA) requirements.

46. RESPONSIVE/RESPONSIBLE: At the time of submitting a Bid response, the County requires that the **Bidder be properly licensed and registered to do business in the State of Florida in accordance with applicable Florida Statutes (F.S.).** Bid responses that fail to provide the required forms listed in these Bid Documents may be rejected as non-responsive. **Bidders whose responses, past performance, or current status do not reflect the capability, integrity or reliability to fully and in good faith perform the requirements of the Bid may be rejected as non-responsible.** The County reserves the sole right to determine which responses meet the requirements of this solicitation, and which Bidders are responsive and responsible. The County reserves the sole right before awarding the Bid, to require a Bidder to submit such evidence of their qualifications as it may deem necessary and may consider any evidence available to it of the financial, technical, and other qualifications and abilities of a Bidder to perform the work in a satisfactory manner and within the time specified. The Bidder is assumed to be familiar with all federal, state or local laws, ordinances, rules and regulations that in any manner affect the work, and to abide thereby if awarded the Bid/Contract. Ignorance of legal requirements on the part of the Bidder/Vendor/Contactor will in no way relieve his/her/its responsibility.

47. CONE OF SILENCE: This solicitation falls under the Hernando County Procurement Ordinance 93-16 (Current Edition). After a Bid is opened or a Short List is established for an Invitation to Bid (ITB), Request for Qualification (RFQ), or Request for Proposal (RFP), a Vendor/Contractor or representative as defined in the Ordinance, may not seek information or clarification or in any way contact any official or employee of the County concerning this solicitation with the exception of the Hernando County Chief Procurement Officer, County Attorney, or an individual specifically designated in this document for dissemination of information. A copy of any written communication concerning this solicitation shall be filed with the Purchasing and Contracts Department and shall be made available to the public upon request. A violation of the "Cone of Silence" renders any award voidable at the sole discretion of the Chief Procurement Officer with approval from the Board of County Commissioners and may subject the potential Vendor/Contractor or representative to debarment. Nothing in the Ordinance prevents a Vendor/Contractor or representative from taking part in a public meeting concerning the solicitation.

47.1. All Vendors/Contractors or representatives are hereby placed on formal notice. A lobbying "Cone of Silence" period shall commence upon issuance of the solicitation until the Board selects the successful Bidder. For procurements that do not require Board approval, the "Cone of Silence" period commences upon solicitation issuance and concludes upon Contract award.

47.2. Neither the members of the Board of County Commissioners nor candidates for County Commission, nor any employees from the Hernando County Government, Hernando County staff members, nor any members of the evaluation team are to be lobbied, either individually or collectively, concerning this project. Vendors/Contractors or representatives who intend to submit Bids, or have submitted Bids, for this project are hereby placed on formal notice that they are not to contact County personnel for such purposes as holding meetings of introduction, meals, or meetings relating to the selection process outside of those specifically scheduled by the County. Any such lobbying activities may cause immediate disqualification from this project.

48. CLAIMS:

48.1. Chief Procurement Officer's Decision Required: All claims, except those waived, shall be referred to the Chief Procurement Officer for decision.

48.2. Notice: Written notice stating the general nature of each claim shall be delivered by the claimant to the Chief Procurement Officer and the other party to the Contract promptly (but in no event later than thirty (30) days after the start of the event giving rise thereto. The responsibility to substantiate a claim shall rest with the party making the claim. Notice of the amount or extent of the claim, with supporting data, shall be delivered to the Chief Procurement Officer and the other party to the Contract within sixty (60) days after the start of such event (unless the Chief Procurement Officer allows additional time for claimant to submit additional or more accurate data in support of such claim). A claim for an adjustment in Contract Price shall be prepared in accordance with the provisions of Paragraph 57. Each claim shall be accompanied by claimant's written statement that the adjustment claimed is the entire adjustment to which the claimant believes it is entitled as a result of said event. The opposing party shall submit any response to the Chief Procurement Officer and the claimant within thirty (30) days after receipt of the claimant's last submittal (unless the Chief Procurement Officer allows additional time).

48.3. Chief Procurement Officer's Action: Chief Procurement Officer will review each claim and, within thirty (30) days after receipt of the last submittal of the claimant or the last submittal of the opposing party, if any, take one of the following actions in writing:

48.3.1. Deny the claim in whole or in part,

48.3.2. Approve the claim, or

48.3.3. Notify the parties that the Chief Procurement Officer is unable to resolve the claim if, in the Chief Procurement Officer's sole discretion, it would be inappropriate for the Chief Procurement Officer to do so. For purposes of further resolution of the claim, such notice shall be deemed a denial.

48.4. In the event that Chief Procurement Officer does not take action on a claim within said thirty (30) days, the claim shall be deemed denied.

48.5. Chief Procurement Officer's written action or denial will be final and binding upon Owner and Vendor/Contractor, unless Owner or Vendor/Contractor invoke the dispute resolution procedure set forth in Paragraph 49 within thirty (30) days of such action or denial.

49. DISPUTE RESOLUTION:

49.1. Owner and Vendor/Contractor may mutually request mediation of any claim submitted to the Owner for a decision before such decision becomes final and binding. The mediation will be governed by the Construction Industry Mediation Rules of the American Arbitration Association in effect as of the effective date of the Agreement. The request for mediation shall be submitted in writing to the American Arbitration Association. Timely submission of the request shall stay the effect.

49.2. Owner and Vendor/Contractor shall participate in the mediation process in good faith. The process shall be concluded within sixty (60) days of filing of the request. The date of termination of the mediation shall be determined by application of the mediation rules referenced above.

49.3. If the claim is not resolved by mediation, Chief Procurement Officer's action or denial pursuant to Paragraph 48 shall become final and binding thirty (30) days after termination of the mediation unless, within that time period, Owner or Vendor/Contractor:

49.3.1. Agrees with the other party to submit the claim to another dispute resolution process, or

49.3.2. Gives written notice to the other party of their intent to submit the claim to a court of competent jurisdiction.

SECTION IV - SPECIAL CONDITIONS

50. LICENSES AND PERMITS:

50.1. Prior to furnishing the requested product(s) or service(s), it shall be the responsibility of the awarded Vendor/Contractor to obtain, at no additional cost to the County, any and all licenses and permits required to complete this Contractual service. These licenses and permits shall be readily available for review by the Chief Procurement Officer or his/her/its designee.

50.2. Said licenses shall be in the Bidder's name as it appears on the Official Bid Form. Bidder shall supply appropriate license numbers, with expiration dates, as part of their Bid. Failure to hold and provide proof of a proper active license, certification and registration may be grounds for rejection of the Bid.

50.3. Upon notification, Bidder shall provide copies of all applicable active and current licenses.

51. PRE-AWARD MEETING: Within fourteen (14) days after receipt of notice of intent of award of Bid, Vendor/Contractor shall meet with the County's representative(s) to discuss job procedures and scheduling.

52. PERFORMANCE:

52.1. Timely performance is of the essence in the award of this Invitation for Bids. Performance shall be no later than ten (10) business days from receipt of the work order from the Code Enforcement Department. Bids which fail to meet this requirement shall be rejected.

If there is a delay in completing the full work order, Vendor/Contractor must contact the Code Enforcement representative after the completion of each property so it may be inspected by a Code Enforcement Officer, as time is of the essence for reinspections.

52.2. Failure of the awarded Vendor/Contractor to meet this performance requirement may result in default, immediate cancellation of the purchase order or Contract, and all other applicable remedies available to the County under state law.

52.3. It is hereby understood and mutually agreed to by and between parties hereto that the time of performance is an essential condition of this Contract.

52.4. If said Vendor/Contractor shall neglect, fail or refuse to provide the services within the time herein specified, then said Vendor/Contractor does hereby agree as part of the consideration for the awarding of this Contract, to pay the County the sum extended by the County to Contract for like services approved by the Purchasing and Contracts Department for the period from the required scheduled commencement date until performance of services covered in the Invitation to Bid is completed.

52.5. The Vendor/Contractor shall, within three (3) calendar days from the beginning of such delay, notify the Chief Procurement Officer in writing of the cause(s) of the delay.

53. CODES AND REGULATIONS: The awarded Vendor/Contractor must strictly comply with all federal, state, and local building and safety codes.

54. DEBRIS: Awarded Vendor/Contractor shall be responsible for the prompt removal of all debris which is a result of this Contractual Service.

55. PROTECTION OF PROPERTY/SECURITY:

55.1. The Vendor/Contractor shall provide barricades if necessary and take all necessary precautions to protect buildings and personnel. All work shall be completed in every respect and accomplished in a professional manner and the Vendor/Contractor shall provide for removal of all debris from County property.

55.2. The Vendor/Contractor, shall at all times, guard against damage or loss to property of Hernando County, or of other Vendor/Contractors, and shall be held responsible for replacing or repairing any such loss or damage. The County may withhold payment or make such deductions as deemed necessary to insure reimbursement or replacement for loss of damage to property through negligence of the Vendor/Contractor or his agent.

56. PRICING: The County requires a firm fixed price for the entire Contract period. Invoices will be reviewed to confirm compliance with Bid pricing. Failure to hold prices firm shall be grounds for immediate termination of the Contract.

57. PRICE ADJUSTMENT: Written request for price adjustments may be made every twelve (12) months, no less than thirty (30) days prior to the requested effective date. Any increased price adjustment(s) must be accompanied by written justification attesting that the request is a bonafide cost increase to the Vendor/Contractor. The base period for any requested adjustment shall be the beginning of the latest period during which an adjustment may have been made. For example, if annual adjustments may be requested under a three (3) year Contract and none is requested after the first two (2) years, the base period for an adjustment effective the third year shall be the beginning of the second year. All requests for price adjustment(s) shall be supported by Consumer Price Index and/or Producer Price Index documentation supporting the requested increase. All price adjustments must be accepted by the Chief Procurement Officer and shall be accomplished by written amendment to this Contract.

58. CHANGES - SERVICE CONTRACTS:

58.1. The County may at any time by issuance of an executed change order make changes within the general scope of the Contract in any of the following areas:

58.1.1. Description of services to be performed.

58.1.2. Time of performance (i.e., hours of the day, days of the week, etc.).

58.1.3. Place of performance of the services.

58.2. If additional work or other changes are required in the areas described above, a price proposal will be required from the Vendor/Contractor. Upon negotiation of the proposal, execution and receipt of the Change Order, the Vendor/Contractor shall commence performance of the work as specified.

58.3. The Vendor/Contractor shall not commence the performance of additional work or other changes not covered by this Contract without an executed Change Order issued by the Purchasing and Contracts Department. If the Vendor/Contractor performs additional work beyond the specific requirements of this Contract without an executed Change Order, it shall be at his/her own risk. The County assumes no responsibility for any additional costs for work not specifically authorized by an executed Change Order.

59. METHOD OF ORDERING: The County will issue Purchase Orders against the Contract on an as-needed-basis for the supplies or services listed on the Bid Form.

60. CONDITIONS FOR EMERGENCY/HURRICANE OR DISASTER - TERM CONTRACTS: It is hereby made a part of this Invitation for Bid that before, during and after a public emergency, disaster, hurricane, flood, or other acts of God that Hernando County shall require a "first priority" basis for goods and services. It is vital

and imperative that the majority of citizens are protected from any emergency situation which threatens public health and safety, as determined by the County. Vendor/Contractor agrees to rent/sell/lease all goods and services to the County or other governmental entities as opposed to a private citizen, on a first priority basis. The County expects to pay Contractual prices for all products or services required during an emergency situation. **Vendor/Contractor shall furnish a twenty-four (24) hour phone number and email address in the event of such an emergency**.

61. **REQUIREMENTS CONTRACT:** This is a Requirements Contract and the County shall order from the Vendor/Contractor all of the supplies and/or services specified in the Contract's price schedule that are required to be purchased by the County, except as otherwise provided herein. If the County urgently requires delivery of goods or services before the earliest date that delivery may be required under this Contract, and if the Vendor/Contractor will not accept an order providing for accelerated delivery, the County may acquire the goods or services from another source. Except as this Contract may otherwise provide, if the County's requirements do not result in orders in the quantities described as "estimated" in the Contract's price schedule, that fact shall not constitute the basis for an equitable adjustment.

62. **SITE DAMAGE:** The Vendor/Contractor shall be held responsible for damage to any site feature including, but not limited to: irrigation equipment, trees, shrubs, signs, vehicles, etc. caused by the Vendor/Contractor. It shall be the Vendor/Contractor's responsibility to clean-up and/or rectify, to the County's satisfaction, any damage to County property caused by any individual(s) connected with the Vendor/Contractor. The Vendor/Contractor shall be notified of the specific nature of the damage and cost of repair. The County shall, at its option, invoice the Bidder for payment or reduce the next regular payment to the Vendor/Contractor, for the cost of repairs, materials, and labor.

63. **EQUIPMENT LIST:** Bidders shall submit with the Bid a listing of all equipment which Bidders will use in the performance of this Contract, including (as applicable) rolling stock, loaders, tractors, mowers, and any other specified equipment. The Vendor/Contractor is also required to indicate which equipment is company-owned. Failure to submit said equipment list may render Bidder's response non-responsive.

64. **FINAL SITE INSPECTON:** Final inspection of each site by County staff will be performed within three (3) days after receipt of notification from the Vendor/Contractor that services at such site are complete. The site must meet all requirements as stated in the scope of work issued prior to payment processing.

SECTION V - SCOPE AND SPECIFICATIONS

65. **CONFLICTING TERMS WITH SECTION V:** In the event of a conflict between the terms of the Contract (including any and all attachments thereto, excluding Section V, and any amendments thereof) and any of the terms of Section V, the terms of the Contract (including any and all attachments thereto, excluding Section V, and any amendments thereof) shall control.

66. **SCOPE OF WORK:** The Vendor/Contractor will supply all materials, labor, and equipment in order to accomplish lot mowing and trash/debris removal and disposal services, as described in the specifications in Hernando County, Florida.

67. **LOCATION OF THE WORK:** The work to be performed in this Contract will be performed at various locations within Hernando County, Florida.

68. **SITE(S) DESCRIPTION:** The County may require lot mowing and trash/debris removal and disposal services be performed on various types of property such as unimproved lots and residential or commercial improved properties with high grass and/or trash and debris. Grass may be over three (3) feet tall, and trash/debris may consist of piles of tires, open bags of household trash or other items such as car parts, mobile home remnants, burned structure remnants, etc. This is not an inclusive list of items that may be found on site but rather broad examples. Some sites may only be accessible via a walk-through gate so appropriate equipment is required.

69. **COMMUNICATION:** Phone calls and emails from the Code Enforcement Department to the Vendor/Contractor must be returned within twenty-four (24) hours.

70. PRIMARY AND SECONDARY VENDOR/CONTRACTORS: Work orders will be assigned in the following order:

70.1. Work orders will be assigned to the primary Vendor/Contractor. The primary Vendor/Contractor shall notify the Code Enforcement Department within twenty-four (24) hours if they are unable to complete the work order within the timeframe required by these contract documents. Failure of the Vendor/Contractor to notify the Code Enforcement Department, may result in Termination for Default as stated in Paragraph 31.

70.2. Should the primary Vendor/Contractor be unable to fill the work order, the Department shall submit the work order to the secondary awarded Vendor/Contractor. The secondary Vendor/Contractor shall adhere to the same requirements stated in this contract document.

71. UNAVAILABILITY: Vendor/Contractor must give the Code Enforcement Department two (2) weeks' notice if unavailable to accept work orders due to vacations, scheduling issues, etc.

72. INVOICES: Invoices must include the following-

- Work Order Number
- Purchase Order Number
- Vendor/Contractor Number assigned by the County
- Code Enforcement Department Case Number (found on Work Order)
- Date property mowed/cleaned
- Property Key Number (found on Work Order)
- Property Address, if vacant list street name
- If green posting card is still at property when Vendor/Contractor arrives, remove it, and return to Code Enforcement Department with invoice

NOTE: Work must be invoiced within ten (10) business days of completion. If Vendor/Contractor has fallen behind, Vendor/Contractor must notify the County representative in the Code Enforcement Department as soon as each job is completed so a Code Enforcement Officer can reinspect for approval.

73. TECHNICAL SPECIFICATIONS: Pursuant to Hernando County Ordinance Chapter 15, Article V, Section 15-163 Prohibited Conditions (Exhibit 1 attached).

73.1. MOWING REQUIREMENTS:

73.1.1. Mowing height, for both vacant and improved lots, shall be three (3) inches. In circumstances where fields with field grasses must be bush hogged, the area should be bush hogged as short as possible.

73.1.2. Vendor/Contractor is not required to trim/weed eat around the perimeter or yard decorations. Trimming is only required when an area is not accessible by mower, or a mower cannot perform the cutting.

73.1.3. Grass trimmings are only required to be removed or blown off paved areas such as driveways, sidewalks, and the street.

73.2. DISPOSAL REQUIREMENTS: Vendor/Contractor shall dispose of all trash/debris at the Hernando County Northwest Waste Management Facility and shall submit a copy of the weight slip and dump charges attached to the invoice as proof of compliance. Each property must have an individual weigh slip and dump charges. Loads for multiple properties cannot be combined.

73.3. EQUIPMENT REQUIREMENTS: Equipment required to perform services must meet the following minimum specifications.

73.3.1. Mowing equipment shall include a bush hog or tractor capable of mowing heavy underbrush, thick fennel, etc. A bush hog and commercial mower are mandatory and required for this job. This requirement is non-negotiable.

73.3.2. Truck or trailer capacity to haul at least 1,000 pounds of trash and debris.

73.3.3. Equipment must be in good repair and shall be maintained during contract term.

73.3.4. The County has the right to inspect equipment for conformity with specifications.

73.3.5. A cell phone number must be provided to the Department to maintain timely communication. The Contractor shall come to the office to pick up the work order.

73.3.6. Selected Vendor/Contractor must schedule to meet with the Code Enforcement Department to allow for inspection of equipment prior to Intent to Award being issued for this Contract.

73.4. SAFETY: The Vendor shall be responsible for the provision of adequate and proper safety precautions in conjunction with all services provided under this contract.

END OF SECTION V - THE REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

SECTION VI - BID FORM

ITB NO. 22-T00032/TPR

LOT MOWING AND TRASH/DEBRIS REMOVAL AND DISPOSAL SERVICES

The Vendor/Contractor shall provide all labor and other resources necessary to provide the supplies, equipment and/or services in strict accordance with the specifications defined in this solicitation for the amounts specified in this Bid Form, inclusive of overhead, profit and any other costs.

PART I – LOT MOWING (as needed basis only)

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED ANNUAL AMOUNT	ESTIMATED 3 YEAR AMOUNT (ESTIMATED ANNUAL AMOUNT X 3)
1	Lots of less than a ¼ acre	per lot	$ 65 00	195 00
2	Lots of ¼ acre to 1 acre	per lot	$ 120 00	360 00
3	Lots of more than 1 acre	per acre	$ 150 00	450 00

PART I SUB-TOTAL: $ 335 00 / 1005 00

PART II – TRASH/DEBRIS REMOVAL AND DISPOSAL (as needed basis only)

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED ANNUAL AMOUNT	ESTIMATED 3 YEAR AMOUNT (ESTIMATED ANNUAL AMOUNT X 3)
1	250 lbs. or less	per load	$ 75 00	225 00
2	251 lbs. to 500 lbs.	per load	$ 100 00	300 00
3	501 lbs. to 1,000 lbs.	per load	$ 150 00	450 00

PART II SUB-TOTAL: $ 325 00 / $ 975 00

ANNUAL BASE BID (including Parts I – II): $ 660 00

TOTAL THREE-YEAR BASE BID (including Parts I – II: $ 1980 00

TOTAL THREE-YEAR BASE BID (in words): nineteen hundred eighty dollars 00/00

The undersigned Bidder has carefully read the Invitation to Bid and its provisions, terms and conditions covering the equipment, materials, supplies and services as called for, and fully understands the requirements and conditions. Bidder certifies that this bid for the same goods/services (unless otherwise specifically noted), and is in all respects fair and without collusion or fraud. Bidder agrees to be bound by all the terms and conditions of this Invitation to Bid and certifies that the person(s) signing this bid is (are) authorized to bind the Bidder. Bidder agrees that if Bidder is awarded this Invitation to Bid, Bidder will provide the materials and services as stipulated in the specifications of this Invitation to Bid. Bidder further agrees to furnish and to deliver materials and services as indicated, with all transportation charges prepaid, and for the prices quoted.

Joseph Fannin — CONTACT PERSON

owner — TITLE

SECTION VI - BID FORM (continued)

ITB NO. 22-T00032/TPR

LOT MOWING AND TRASH/DEBRIS REMOVAL AND DISPOSAL SERVICES

JDMF llc
COMPANY NAME

AUTHORIZED SIGNATURE

1901 Blackwood Ave
MAILING ADDRESS

Gotha FL 34734
CITY, STATE, ZIP CODE

352 272 8835 | N/A | Jdmfllc28@Gmail.com
TELEPHONE NUMBER | FAX NUMBER | EMAIL ADDRESS

Joseph Fonnin | owner
CONTACT PERSON | TITLE

Inquiries regarding this Invitation for bid may be directed to Tonya Parker-Rimes, Contract Compliance Officer, at telephone number 352-754-4020 or email purchasing@hernandocounty.us.

IMPORTANT NOTE: When completing your Bid, do not attach any forms which may contain terms and conditions that conflict with those listed in the County's Bid document(s). Inclusion of additional terms and conditions such as those which may be on your company's standard forms shall result in your Bid being declared non-responsive as these changes will be considered a counteroffer to the County's Bid.

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 1

STATEMENT OF NO BID

If you do not intend to bid on this requirement, please return this form immediately to:

Hernando County
Purchasing and Contracts Department
15470 Flight Path Drive
Brooksville, FL 34604

We, the undersigned, have declined to submit a proposal on: _____
_____.

Reason:

_____ Specifications too tight, geared toward one brand or manufacturer (explain below)

_____ Insufficient time to respond.

_____ Specifications unclear (explain below)

_____ We do not offer this product/services.

_____ Our present schedule does not permit us to perform.

_____ Unable to meet specifications or provide services.

Remarks:

_____

_____

We understand that if this Statement of No Bid is not executed and returned, our name may be deleted from the list of qualified Bidders.

COMPANY NAME: _____

ADDRESS: _____

_____

PHONE: _____

SIGNATURE: _____ TITLE: _____

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 2

DRUG FREE WORKPLACE CERTIFICATE

I, the undersigned, in accordance with Florida Statute 287.087 (Current Edition), hereby certify that, (print or type name of firm) JDM F llc

- Publishes a written statement notifying that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Workplace named above, and specifying actions that will be taken against violations of such prohibition.
- Informs employees about the dangers of drug abuse in the workplace, the firm's policy of maintaining a drug free working environment, and available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug use violations.
- Gives each employee engaged in providing commodities or contractual services that are under proposal a copy of the statement specified above.
- Notifies the employees that as a condition of working on the commodities or contractual services that are under proposal, the employee will abide by the terms of the statement and will notify the employer of any conviction of, pleas of guilty or nolo contendere to, any violation of Chapter 893 (Current Edition), or of any controlled substance law of the State of Florida or the United States, for a violation occurring in the workplace, no later than five (5) days after such conviction, and requires employees to sign copies of such written statement to acknowledge their receipt.
- Imposes a sanction on, or requires the satisfactory participation in, a drug abuse assistance or rehabilitation program, if such is available in the employee's community, by any employee who is so convicted.
- Makes a good faith effort to continue to maintain a drug free workplace through the implementation of the Drug Free Workplace program.
- "As a person authorized to sign this statement, I certify that the above named business, firm or corporation complies fully with the requirements set forth herein".

Authorized Signature

3-2-22
Date Signed

State of: Florida

County of: Hernando
Sworn to and subscribed before me this 2nd day of March, 2022
Personally known ____ or Produced Identification Florida Driver License
(Specify Type of Identification)

Signature of Notary

My Commission Expires: 09-19-2024

Notary Public State of Florida
Alexus Lynn Gathercole
My Commission HH 012502
Expires 09/19/2024

This document must be completed and returned with your Submittal.

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 3

AFFIDAVIT OF NON-COLLUSION AND OF NON-INTEREST OF HERNANDO COUNTY EMPLOYEES

Certification that Vendor/Contractor affirms that the Bid/Proposal presented to the owner is made freely, and without any secret Agreement to commit a fraudulent, deceitful, unlawful or wrongful act of collusion.

Joseph Fannin, * being first duly sworn, deposes and says that he (it) is the Vendor/Contractor in the above Bid/Proposal, that the only person or persons interested in said proposal are named therein; that no officer, employee or agent of the Hernando County Board of County Commissioners (BOCC) or of any other Vendor/Contractor is interested in said bid/proposal; and that affiant makes the above Bid/Proposal with no past or present collusion with any other person, firm or corporation.

Affiant

STATE OF Florida
COUNTY OF Hernando

The foregoing instrument was acknowledged before me this 2nd day of March, 2022 by Joseph Fannin, who is personally known to me or who has produced as identification and who did take an oath.

Florida Driver License

Notary Public: Alexus Lynn Gathercole
My Commission Expires: 09-19-2024

Notary Public State of Florida
Alexus Lynn Gathercole
My Commission HH 012502
Expires 09/19/2024

*NOTICE: State name of Vendor/Contractor followed by name of authorized individual (and title) that is signing as Affiant. If Vendor/Contractor is an individual, state name of Vendor/Contractor only.

This document must be completed and returned with your Submittal.

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 4

SWORN STATEMENT PURSUANT TO SECTION 287.133 (3) (a), (CURRENT EDITION) FLORIDA STATUTES, IN PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted to

County of Hernando

by Joseph Fannin owner
[print individual's name and title]

for JDMP llc
[print name of entity submitting sworn statement]

whose business address is 1901 Blackwood Ave Gotha Fl 34734

(if applicable) its Federal Employer Identification Number (FEIN) is 32-0470387
(If the entity has no FEIN, include the Social Security Number of the individual signing this sworn statement) : _____.

2. I understand that a "public entity crime" as defined in Paragraph 287.133 (1)(g), Florida Statutes (Current Edition), means a violation of any public entity or with an agency or political subdivision of any other State or of the United States, including, but not limited to, any Proposal or Contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.
3. I understand that *"convicted"* or *"conviction"* as defined in Paragraph 287.133 (1)(b), Florida Statutes (Current Edition), means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, non-jury trial, or entry of a plea of guilty or nolo contendere.
4. I understand that an *"affiliate"* as defined in Paragraph 287.133 (1)(a), Florida Statutes (Current Edition), means:
   a. A predecessor or successor of a person convicted of a public entity crime; or
   b. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term *"affiliate"* includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length Agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding thirty-six (36) months shall be considered an affiliate.
5. I understand that a *"person"* as defined in Paragraph 287.133(1)(e), Florida Statutes (Current Edition), means any natural person or entity organized under the laws of any state or of the

United States with the legal power to enter into a binding Contract and which Proposals or applies to Proposal on Contracts for the provisions of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement: [indicate which statement applies]

X Neither the entity submitting this sworn statement, nor any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

_____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

_____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list [attach a copy of the final order].

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 (ONE) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31, OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT.

[signature] 3-2-22 [date]

STATE OF FLORIDA

COUNTY OF Hernando

PERSONALLY APPEARED BEFORE ME, the undersigned authority

Notary Public State of Florida
Alexus Lynn Gathercole
My Commission HH 012502
Expires 09/19/2024

Joseph Fannin who, after first being
[Name of Individual Signing]
sworn by me, affixed his signature in the space provided above on this

2nd day of March

NOTARY PUBLIC

My commission expires: 09-19-2024

This document must be completed and returned with your Submittal.

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 5

AUTHORIZED SIGNATURES/NEGOTIATORS

The Vendor/Contractor represents that the following persons are authorized to sign and/or negotiate Contracts and related documents to which the Vendor/Contractor will be duly bound:

Name	Title	Phone No.
Joseph Fannin	owner	352 272 8835

(Signature)

owner
(Title)

JPMF llc
(Name of Business)

The Vendor/Contractor shall complete and submit the following information with its Bid or Proposal:

Type of Organization

_____ Sole Proprietorship _____ Partnership

_____ Joint Venture X Corporation

State of Incorporation: FL

Federal I.D. is 32-0470387

This document must be completed and returned with your Submittal.

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 6

VENDOR REGISTRATION HERNANDO COUNTY, FL

To be completed by vendor:
Vendor type:
(X) Corporation
( ) Partnership
( ) Sole Proprietorship
( ) Other _____(Explain)

Federal Employer Identification
Number or Social Security Number: 32-0470387
Please attach your completed W-9 Form
PAYMENT WILL NOT BE MADE UNTIL A COMPLETED W9 HAS BEEN RECEIVED.

Firm Name: JDMF llc

Mailing Address: 1901 Blackwood Ave

City Gotha State FL Zip 34734

Telephone No. 352 272 8835 Fax No. n/a

Web Address: N/A EMail: Jdmfllc28@Gmail.com

Commodity or Service Supply: mowing

If remittance address is different from the mailing address so indicate below.

Firm Name: _____

Mailing Address: _____

City_____State_____Zip_____

An ACH electronic payment method is offered as an alternative to a payment by physical check.
(X) Please check this box if you accept the ACH electronic payment method. (Recommended and Preferred)

Signature: _____

Name & Title Printed: Joseph Fannin owner

This document must be completed and returned with your Submittal.

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 7

LOCAL VENDOR AFFIDAVIT OF ELIGIBILITY

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted to

HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS

by Joseph Fannin owner
[Print individual's name and title]

for JDMF llc / Joseph Fannin
[Print name of Company/Individual submitting sworn statement]

Whose business address is 1901 Blackwood Ave Gotha FL 34734

(If applicable) its Federal Employer Identification Number (FEIN) is 32-0470387

(If the entity has no FEIN, include the Social Security Number of the individual signing this Sworn statement) :

2. LOCAL PREFERENCE ELIGIBILITY

A. Vendor/Individual has been in business in Hernando County for a minimum of twelve (12) months prior to date of bid or quote? _____ YES X NO

B. Proof of Real Property Tax Submitted with Affidavit: YES _____ NO X

C. Copy of Florida Division of Corporations Annual Report Submitted with Affidavit: YES ____ NO X

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE HERNANDO COUNTY PURCHASING AND CONTRACTS FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 (ONE) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM SHALL BE SUBMITTED WITH EACH BID OR QUOTE SUBMITTED TO HERNANDO COUNTY.

[Signature]

3-2-22
[Date]

STATE OF FLORIDA
COUNTY OF Hernando

PERSONALLY APPEARED BEFORE ME, the undersigned authority Joseph Fannin who, after first being Sworn by me, affixed his signature in the space provided above on this 2nd Day of March, 2022

Alexus Lynn Smith
NOTARY PUBLIC

My commission expires: 09-19-2024

Notary Public State of Florida
Alexus Lynn Gathercole
My Commission HH 012502
Expires 09/19/2024

Personally Known _____ or Produced Identification ✓
Type of Identification Produced Florida Driver License

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 8

E-VERIFY CERTIFICATION

Bid/Contract No: ITB NO, 22-T00032/TPR

Financial Project No(s): _____

Project Description: Mowing

_____

Vendor/Contractor acknowledges and agrees to the following:

Vendor/Contractor shall utilize the U.S. Department of Homeland Security's E-Verify system, in accordance with the terms governing use of the system, to confirm the employment eligibility of:

1. All persons employed by the Vendor/Contractor during the term of the Contract to perform employment duties within Florida; and
2. All persons, including Sub-Contractors, assigned by the Vendor/Contractor to perform work pursuant to the Contract with the Department.

Company/Firm: JDMF llc

Authorized Signature: _____

Print Name: Joseph Fannin

Title: owner

Date: 3-1-22

This document must be completed and returned with your Submittal.

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 9

REFERENCES

Vendor/Contractor shall attest, by signing this Bid/Proposal, that their firm has at least three (3) years commercial experience performing services similar to the scope of services specified within these Contract documents.

Vendor/Contractor shall submit at least three (3) references of firms, organizations and/or governmental agencies/entities for which services of similar size and scope as this Bid have been performed within the last three (3) years. Failure to complete and return this section may render the Bid/Proposal non-responsive.

FIRM NAME AND ADDRESS	
CONTACT PERSON	See attachment
EMAIL ADDRESS	
TELEPHONE NUMBER	
FAX NUMBER	
CONTRACT NUMBER	
CONTRACT DATE(S)	

FIRM NAME AND ADDRESS	
CONTACT PERSON	
EMAIL ADDRESS	
TELEPHONE NUMBER	
FAX NUMBER	
CONTRACT NUMBER	
CONTRACT DATE(S)	

FIRM NAME AND ADDRESS	
CONTACT PERSON	
EMAIL ADDRESS	
TELEPHONE NUMBER	
FAX NUMBER	
CONTRACT NUMBER	
CONTRACT DATE(S)	

JDMF llc
Company Name

Authorized Signature

This document must be completed and returned with your Submittal.

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 10

EQUIPMENT LISTING

Bidders shall indicate below a complete listing of all equipment said Bidders will use in the performance of this Contract, including rolling stock, loaders, tractors, mowers and any other specialized equipment. INDICATE WHETHER SUCH EQUIPMENT IS OWNED BY THE COMPANY. Failure to complete and return this section may render Bidder's Proposal non-responsive. The County reserves the right to perform a site visit at the Vendor/Contractor's location for purpose of verification of equipment listed and visual observation of equipment condition.

DESCRIPTION	COMPANY-OWNED?
see attachment	YES _____ NO _____
	YES _____ NO _____
	YES _____ NO _____
	YES _____ NO _____
	YES _____ NO _____
	YES _____ NO _____
	YES _____ NO _____
	YES _____ NO _____
	YES _____ NO _____
	YES _____ NO _____
	YES _____ NO _____
	YES _____ NO _____
	YES _____ NO _____
	YES _____ NO _____
	YES _____ NO _____

JDMF LLC
BIDDER'S COMPANY NAME

Joseph Farrah owner
CONTACT PERSON (Name) (Title)

1901 Blackwood Ave
MAILING ADDRESS

352 272 8835
TELEPHONE NO. – FAX NO.

Gotha FL 34734
CITY, STATE AND ZIP CODE

Jdmflc28@Gmail.com
EMAIL ADDRESS

This document must be completed and returned with your Submittal.

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 11

HERNANDO COUNTY EMPLOYMENT DISCLOSURE CERTIFICATION STATEMENT

3-1-22
(date)

Hernando County Purchasing and Contracts
15470 Flight Path Drive
Brooksville, FL 34604

The undersigned certifies that to the best of his/her knowledge:

Is any Officer, Partner, Director, Proprietor, Associate or Member of the Business Entity a former employee of Hernando County within the last two (2) years? No ☒ Yes ☐

Is any Officer, Partner, Director, Proprietor, Associate or Member of the Business Entity a Relative or Member of the Household of a current Hernando County Employee that had or will have any involvement with this Procurement or Contract Authorization? No ☒ Yes ☐

If the answer to either of the above questions is "Yes", complete the "Relatives and Former Hernando County Employees - Roles and Signatures" table (Part A and/or Part B, as applicable).

Bidder:

Jdmt11c28@Gmail.com
(Email address)

1901 Blackwood Ave Gotha FL 34734
(Address)

(Signature required)

352 272 8835
(Phone)

Joseph Fannin
(Print name)

n/A
(Fax)

owner
(Print title)

32 0470387
(Federal Taxpayer ID Number)

This document must be completed and returned with your Submittal.

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 11 (continued)

Relatives and Former Hernando County Employees – Roles and Signatures

Part A: Employees that left Hernando County in the last two years.			
Employee Name/Signature N/A	**Job Performed for Hernando County**	**Current Role with Business Entity**	**Date Left Hernando County**
Name:_____ Sign: _____ • Involved with this Procurement on behalf of Hernando County? ☐ No ☐ Yes • Involved with Proposal development for this Procurement? ☐ No ☐ Yes			
Name:_____ Sign: _____ • Involved with this Procurement on behalf of Hernando County? ☐ No ☐ Yes • Involved with Proposal development for this Procurement? ☐ No ☐ Yes			
Name:_____ Sign: _____ • Involved with this Procurement on behalf of Hernando County? ☐ No ☐ Yes • Involved with Proposal development for this Procurement? ☐ No ☐ Yes			

Part B: Identify Officers, Partners, Directors, Proprietors, Associates or Members of the Business Entity that are Relatives or Members of the Household of Hernando County employees currently working for Hernando County, if Hernando County employee had or will have any involvement with this Procurement of Contract.			
Firm Officer, Partner, Director, Proprietor, Associate or Member Name	**Name and Relationship of Relative or Member of Household Employed at Hernando County**	**Role at Hernando County**	**Hernando County employee's Role with this Procurement**

(Make copies of this form as needed to list additional employees.)

This document must be completed and returned with your Submittal.

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 12

VENDOR CERTIFICATION REGARDING SCRUTINIZED COMPANIES

Respondent Vendor Name: JDMF llc

Vendor/Contractor FEIN: 32 0470387

Vendor/Contractor's Authorized Representative Name and Title: Joseph Fannin owner

Address: 1901 Blackwood Ave

City: Gotha State: Fl Zip: 34734

Phone Number: 352 272 8835

Email Address: Jdmfllc28@Gmail.com

Section 287.135 (Current Edition), Florida Statutes, prohibits agencies from contracting with companies for goods or services of $1,000,000.00 or more, that are on either the Scrutinized Companies with Activities in Sudan list, the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector lists which are created pursuant to s. 215.473 F.S. (Current Edition), or the Scrutinized Companies that Boycott Israel list, created pursuant to s. 215.4725 F.S. (Current Edition), or companies that are engaged in a boycott of Israel or companies engaged in business operations in Cuba or Syria.

As the person authorized to sign on behalf of Respondent, I hereby certify that the company identified above in the section entitled "Respondent Vendor Name" is not listed on either the Scrutinized Companies with Activities in Sudan list or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector list, or the Scrutinized Companies that Boycott Israel list. I further certify that the company is not engaged in a boycott of Israel. I understand that pursuant to section 287.135 (Current Edition), Florida Statutes, the submission of a false certification may subject company to civil penalties, attorney's fees, and/or costs and does not have business operations in Cuba or Syria.

Certified by: _____

who is authorized to sign on behalf of the above-reference company.

Print Name and Title: Joseph Fannin owner

Date: 3-1-22

This document must be completed and returned with your Submittal.

SECTION VII - REQUIRED FORMS AND CERTIFICATIONS

ATTACHMENT 13

ADDENDUM ACKNOWLEDGEMENT

The undersigned acknowledges receipt of the following addenda to the Bid/Request for Proposals (indicate number and date of each):

Addendum No. 1 Dated Feb 15 - 2022

Addendum No. _____ Dated _____

Addendum No. _____ Dated _____

Addendum No. _____ Dated _____

FAILURE TO SUBMIT ACKNOWLEDGEMENT OF ANY ADDENDUM THAT AFFECTS THE PRICING AND/OR SCOPE IS CONSIDERED A MAJOR IRREGULARITY AND MAY BE CAUSE FOR REJECTION OF ANY BID.

JDMFL/C
Company Name

Authorized Signature

VENDOR SURVEY

Please provide information on where you received the knowledge of the Bid/Request for Proposals (mark all that apply):

☒ BIDNET DIRECT

☐ NEWSPAPER

☐ PURCHASING AND CONTRACTS ADVERTISEMENT BOARD

☐ REFERRED BY: _____

☐ OTHER (PLEASE SPECIFY): _____

This document must be completed and returned **with your Submittal.**

SECTION VIII - EXHIBITS

EXHIBIT A

Hernando County, Florida – Code of Ordinances
Chapter 15 -- Health and Sanitation
Article V. – Property Maintenance

Sec. 15-163. - Prohibited conditions; exemptions.

(a) Any accumulation of weed growth or grass excluding seed pods, to a height in excess of eighteen (18) inches high where such growth or accumulation increases the conditions leading to a haven or breeding place for snakes, rats, rodents or other vermin of like or similar character, or creates a breeding place for mosquitos, creates a fire hazard to adjacent properties or adversely affects or impairs the economic welfare of adjacent properties or creates a hazard at road intersections or rights-of-way within the county shall be declared a public code violation and is hereby prohibited. Dead, decaying, or living trees that pose an actual threat of damage to public property, rights-of-way, or utilities are hereby declared to be a public code violation. Said public code violations shall be unlawful in any unincorporated areas of the county. Prohibited conditions of this section shall apply to the various zoning districts in the following manner:

(1) Weed growth and the grass height provisions shall be applicable to all tracts or parcels of land to the extent the accumulation of weed growth and grass height lies within one hundred (100) feet of any improved property, with the exception of parcels that are zoned Agricultural, A/R, A/R1, A/R2, County 2.5, or Conservation, as those categories are defined in appendix A to the Hernando County Code.

(2) The weed growth and the grass height provisions shall not apply to parcels with natural vegetation which shall be defined as any parcel of land considered naturally vegetated if the parcel has not been cleared or mowed subsequent to January 17, 1984, except those lots mowed for the first time as a result of Ordinance 95-17.

(b) It shall be unlawful for any owner or occupant of property to permit or maintain, or for any person to cause, an accumulation of rubbish, waste, trash, or debris, decaying vegetative matter, exposed salvageable material or other manmade materials upon any lot, tract, or parcel of land where the effect of such accumulation is to cause or create:

(1) An actual or potential haven or breeding place for snakes, rats, rodents, or other vermin of like or similar character; or

(2) An actual or potential breeding place for mosquitos; or

(3) A fire hazard to adjacent properties; or

(4) An adverse effect on or impairment of the economic welfare of adjacent properties; or

(5) A hazard to traffic at road intersections or rights-of-way within the county; or

(6) A nuisance as defined by law, or other unsanitary condition; or

(7) A visual nuisance or other unsightly condition visible from adjoining public or private property.

Provided however, that paragraphs (4) and (7) shall not apply to generally accepted horticultural, agricultural or environmental enhancement practices, including but not limited to use of decaying vegetative matter for composting, mulching, or habitat creation, or to a reasonable and timely accomplished process of clearing and removing overgrown vegetation.

(c) For purposes of this section, "rubbish, waste, trash or debris" shall mean and include without limitation garbage, rubbish and refuse from residential, commercial, or industrial activities, including animal waste; kitchen and table food waste or other waste that is attendant with or results from the storage, preparation, cooking or handling of food material; paper, wood scraps, cardboard, cloth, glass, rubber, plastic; discarded vehicle tires or other vehicle or watercraft fixtures or parts; household goods and appliances; tools and equipment; and similar materials.

(d) Proof of adverse effect, impact or impairment to economic welfare shall not require expert opinion testimony or a showing of any specific decrease in property value and may be given by fact-based opinion

of affected property owners or occupants or any other person generally knowledgeable concerning property in the area.

(Ord. No. 98-03, § III, 3-10-98; Ord. No. 2001-10, § 2, 7-24-01; Ord. No. 2017-18, § 1, 4-

END OF EXHIBIT A - THE REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

ADDENDUM NO. ONE (1)

TO
THE CONTRACT DOCUMENTS
FOR THE

LOT MOWING AND TRASH/DEBRIS REMOVAL AND DISPOSAL SERVICES

IN
HERNANDO COUNTY, FLORIDA
SOLICITATION NO. 22-T00032/TPR

BID DUE DATE: MARCH 2, 2022

NOTICE

BIDDERS ARE REQUIRED TO ACKNOWLEDGE RECEIPT OF THIS ADDENDUM BY SIGNATURE AT THE BOTTOM OF THIS ADDENDUM IN THE SPACES PROVIDED AND RETURNED AT THE TIME OF THE BID DATE.

TO ALL PLAN HOLDERS:

The following changes, additions and/or deletions are hereby made a part of the Contract Documents for the **LOT MOWING AND TRASH/DEBRIS REMOVAL AND DISPOSAL SERVICES** located in Hernando County, as fully and completely as if the same were fully set forth therein:

QUESTIONS

1. **Question**: Would it be possible to receive a copy of the bid tabulation for the last time 22-T00032/TPR Lot Mowing and Trash/Debris Removal and Disposal Services was open for bidding?

   Answer: Hernando County is currently utilizing Pre-Qualification Contract 21-T00124/TM Lot Mowing and Debris Removal Services. As a Pre-Qualification Contact, no bids were submitted and no bid tabulation exists. Two (2) vendors responded and were designated pre-qualified vendors. The pre-qualified vendors were asked to submit quotes for each project and the project was awarded to the lowest vendor. The intent of Invitation to Bid 22-T00032/TPR Lot Mowing and Trash/Debris Removal and Disposal Services is to replace the Pre-Qualification Contract.

   The bid tabulation for the previous Contract No. 18-T00033/TPR Lot Mowing and Trash/Debris Removal and Disposal Services is attached to this addendum.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY

3-1-22
Acknowledged

Patty Hall
Patty Hall
Procurement Coordinator
Hernando County Contracts and Purchasing

Issued: February 15, 2022

BROOKSVILLE, FL 34601-2828
INVITATION TO BID - SOLICITATION NO. 18-T00033/TPR
BID TITLE: LOT MOWING AND TRASH/DEBRIS REMOVAL
OPENING: JANUARY 31, 2018 @ 3:00 P.M.

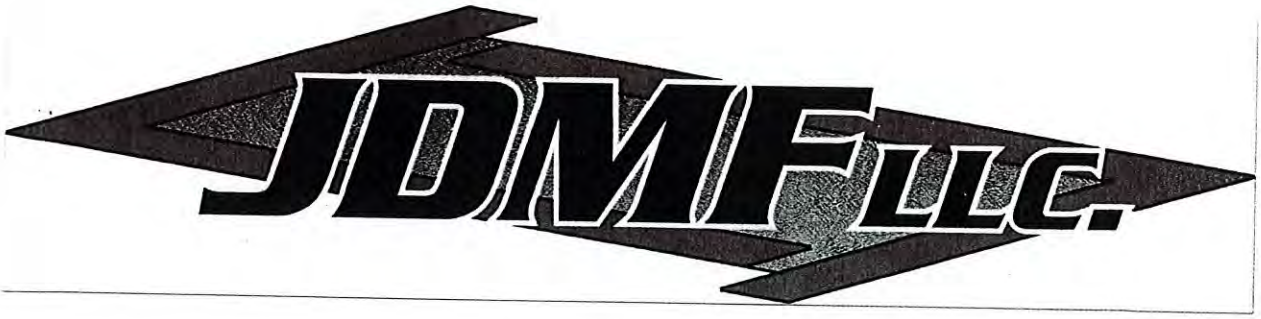
VENDORS	Braden Property Maintenance 11977 Lakewood Drive Hudson, FL 34669	J.E.M. Landscaping 11382 Mahopac Road Weeki Wachee, FL 34614	Paff Landscape 6288 California Street Brooksville, FL 34604

PART I – LOT MOWING (as needed basis only)

ITEM NO.	DESCRIPTION	UNIT	AMOUNT	AMOUNT	AMOUNT
1	Lots of less than a ¼ acre	per lot	$ 75.00	$ 40.00	$ 65.00
2	Lots of ¼ acre to 1 acre	per lot	$ 125.00	$ 47.00	$ 120.00
3	Lots of more than 1 acre	per acre	$ 250.00	$ 60.00	$ 150.00
	PART I SUB-TOTAL:		$ 450.00	$ 147.00	$ 335.00

PART II – TRASH/DEBRIS REMOVAL AND DISPOSAL (as needed basis only)

ITEM NO.	DESCRIPTION	UNIT	AMOUNT	AMOUNT	AMOUNT
1	250 lbs. or less	per load	$ 46.00	$ 60.00	$ 75.00
2	251 lbs. to 500 lbs.	per load	$ 92.00	$ 70.00	$ 100.00
3	501 lbs. to 1,000 lbs.	per load	$ 175.00	$ 115.00	$ 150.00
	PART II SUB-TOTAL:		$ 313.00	$ 245.00	$ 325.00
	TOTAL BASE BID		**$ 763.00**	**$ 392.00**	**$ 660.00**



References

Mascotte charter school inc
460 midway Ave
Mascotte Fl 34753

Contact : Miss Johnson
Phone : 352-429-2294
(Assistant principal school board firewalls no email available)

Scope of work includes mowing and maintenance for the full 20 acre site with two waste water ponds and 1 retention pond
Contract values around $30,000. Annually
Since July 1st 2019

Lake county Florida
P.O. Box 7800
Tavares Fl 32778

Contact : Danille Suggs
Contact Phone : 352-343-9832
Contact email : dsuggs@lakecountyfl.gov

RFP# 19-0431
Guardrail wedding and trimming with litter removal
Contract values around $50,000. Annually
Since early 2019

City of Dade city
38020 meridian Ave
Dade city Fl

Contact : Bryan Holmes
Contact phone : 352-523-5050
Contact email : bholmes@dadecityfl.com

Dade City Cemetry
16 acre existing cemetery

City of Bartow
parks and recreation department
2250 S Floral ave
Bartow Fl 33830

Contact : Tim Griner
Contact phone : 863-581-4925
Contact email : tgriner.parks@cityofbartow.net

Scope of work
Landscape and mowing Maintenance of
Wildwood cemetery and 555 sports complex
Approximately 35 acres of existing cemetery
And 45 acres of vacant property

City of Lakeland
Code enforcement department
1104 Martin l king jr Ave
Lakeland Fl 33805

Contact : Tammy Tison
Contact phone : 863-834-3357
Contact email: tammy.tison@lakelandgov.net

Scope of work
Mowing maintenance and debris removal
For city code enforcement lots

150-190 lots monthly

Brooksville-Tampa Bay Regional airport
15800 flight path drive
Brooksville Fl 34604

Contact : Michael Ullven
Contact phone : 352-238-8270
Contact email :mullven@co.hernando.fl.us

Scope of work
Both small machine and large machine
Mowing and landscaping maintenance
Including litter clean up
Office and road side and cra areas

Hernando county BOCC
1525 E jefferson st
Brooksville, fl 34601

Contact : Nicholas Babino
Contact phone: 352-667-1356
Contact email: Njbabino@co.hernando.fl.us

Road side mowing trimming and litter removal
Approximately 134 miles
$194,384.00 plus annually

Type	Model	Serial Number	Purchase Year
Concrete Saw	Stihl TS 420		2019
Large Chainsaw	Stihl MS 390		2017
Small Chainsaw	Stihl MS 180	508852889	2017
Handheld Saw	Stihl		2017
Ccs chain saw	Echo		2020
Ccs chain saw	Echo		2020
Pole saw	Stihl HT 133	509835509	2017
Edger	Stihl FC 90	506442017	2016
Edger	Stihl FC 90	508425785	2017
Edger	Stihl FC 90	508137561	2018
Edger	Stihl FC 90	299890979	2018
Edger	Echo cst		2020
Edger	Echo cst		2020
Edger	Echo cst		2020
Edger	Echo cst		2020
(8) echo edgers	PE-2620S		2021
(8) echo weed eaters	SRM 3020		2021
Weed Eater	FS100RX	507358130	2018
Weed Eater	FS100RX	507645376	2018
Weed Eater	Stihl FS90R	506549968	2016
Weed Eater	Stihl FS90R	505344013	2017
Weed eater	Echo cdst		2020
Weed eater	Echo cdst		2020
Weed eater	Echo cdst		2020
Weed eater	Echo cdst		2020
Blower	Echo pb 8010		2020
Blower	Echo pb 8010		2020
Blower	Echo pb 8010		2020
Blower	Stihl BR 600		2016
Blower	Stihl BR 600		2017
Blower	Stihl BR 600		2018
Blower	Stihl BR 600		2019
Sprayer	15 gallon 12v		2019
Sprayer	15 gallon 12v		2019
Sprayer	Ma-53bpe		2020
Sprayer	Ma-53bpe		2020
Sprayer	Ma-53bpe		2020
Sprayer	Stihl SG 20	979946769	2016
Sprayer	Stihl SG 20	979957552	2017
Sprayer	Stihl SG20	979957543	2018
Trimmer	Stihl HL100K	507436334	2016
Trimmer	Stihl HS82T	181295071	2017

Trimmer	Stihl HS82T	181854356	2018
Trimmer	Stihl HS81T	292288390	2018
Trimmer	Stihl HS81T	279570060	2018
Trimmer	Stihl HL90K	299890979	2018
Trimmer	Stihl HL90K	299890969	2018
Trimmer	Poulan Pro P2822	966513101	2018
Trencher	Sthil MM 55	501201520	2018
Exmark	LZ 72" RD		2020
Exmark	LZ 72" RD		2020
Exmark	LZ 72" RD		2020
Exmark	LZ 72" RD		2021
Exmark	LZ 72" RD		2021
Emark	LZ 60" RD		2021
Toro	52 Grandstand	74505 316000530	2016
Toro	60 Grandstand	74513 400098181	2016
Toro	30 Time Master	20199 316016425	2017
John deere	636 M		2021
John Deere	648 R		2020
John Deere	648R		2021
John Deere	915 B		2015
John Deere	652 R efi	1tc652rkhjt060723	2019
John Deere	661 R efi	1tc661rmajy060200	2019
John Deere	WG32A	1tcw32aglht080166	2019
John Deere	WG32A	1tcw32agcht080173	2019
John Deere	TS GATOR UV	1m04x2sjtkm141384	2019
John Deere	TS GATOR UV		2021
John Deere	TS GATOR UV		2021
John Deere	Spreader	lp228875	2019
John Deere	Reel Mower	M0180BX030059	2018
Power Head	KM90R	507817109	2018
Power Head	KM90R	507136508	2018
Polesaw Attachment	HT-KM		2018
Edger Attachment	FCB-KM	31470214A	2018
Edger Attachment	FCB-KM	31450917A	2018
Weed Eater Attachment	FS-KM	30860114B	2018
Weed Eater Attachment	FS-KM	34461024A	2018
Trimmer Attachment	HL-KM	42306410303	2018
Blower Sprayer	SR200	507192276	2018
Gmc	Sierra 1500	1gtn1lecxjz904586	2018
Gmc	Sierra 3500	1gt42ye87gf182702	2016
Gmc	Sierra 1500	1gtn1lec6jz905203	2018
Chevy	2500		2012
Chevy	3500		2012

Chevy	2500		2003
1993 Ford	Box Truck	1FDKE37H1PHB02194	2017
1997 Ford	Box Truck	1FDKE37L9VHC09365	2018
1999 ford	Box Truck	1FDWE37L5XHA68475	2019
2006 Chevrolet	2500	1GCHK23UX6F26254	
2014 ram	1500		**2014**
2006 Freightliner		1FVACWCS46HW44322	2016
Dump Trailer 30 yard	20'	13155	2017
Top Hat flat bed	38' Flatbed		2017
Red Trailer flatbed	16'		
5x10 Black Trailer			
7x16 open trailer side gate			2008
8x16 enclosed trailer			1998
8x16 enclosed trailer			
8x24 enclosed trailer			
8x24 enclosed trailer			
7x16 open traile			
8x24 enclosed trailer			2020
8x20' Enclosed Trailer			
6x12 Enclosed Trailer		5WKBE1217G1038488	2018
John Deere tractor	5065E	1PY5065EKGG400680	2018
John Deere tractor	870		1996
King Kutter	60" Bush Hog	1001592741	
Land Pride	12' Batwing	1151500	2018
John Deere 15R	15' Batwing		2021
Taylor Way	84" Box Blade	1001643017	2018
10' v disc			
Bucket	72"	BW17029-4989_080816	
Yellow Box Blade	84"		2018
Pro Works	48" Forks		2018
Grapple Bucket	72"		2018
John Deere	325g skid steer		2021
Skid Steer	72" Grapple Bucket		2018
Skid Steer	48" Forks		2018
John Deere	870		
John Deere	Tiller	LV0665B030420	
John Deere	48" Bucket	BW14144	
John Deere	48" Forks		
John Deere	60" Bucket		
Orange Tiller	60"		
Box Blade	66"		
John Deere tractor	5100 m		2021
John Deere tractor	5075e	1py5075evlk411566	2020

John Deere tractor	3046R	1lv3046rckk403918	2020
Taylor Pittsburg	72" tiller	962-get-72	2020
John Deere gator	Xuv590e s4	1m0590ebelm030078	2020

Form **W-9**
(Rev. October 2018)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

▶ Go to *www.irs.gov/FormW9* for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

Print or type. See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
Joseph Fannin

2 Business name/disregarded entity name, if different from above
JDMF LLC

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☑ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ **C**

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ▶

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.
1901 BLACKWOOD AVE

Requester's name and address (optional)

6 City, state, and ZIP code
GOTHA, FL. 34734

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number
[ ][ ][ ] – [ ][ ] – [ ][ ][ ][ ]

or

Employer identification number
[3][2] – [0][4][7][0][3][8][7]

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here Signature of U.S. person ▶ [signature] Date ▶ 12-15-21

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/FormW9*.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, *later.*

POLK COUNTY LOCAL BUSINESS TAX APPLICATION FORM

ACCOUNT NO. 244184 **CLASS:** A **PAYMENT DUE BY:** 09/30/2021

OWNER NAME	LOCATION
JOSEPH D FANNIN	1485 BERKLEY RD AUBURNDALE

BUSINESS NAME AND MAILING ADDRESS

JDMF LLC
JDMF LLC
1901 BLACKWOOD AVE
GOTHA, FL 34734

CODE **ACTIVITY TYPE**
810000 **LTD OTHER SERVICES**

SIGN HERE **JDMFLC28@GMAIL.COM**

SIGNATURE INDICATES APPLICANT READ AND UNDERSTANDS THE APPLICATION AFFIDAVIT ON THE BACK OF THE FORM AND AFFIRMS THE INFORMATION PROVIDED IS TRUE AND CORRECT.	**AMOUNT DUE: 39.38**

PAID - 128797 09/21/2021 RAB **TAX 39.38 JDMF LLC**

For Your Information: What You Need To Know About Tangible Personal Property

Every individual or firm doing business and located in Polk County is also subject to the tangible personal property requirement.

An initial tangible personal property tax return is required to be filed with the Polk County Property Appraiser's Office by April 1st of the year after the business opens. The initial return is required if the business owns or leases any personal property, without regard to the value of that personal property. In subsequent years, however, no return is required unless the combined value of all business equipment is more than 25,000 dollars.

To file an initial tangible personal property tax return or for additional information, visit Polk County Property Appraiser's Office website, polkpa.org.

POLK COUNTY LOCAL BUSINESS TAX RECEIPT

ACCOUNT NO. 244184 **CLASS:** A **EXPIRES:** **09/30/2022**

OWNER NAME	LOCATION
JOSEPH D FANNIN	1485 BERKLEY RD AUBURNDALE

BUSINESS NAME AND MAILING ADDRESS

JDMF LLC
JDMF LLC
1901 BLACKWOOD AVE
GOTHA, FL 34734

CODE **ACTIVITY TYPE**
810000 **LTD OTHER SERVICES**

OFFICE OF JOE G. TEDDER, CFC * TAX COLLECTOR	THIS POLK COUNTY LOCAL BUSINESS TAX RECEIPT MUST BE CONSPICUOUSLY DISPLAYED AT THE BUSINESS LOCATION

PAID - 128797 09/21/2021 RAB **TAX 39.38 JDMF LLC**

Tax Collector Scott Randolph **Local Business Tax Receipt** **Orange County, Florida**

2021 **EXPIRES** **9/30/2022**

3125 LAWN CARE $30.00 1 EMPLOYEE 3125-1183157

TOTAL TAX	$30.00
PREVIOUSLY PAID	$30.00
TOTAL DUE	$0.00

FANNIN JOSEPH D

JDMF LLC
FANNIN JOSEPH D
1901 BLACKWOOD AVE
GOTHA FL 34734

1901 BLACKWOOD AVE (MOBILE)
U - GOTHA, 34734

PAID: $30.00 0099-01015986 8/23/2021

Tax Collector Scott Randolph **Local Business Tax Receipt** **Orange County, Florida**

This local Business Tax Receipt is in addition to and not in lieu of any other tax required by law or municipal ordinance. Businesses are subject to regulation of zoning, health and other lawful authorities. This receipt is valid from October 1 through September 30 of receipt year. **Delinquent penalty is added October 1.**

2021 **EXPIRES** **9/30/2022**

3125 LAWN CARE $30.00 1 EMPLOYEE 3125-1183157

TOTAL TAX	$30.00
PREVIOUSLY PAID	$30.00
TOTAL DUE	$0.00

FANNIN JOSEPH D

JDMF LLC
FANNIN JOSEPH D
1901 BLACKWOOD AVE
GOTHA FL 34734

1901 BLACKWOOD AVE (MOBILE)
U - GOTHA, 34734

PAID: $30.00 0099-01015986 8/23/2021

SCOTT RANDOLPH, TAX COLLECTOR • ORANGE COUNTY, FLORIDA •

This receipt is official when validated by the Tax Collector.

Orange County Code requires this local Business Tax Receipt to be displayed conspicuously at the place of business in public view. It is subject to inspection by all duly authorized officers of the County.

1:09 LTE

Not Secure — search.sunbiz.org

Sunbiz.org DIVISION of CORPORATIONS
an official State of Florida website

Detail by Entity Name

Florida Limited Liability Company
JDMF, LLC

Filing Information

Document Number	L15000082321
FEI/EIN Number	32-0470387
Date Filed	05/12/2015
State	FL
Status	ACTIVE
Last Event	REINSTATEMENT
Event Date Filed	10/16/2020

Principal Address

1901 BLACKWOOD AVENUE
GOTHA, FL 34734

Mailing Address

1901 BLACKWOOD AVENUE
GOTHA, FL 34734

Registered Agent Name & Address

FANNIN, JOSEPH D, Jr.
1901 BLACKWOOD AVENUE
GOTHA, FL 34734

Name Changed: 01/07/2017

Authorized Person(s) Detail

Name & Address

Title AMBR

FANNIN, JOSEPH D
1901 BLACKWOOD AVENUE
GOTHA, FL 34734

Annual Reports

Report Year	Filed Date
2018	10/24/2018
2019	02/06/2019
2020	10/16/2020

Document Images

10/16/2020 -- REINSTATEMENT	View image in PDF format
02/06/2019 -- ANNUAL REPORT	View image in PDF format
10/24/2018 -- REINSTATEMENT	View image in PDF format
01/07/2017 -- REINSTATEMENT	View image in PDF format
05/12/2015 -- Florida Limited Liability	View image in PDF format

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER

STATE OF FLORIDA
DEPARTMENT OF FINANCIAL SERVICES
DIVISION OF WORKERS' COMPENSATION

* * CERTIFICATE OF ELECTION TO BE EXEMPT FROM FLORIDA WORKERS' COMPENSATION LAW * *

CONSTRUCTION INDUSTRY EXEMPTION

This certifies that the individual listed below has elected to be exempt from Florida Workers' Compensation law.

EFFECTIVE DATE: 10/17/2021 **EXPIRATION DATE:** 10/17/2023

PERSON: JOSEPH D FANNIN JR **EMAIL:** JDMF28@GMAIL.COM

FEIN: 320470387

BUSINESS NAME AND ADDRESS:

JDMF LLC

1901 BLACKWOOD AVE

GOTHA, FL 34734

SCOPE OF BUSINESS OR TRADE:

Landscape Gardening & Drivers	Cleaner-Debris Removal - Construction

IMPORTANT: Pursuant to subsection 440.05(14), F.S., an officer of a corporation who elects exemption from this chapter by filing a certificate of election under this section may not recover benefits or compensation under this chapter. Pursuant to subsection 440.05(12), F.S., Certificates of election to be exempt issued under subsection (3) shall apply only to the corporate officer named on the notice of election to be exempt and apply only within the scope of the business or trade listed on the notice of election to be exempt. Pursuant to subsection 440.05(13), F.S., notices of election to be exempt and certificates of election to be exempt shall be subject to revocation if, at any time after the filing of the notice or the issuance of the certificate, the person named on the notice or certificate no longer meets the requirements of this section for issuance of a certificate. The department shall revoke a certificate at any time for failure of the person named on the certificate to meet the requirements of this section.

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 6/9/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Allen Bates III
Bates Insurance Group, LLC 419 N. Grove St Eustis FL 32726	PHONE (A/C, No, Ext): 352-729-2504 FAX (A/C, No): 800-617-2434 E-MAIL ADDRESS: Allen@BatesInsGroup.com
	INSURER(S) AFFORDING COVERAGE — NAIC #
	INSURER A: Progressive Express Insurance Company — 10193
	INSURER B:
	INSURER C:
	INSURER D:
	INSURER E:
	INSURER F:
INSURED JDMF LLC 4504 Calcos Drive Tavares FL 32778	

COVERAGES — CERTIFICATE NUMBER: — REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY						
	☐ CLAIMS-MADE ☐ OCCUR						EACH OCCURRENCE $
							DAMAGE TO RENTED PREMISES (Ea occurrence) $
							MED EXP (Any one person) $
	GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY $
	☐ POLICY ☐ PRO-JECT ☐ LOC						GENERAL AGGREGATE $
	OTHER:						PRODUCTS - COMP/OP AGG $
							$
A	AUTOMOBILE LIABILITY						
	☒ ANY AUTO						COMBINED SINGLE LIMIT (Ea accident) $ 1,000,000
	☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS			01557161-1	12/20/2020	12/20/2021	BODILY INJURY (Per person) $
	☐ HIRED AUTOS ☐ NON-OWNED AUTOS						BODILY INJURY (Per accident) $
							PROPERTY DAMAGE (Per accident) $
							PIP $ 10,000
	UMBRELLA LIAB ☐ OCCUR						
	EXCESS LIAB ☐ CLAIMS-MADE						EACH OCCURRENCE $
	DED ☐ RETENTION $						AGGREGATE $
							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N						PER STATUTE ☐ OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) ☐ N / A						E.L. EACH ACCIDENT $
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE $
							E.L. DISEASE - POLICY LIMIT $

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

F. Allen Bates III

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ACORD

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
6/10/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
OLSON INSURANCE
545 N Umatilla Blvd
Umatilla, FL 32784

CONTACT NAME
PHONE (A/C, No, Ext): (352) 669-4547 FAX (A/C, No): (352) 669-4421
E-MAIL ADDRESS: olsonins@LCIA.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: CLEAR BLUE INSURANCE COMPANY	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	
INSURER F:	

INSURED
JDMF LLC
1901 BLACKWOOD AVENUE
GOTHA, FL 34734
(352) 272-8835

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC OTHER:	Y	Y	BGFL0021398101	07/13/21	07/13/22	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 300,000
							MED EXP (Any one person)	$ 10,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 2,000,000
							PRODUCTS - COMP/OP AGG	$ 2,000,000
								$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB [ ] OCCUR EXCESS LIAB [ ] CLAIMS-MADE DED [ ] RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N [ ] N/A (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						[ ] PER STATUTE [ ] OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
HERNANDO COUNTY BOCC OR CERTIFICATE HOLDER IS NAMED AS ADDITIONAL INSURED TO GENERAL LIABILITY. WAIVER OF SUBROGATION IS IN FAVOR OF ADDITIOANL INSURED, CERTIFICATE HOLDER OR HERNANDO COUNTY BOCC.

CERTIFICATE HOLDER

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE: Erica McNamee

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The ACORD name and logo are registered marks of ACORD

Certificate of Completion

Joseph D. Fannin

Has Completed a Florida Department of Transportation Approved Temporary Traffic Control (TTC) Advanced Course.

09/25/2023	225	Ryan Murray	55875
Date Expires	FDOT Provider #	Instructor	Certificate #

US SAFETY ALLIANCE

U.S. Safety Alliance, LLC
Approved MOT Provider
, USA
www.USsafetyAlliance.com
ryan@ussafetyalliance.com

FDOT

For more information about Temporary Traffic Control (TTC) or to verify this certificate

www.motadmin.com

1662

Board of County Commissioners

AGENDA ITEM

Meeting: 04/26/22 09:00 AM
Department: Purchasing & Contracts
Prepared By: Tonya Parker-Rimes

Initiator: Toni Brady
DOC ID: 19612
Legal Request Number: 2022-0028-01
Bid/Contract Number: 22-T00032/TPR

TITLE

Award of Term Contract to Paff Landscape, Inc., and JDMF, LLC, for Mowing and Debris Removal Services for Code Enforcement Department (Contract No. 22-T00032/TPR; Amount: $450,000.00)

BRIEF OVERVIEW

The Purchasing and Contracts Department issued Invitation to Bid (ITB) No. 22-T00032/TPR on January 26, 2022, at the request of the Hernando County Code Enforcement Department, to obtain bids for Lot Mowing and Trash/Debris Removal and Disposal Services. The mowing and trash debris removal services are needed to be performed on various types of property such as unimproved lots and residential or commercial improved properties with high grass and/or trash and debris, on an as needed basis.

The Purchasing and Contracts Department staff placed the legal advertisement in the Hernando Sun and the ITB on the BidNetDirect website on January 26, 2022. The bid was sent to seventy-four (74) matching vendor/contractors from the website and one (1) vendor/contractor as a courtesy. The bid document was downloaded by nineteen (19) vendors/contractors and three (3) bid submissions were received. The Base Bid is the total of three (3) items for lot mowing and three (3) items for trash/debris removal and disposal. The Code Enforcement Department will require an undeterminable amount of each of the services from the awarded vendors.

BIDDER	BASE BID
JDMF, LLC	$660.00
J.E.M. Landscaping	$739.00
Paff Landscape, Inc.	$660.00

Bids were reviewed and evaluated by the Purchasing and Contracts Department to determine if they were responsive. Bids were then reviewed and evaluated by the Code Enforcement Department staff for award recommendation based on price, conformance with specifications and the Bidder's ability to perform the contract in accordance with the terms, conditions and specifications required.

A Notice of Intent to Award the contract to JDMF, LLC and Paff Landscape, Inc., dated March 31, 2022, was posted to the BidNetDirect website and posted to the Hernando County Administration electronic public bulletin board.

The Chief Procurement Officer has reviewed this requirement for conformance to Procurement Ordinance and Purchasing Policies and Procedures.

FINANCIAL IMPACT

Funds are available from Hernando County Code Enforcement Account No. 01531-5304919 Code Enforcement, Oper Exp-Spcl Assessments.

LEGAL NOTE

In accordance with Part II, Chapter 2, Article V of the Hernando County Code of Ordinances.

RECOMMENDATION

It is recommended the Board approve the award of Contract No. 22-T00032/TPR for Lot Mowing and Trash/Debris Removal and Disposal Services to Paff Landscape, Inc., and JDMF, LLC for an initial three (3) year term in the estimated amount of $450,000.00 (estimated annual amount of $150,000.00).

It is further recommended the Board approve the Chief Procurement Officer (CPO) to renew the Contract with the same pricing and terms and authorize the CPO to approve change orders as they become necessary and required.

There are two (2) one (1) year unilateral renewal options available in accordance with Contract condition/provision on Paragraph 11.3, Page 6 of the contract.

REVIEW PROCESS

Patty Hall	Completed	03/31/2022 4:47 PM
Toni Brady	Completed	04/12/2022 9:16 AM
Laura Martin	Completed	04/12/2022 9:20 AM
Frank McCabe	Completed	04/12/2022 9:22 AM
Aaron Pool	Completed	04/12/2022 3:26 PM
Pamela Hare	Completed	04/11/2022 10:46 AM
Kyle J. Benda	Completed	04/11/2022 3:06 PM
Jenine Wimer	Completed	04/12/2022 4:50 PM
Tobey Phillips	Completed	04/18/2022 5:40 AM
Jeffrey Rogers	Completed	04/18/2022 2:47 PM
Colleen Conko	Completed	04/19/2022 11:51 AM

Board of County Commissioners Completed 04/26/2022 9:00 AM

RESULT:	**ADOPTED BY CONSENT VOTE [UNANIMOUS]**
MOVER:	Wayne Dukes, Commissioner
SECONDER:	Jeff Holcomb, Commissioner
AYES:	Champion, Allocco, Narverud, Dukes, Holcomb

HERNANDO COUNTY
BOARD OF COUNTY COMMISSIONERS
15470 FLIGHT PATH DR
BROOKSVILLE, FL 34604

PURCHASE ORDER-CHANGE NO. 25000342-1

pdf Copy

VENDOR
jdmfllc28@gmail.com
82473
JOSEPH FANNIN
DBA JDMF LLC
1901 BLACKWOOD AVE
GOTHA FL 34734

SHIP TO
CODE COMPLIANCE DIVISION
789 PROVIDENCE BLVD.
BROOKSVILLE FL 34601

ORDER DATE: 11/18/24	BUYER: JENNA SWARTZMILLER	REQ. NO.: RQ250040	REQ. DATE: 04/25/25
TERMS: NET 30 DAYS	F.O.B.: DESTINATION	DESC.: CONTRACT NO. 22-T00032/TP	

ITEM#	QUANTITY	UOM	DESCRIPTION	UNIT PRICE	EXTENSION
			This Purchase is in accordance with Hernando County Contract No. 22-T00032/TPR Entitled: Lot Mowing and Trash/Debris Removal and Disposal Services. BOCC Approved on: 4/26/22, Doc ID No: 19612. Performance period: 04/26/2022 thru 04/25/2025. The Contract 22-T00032/TPR Terms and Conditions apply, and the Purchase Order Terms and Conditions do not apply to this purchase. This Contract will expire on: 04/25/2025. With two (2) one (1) year unilateral renewal options.		
			County Contact Person is: Jenna Swartzmiller, (352) 754-4056 Contractor Contact is: Joseph Fannin, (863) 831-3357		
			2/14/2025 Change Order No 1 - MP CONTRACT #22-T00032/TP CO #1 IS TO INCREASE PO DUE TO THE INCREASE OF CONTRACTOR CASES INCREASE LINE 2 $35,000; NEW LINE TOTAL $55,000 OLD PO TOTAL $34,999.99; NEW PO TOTAL $69,999.99 DEPARTMENT 01531-5304919		
			1531-5304919 2 35000.00		

ITEM#	ACCOUNT	AMOUNT	PROJECT CODE	PAGE TOTAL $
				TOTAL $

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SEE TERMS AND CONDITIONS ON REVERSE SIDE

APPROVED BY: _____
CHIEF PROCUREMENT OFFICER

HERNANDO COUNTY PURCHASE ORDER TERMS AND CONDITIONS

GENERAL

The condition of this order may not be changed by Vendor/Contractor. If order is not acceptable, return to Hernando County Purchasing and Contracts Department. Failure of a Vendor/Contractor to deliver according to this purchase order awarded to him or to comply with any of the terms and conditions therein may disqualify him from receiving future orders.

QUALITY

All material or services furnished on this order must be as specified and subject to County inspection and approval within a reasonable time after delivery at destination. Variations in materials or services from those specified in this order must not be made without written authority from the Chief Procurement Officer. Materials rejected will be returned at the Vendor/Contractor's risk and expense.

QUANTITY/PRICE

The quantity of materials ordered or the prices specified must not be exceeded without written authority being first obtained from the Chief Procurement Officer.

INDEMNITY AND INSURANCE

The Vendor/Contractor agrees to indemnify and hold harmless Hernando County, including its officers, agents and employees, from all claims, damages, losses and expenses, including reasonable attorneys' fees, and costs brought or incurred on account of injuries or damages sustained by any party due to the operations of the Vendor/Contractor under this contract. The Vendor/Contractor further agrees to provide workers' compensation for all employees, and to maintain such general and auto liability insurance as is deemed necessary by the County for the particular circumstances and operations of the Vendor/Contractor. The Vendor/Contractor further agrees to provide the County with Certificates of Insurance, indicating the amount of coverage in force, upon request.

PACKING

Packages must be plainly marked with shipper's name and purchase order number; charges are not allowed for boxing or crating unless previously agreed upon in writing.

DELIVERY

All materials must be shipped F. O. B. destination. The County will pay no freight or express charges, except by previous agreement. If specific purchase is negotiated on the basis of F.O.B. shipping point, VENDOR/CONTRACTOR ARE TO PREPAY SHIPPING CHARGES AND ADD TO INVOICE. Delivery must actually be affected within the time stated on purchase made between 8:00 AM and 5:00 PM Monday to Friday inclusive unless otherwise stated. In case of default by the Vendor/Contractor, Hernando County may procure the articles or services covered by this order from other sources and hold the Vendor/Contractor responsible for any excess occasioned thereby.

PAYMENT

Partial billing will be accepted only for items received within the specified delivery period. Payments for items delivered after this specified delivery period will be made after the entire order is completed and accepted by Hernando County. Payment shall be made in accordance with Florida Statute 218, Florida Prompt Payment Act. Payment for accepted equipment/supplies/services will be accomplished by submission of an invoice, in duplicate; to the Ship To Address on the front of the purchase order unless otherwise indicated.

MATERIAL SAFETY DATA SHEET

The Vendor/Contractor agrees to furnish Hernando County with a current Material Safety Data Sheet (MSDS) on or before delivery of each and every hazardous chemical or substance purchased which is classified as toxic under Florida Statute 442. Appropriate labels and MSDSs shall be provided for all shipments. Send MSDSs and other pertinent data to: Hernando County Purchasing and Contracts Department, 20 North Main Street, Room 365, Brooksville, FL 34601-2828.

OSHA REQUIREMENT

The Vendor/Contractor or contractor hereby guarantees Hernando County that all materials, supplies and equipment as listed on the purchase order meet the requirements, specifications and standards as provided for under the Federal Occupations Safety and Health Administration Act of 1970, as from time to time amended and in force at the date thereof.

LEGALLY AUTHORIZED WORKFORCE

VENDOR/CONTRACTOR represents and warrants that VENDOR/CONTRACTOR is in compliance with all applicable federal, state and local laws, including, but not limited to, the laws related to the requirement of an employer to verify an employee's eligibility to work in the United States. VENDOR/CONTRACTOR is encouraged (but not required) to incorporate the IMAGE best practices into its business and, when practicable, incorporate verification requirements into its agreements with subcontractors. The IMAGE Best Practices can be found on the COUNTY'S website at www.hernandocounty.us/pur/.

INSURANCE

The Contractor shall maintain in effect at all times during the performance of the services insurance coverage according to the Contract between Contractor and COUNTY. All waiver of subrogation provisions of the Contract apply. In the absence of a current Contract, the Contractor shall, at its sole expense, maintain in effect at all times during the performance of the services insurance coverage with limits not less than those set forth below (unless the County agrees in writing to lower limits) and with insurers and under forms of policies satisfactory to COUNTY; Contractor shall endorse Hernando County as an additional insured on the commercial general liability (additional insured shall read "Hernando County Board of County Commissioners); Contractor waives subrogation as to the General Liability policy unless a policy condition prohibits pre-loss waiver of subrogation, in which case Contractor shall request of the insurer that the policy be endorsed with a Waiver of Transfer of Rights of Recovery Against Others unless such policy prohibits such an endorsement or voids coverage should VENDOR/CONTRACTOR enter into such an agreement on a pre-loss basis.

Coverage	Minimum Amounts and Limits
(a) Worker's Compensation	Statutory requirements at location of work
Employer's Liability	$ 100,000 each accident
	$ 100,000 by employee
	$ 500,000 policy limit
(b) Commercial General Liability	$ 2,000,000 General Aggregate
(Additional Insured & Wavier	$ 2,000,000 Products-Comp. Ops Agg.
Of Subrogation)	$ 1,000,000 Each Occurrence
	$ 5,000 Medical Expense
(c) Automobile Liability	$ 1,000,000 Combined Single Limit (owned, hired and non-owned)
Option of Split Limits:	
(1.) Bodily Injury	$ 1,000,000 Per Person or $1,000,000 Per Accident

HERNANDO COUNTY
BOARD OF COUNTY COMMISSIONERS
15470 FLIGHT PATH DR
BROOKSVILLE, FL 34604

PURCHASE ORDER-CHANGE NO. 25000342-1

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VENDOR
jdmfllc28@gmail.com
82473
JOSEPH FANNIN
DBA JDMF LLC
1901 BLACKWOOD AVE
GOTHA FL 34734

SHIP TO
CODE COMPLIANCE DIVISION
789 PROVIDENCE BLVD.

BROOKSVILLE FL 34601

ORDER DATE: 11/18/24	BUYER: JENNA SWARTZMILLER	REQ. NO.: RQ250040	REQ. DATE: 04/25/25
TERMS: NET 30 DAYS	F.O.B.: DESTINATION	DESC.: CONTRACT NO. 22-T00032/TP	

ITEM#	QUANTITY	UOM	DESCRIPTION	UNIT PRICE	EXTENSION
			Impact: INCREASES PO TO ALLOW ADDITIONAL INVOICES TO BE RECEIVED.		
01	14999.99	EA	MOWING SERVICES, CONTRACT BLANKET PO FOR: PART I: MOWING PRICING CONTAINED IN CONTRACT.	1.0000	14,999.99
02	55000.00	EA	TRASH/DEBRIS REMOVAL AND DISPOSALSERVICES, CONTRACT BLANKET PO FOR: PART II: SERVICES PRICING CONTAINED IN CONTRACT.	1.0000	55,000.00

ITEM#	ACCOUNT	AMOUNT	PROJECT CODE
01	01531 5304919	14,999.99	
02	01531 5304919	55,000.00	

PAGE TOTAL	$	69,999.99
TOTAL	$	69,999.99

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SEE TERMS AND CONDITIONS ON REVERSE SIDE

APPROVED BY: _____
CHIEF PROCUREMENT OFFICER

HERNANDO COUNTY PURCHASE ORDER TERMS AND CONDITIONS

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Coverage	Minimum Amounts and Limits
(a) Worker's Compensation	Statutory requirements at location of work
Employer's Liability	$ 100,000 each accident
	$ 100,000 by employee
	$ 500,000 policy limit
(b) Commercial General Liability	$ 2,000,000 General Aggregate
(Additional Insured & Wavier	$ 2,000,000 Products-Comp. Ops Agg.
Of Subrogation)	$ 1,000,000 Each Occurrence
	$ 5,000 Medical Expense
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HERNANDO COUNTY
BOARD OF COUNTY COMMISSIONERS
15470 FLIGHT PATH DR
BROOKSVILLE, FL 34604

PURCHASE ORDER-CHANGE NO. 25000342-1
CHANGE DATE: 02/14/25

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VENDOR
jdmfllc28@gmail.com
82473
JOSEPH FANNIN
DBA JDMF LLC
1901 BLACKWOOD AVE
GOTHA FL 34734

SHIP TO
CODE COMPLIANCE DIVISION
789 PROVIDENCE BLVD.

BROOKSVILLE FL 34601

ORDER DATE: 11/18/24	BUYER: JENNA SWARTZMILLER	REQ. NO.: RQ250040	REQ. DATE: 10/01/24
TERMS: NET 30 DAYS	F.O.B.: DESTINATION	DESC.: CHANGE ORDER - 1	

ITEM#	QUANTITY	UOM	DESCRIPTION	UNIT PRICE	EXTENSION
			2/14/2025 Change Order No 1 - MP CONTRACT #22-T00032/TP CO #1 IS TO INCREASE PO DUE TO THE INCREASE OF CONTRACTOR CASES INCREASE LINE 2 $35,000; NEW LINE TOTAL $55,000 OLD PO TOTAL $34,999.99; NEW PO TOTAL $69,999.99 DEPARTMENT 01531-5304919 1531-5304919 2 35000.00 Impact: INCREASES PO TO ALLOW ADDITIONAL INVOICES TO BE RECEIVED.		
02	35000.00	EA	TRASH/DEBRIS REMOVAL AND DISPOSALSERVICES, CONTRACT BLANKET PO FOR: PART II: SERVICES PRICING CONTAINED IN CONTRACT.	.0000	35,000.00

ITEM#	ACCOUNT	AMOUNT	PROJECT CODE
02	01531 5304919	35,000.00	

PAGE TOTAL	$	35,000.00
TOTAL	$	35,000.00

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SEE TERMS AND CONDITIONS ON REVERSE SIDE

APPROVED BY: _____
CHIEF PROCUREMENT OFFICER

HERNANDO COUNTY PURCHASE ORDER TERMS AND CONDITIONS

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Of Subrogation)	$ 1,000,000 Each Occurrence
	$ 5,000 Medical Expense
(c) Automobile Liability	$ 1,000,000 Combined Single Limit (owned, hired and non-owned)
Option of Split Limits:	
(1.) Bodily Injury	$ 1,000,000 Per Person or $1,000,000 Per Accident

Hernando County Board of County Commissioners

Change Order Request

____ Add Line(s)	____ Cancel Outstanding Balance	X Increase/Decrease Funds
____ Delete Line(s)	____ Change Project Number	____ Increase/Decrease Blanket
____ Cancel Purchase Order	____ Change Account Number	____ Increase/Decrease Quantity

Today's Date: 02-14-2025
PO/Contract #: 25000342
Change Order Number: 1
Requisition Number: 25000342
Vendor's Name on PO: JOSEPH FANNIN
Department/Employee: JENNA SWARTZMILLER

Instructions: In the explanation, details of the request must be provided. All requests must include account number, line item number, project number, new purchase order total. Include details as if entering a new requisition. If change request is due to new agreements, quotes, projects, etc. necessary documents must be attached.

Explanation:

Justification: CONTRACT #22-T00032/TP
CO #1 IS TO INCREASE PO DUE TO THE INCREASE OF CONTRACTOR CASES
INCREASE LINE 2 $35,000; NEW LINE TOTAL $55,000
OLD PO TOTAL $34,999.99; NEW PO TOTAL $69,999.99
DEPARTMENT 01531-5304919

1531-5304919 2 35000.00

Impact: INCREASES PO TO ALLOW ADDITIONAL INVOICES TO BE RECEIVED.

Department Approval: FRANK McCABE **Date:** 02-13-2025

Chief Procurement Officer: FRAN HALLET **Date:** 02-14-2025

BOCC Approval Date: _____
(BOCC Required per Purchasing 080E)

Revised May, 2012

HERNANDO COUNTY
BOARD OF COUNTY COMMISSIONERS
15470 FLIGHT PATH DR
BROOKSVILLE, FL 34604

PURCHASE ORDER-CHANGE NO. 25000342-2

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VENDOR
jdmfllc28@gmail.com
82473
JOSEPH FANNIN
DBA JDMF LLC
1901 BLACKWOOD AVE
GOTHA FL 34734

SHIP TO
CODE COMPLIANCE DIVISION
789 PROVIDENCE BLVD.

BROOKSVILLE FL 34601

ORDER DATE: 11/18/24	BUYER: JENNA SWARTZMILLER	REQ. NO.: RQ250040	REQ. DATE: 04/25/25
TERMS: NET 30 DAYS	F.O.B.: DESTINATION	DESC.: CONTRACT NO. 22-T00032/TP	

ITEM#	QUANTITY	UOM	DESCRIPTION	UNIT PRICE	EXTENSION
			This Purchase is in accordance with Hernando County Contract No. 22-T00032/TPR Entitled: Lot Mowing and Trash/Debris Removal and Disposal Services. BOCC Approved on: 4/26/22, Doc ID No: 19612. Performance period: 04/26/2022 thru 04/25/2025. The Contract 22-T00032/TPR Terms and Conditions apply, and the Purchase Order Terms and Conditions do not apply to this purchase. This Contract will expire on: 04/25/2025. With two (2) one (1) year unilateral renewal options.		
			County Contact Person is: Jenna Swartzmiller, (352) 754-4056 Contractor Contact is: Joseph Fannin, (863) 831-3357		
			2/14/2025 Change Order No 1 - MP CONTRACT #22-T00032/TP CO #1 IS TO INCREASE PO DUE TO THE INCREASE OF CONTRACTOR CASES INCREASE LINE 2 $35,000; NEW LINE TOTAL $55,000 OLD PO TOTAL $34,999.99; NEW PO TOTAL $69,999.99 DEPARTMENT 01531-5304919		
			1531-5304919 2 35000.00		

ITEM#	ACCOUNT	AMOUNT	PROJECT CODE	PAGE TOTAL $
				TOTAL $

pdf Copy

SEE TERMS AND CONDITIONS ON REVERSE SIDE

APPROVED BY: _____
CHIEF PROCUREMENT OFFICER

HERNANDO COUNTY PURCHASE ORDER TERMS AND CONDITIONS

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Coverage	Minimum Amounts and Limits
(a) Worker's Compensation	Statutory requirements at location of work
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	$ 100,000 by employee
	$ 500,000 policy limit
(b) Commercial General Liability	$ 2,000,000 General Aggregate
(Additional Insured & Wavier	$ 2,000,000 Products-Comp. Ops Agg.
Of Subrogation)	$ 1,000,000 Each Occurrence
	$ 5,000 Medical Expense
(c) Automobile Liability	$ 1,000,000 Combined Single Limit (owned, hired and non-owned)
Option of Split Limits:	
(1.) Bodily Injury	$ 1,000,000 Per Person or $1,000,000 Per Accident

HERNANDO COUNTY
BOARD OF COUNTY COMMISSIONERS
15470 FLIGHT PATH DR
BROOKSVILLE, FL 34604

PURCHASE ORDER-CHANGE NO. 25000342-2

pdf Copy

VENDOR
jdmfllc28@gmail.com
82473
JOSEPH FANNIN
DBA JDMF LLC
1901 BLACKWOOD AVE
GOTHA FL 34734

SHIP TO
CODE COMPLIANCE DIVISION
789 PROVIDENCE BLVD.
BROOKSVILLE FL 34601

ORDER DATE: 11/18/24	BUYER: JENNA SWARTZMILLER	REQ. NO.: RQ250040	REQ. DATE: 04/25/25
TERMS: NET 30 DAYS	F.O.B.: DESTINATION	DESC.: CONTRACT NO. 22-T00032/TP	

ITEM#	QUANTITY	UOM	DESCRIPTION	UNIT PRICE	EXTENSION
			Impact: INCREASES PO TO ALLOW ADDITIONAL INVOICES TO BE RECEIVED. 5/27/2025 Change Order No 2 - MP CONTRACT #22-T00032/TP CO #2 IS TO INCREASE LINE 2 TO ALLOW PAYMENT FOR ADDITIONAL INVOICES TO BE RECEVIED. INCREASDE LINE 2 $30,000; NEW LINE TOTAL 85,000 OLD PO TOTAL $69.999.99; NEW PO TOTAL $99,999.99 DEPARTMENT 01531-5304919 1531-5304919 2 30000.00 Impact: TO INCREASE PO TO ALLOW PAYMENT FOR ADDITIONAL INVOICES TO BE RECEVIED.		
01	14999.99	EA	MOWING SERVICES, CONTRACT BLANKET PO FOR: PART I: MOWING PRICING CONTAINED IN CONTRACT.	1.0000	14,999.99
02	85000.00	EA	TRASH/DEBRIS REMOVAL AND DISPOSALSERVICES, CONTRACT BLANKET PO FOR: PART II: SERVICES PRICING CONTAINED IN	1.0000	85,000.00

ITEM#	ACCOUNT	AMOUNT	PROJECT CODE

PAGE TOTAL $
TOTAL $

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APPROVED BY: _____
CHIEF PROCUREMENT OFFICER

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HERNANDO COUNTY
BOARD OF COUNTY COMMISSIONERS
15470 FLIGHT PATH DR
BROOKSVILLE, FL 34604

PURCHASE ORDER-CHANGE NO. 25000342-2

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VENDOR
jdmfllc28@gmail.com
82473
JOSEPH FANNIN
DBA JDMF LLC
1901 BLACKWOOD AVE
GOTHA FL 34734

SHIP TO
CODE COMPLIANCE DIVISION
789 PROVIDENCE BLVD.
BROOKSVILLE FL 34601

ORDER DATE: 11/18/24	BUYER: JENNA SWARTZMILLER	REQ. NO.: RQ250040	REQ. DATE: 04/25/25
TERMS: NET 30 DAYS	F.O.B.: DESTINATION	DESC.: CONTRACT NO. 22-T00032/TP	

ITEM#	QUANTITY	UOM	DESCRIPTION	UNIT PRICE	EXTENSION
			CONTRACT.		

ITEM#	ACCOUNT	AMOUNT	PROJECT CODE
01	01531 5304919	14,999.99	
02	01531 5304919	85,000.00	

PAGE TOTAL	$	99,999.99
TOTAL	$	99,999.99

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CHIEF PROCUREMENT OFFICER

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HERNANDO COUNTY
BOARD OF COUNTY COMMISSIONERS
15470 FLIGHT PATH DR
BROOKSVILLE, FL 34604

PURCHASE ORDER-CHANGE NO. 25000342-2
CHANGE DATE: 05/27/25

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VENDOR
jdmfllc28@gmail.com
82473
JOSEPH FANNIN
DBA JDMF LLC
1901 BLACKWOOD AVE
GOTHA FL 34734

SHIP TO
CODE COMPLIANCE DIVISION
789 PROVIDENCE BLVD.
BROOKSVILLE FL 34601

ORDER DATE: 11/18/24	BUYER: JENNA SWARTZMILLER	REQ. NO.: RQ250040	REQ. DATE: 10/01/24
TERMS: NET 30 DAYS	F.O.B.: DESTINATION	DESC.: CHANGE ORDER - 2	

ITEM#	QUANTITY	UOM	DESCRIPTION	UNIT PRICE	EXTENSION
			5/27/2025 Change Order No 2 - MP CONTRACT #22-T00032/TP CO #2 IS TO INCREASE LINE 2 TO ALLOW PAYMENT FOR ADDITIONAL INVOICES TO BE RECEVIED. INCREASDE LINE 2 $30,000; NEW LINE TOTAL 85,000 OLD PO TOTAL $69.999.99; NEW PO TOTAL $99,999.99 DEPARTMENT 01531-5304919 1531-5304919 2 30000.00 Impact: TO INCREASE PO TO ALLOW PAYMENT FOR ADDITIONAL INVOICES TO BE RECEVIED.		
02	30000.00	EA	TRASH/DEBRIS REMOVAL AND DISPOSALSERVICES, CONTRACT BLANKET PO FOR: PART II: SERVICES PRICING CONTAINED IN CONTRACT.	.0000	30,000.00

ITEM#	ACCOUNT	AMOUNT	PROJECT CODE
02	01531 5304919	30,000.00	

PAGE TOTAL $	30,000.00
TOTAL $	30,000.00

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APPROVED BY: _____
CHIEF PROCUREMENT OFFICER

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Option of Split Limits:	
(1.) Bodily Injury	$ 1,000,000 Per Person or $1,000,000 Per Accident

Hernando County Board of County Commissioners

Change Order Request

____ Add Line(s)	____ Cancel Outstanding Balance	X Increase/Decrease Funds
____ Delete Line(s)	____ Change Project Number	____ Increase/Decrease Blanket
____ Cancel Purchase Order	____ Change Account Number	____ Increase/Decrease Quantity

Today's Date: 05-28-2025
PO/Contract #: 25000342
Change Order Number: 2
Requisition Number: 25000342
Vendor's Name on PO: JOSEPH FANNIN
Department/Employee: JENNA SWARTZMILLER

Instructions: In the explanation, details of the request must be provided. All requests must include account number, line item number, project number, new purchase order total. Include details as if entering a new requisition. If change request is due to new agreements, quotes, projects, etc. necessary documents must be attached.

Explanation:

Justification: CONTRACT #22-T00032/TP
CO #2 IS TO INCREASE LINE 2 TO ALLOW PAYMENT FOR ADDITIONAL INVOICES TO BE RECEVIED.
INCREASDE LINE 2 $30,000; NEW LINE TOTAL 85,000
OLD PO TOTAL $69.999.99; NEW PO TOTAL $99,999.99
DEPARTMENT 01531-5304919

1531-5304919 2 30000.00

Impact: TO INCREASE PO TO ALLOW PAYMENT FOR ADDITIONAL INVOICES TO BE RECEVIED.

Department Approval: JAMES TERRY **Date:** 05-27-2025

Chief Procurement Officer: FRAN HALLET **Date:** 05-27-2025

BOCC Approval Date: _____
(BOCC Required per Purchasing 080E)

Revised May, 2012

Hernando County Board of County Commissioners

Change Order Request

____ Add Line(s)	____ Cancel Outstanding Balance	**X** Increase/Decrease Funds
____ Delete Line(s)	____ Change Project Number	____ Increase/Decrease Blanket
____ Cancel Purchase Order	____ Change Account Number	____ Increase/Decrease Quantity

Today's Date: 07-22-2025
PO/Contract #: 25000342
Change Order Number: 3
Requisition Number: 25000342
Vendor's Name on PO: JOSEPH FANNIN
Department/Employee: JENNA SWARTZMILLER

Instructions: In the explanation, details of the request must be provided. All requests must include account number, line item number, project number, new purchase order total. Include details as if entering a new requisition. If change request is due to new agreements, quotes, projects, etc. necessary documents must be attached.

Explanation:

Justification: CONTRACT #22-T00032/TP
CO #3 IS TO INCREASE LINE NUMBER 2 TO COVER RECEIVED INVOICE AND ALLOW TO COMPLETE OTHER CASES RECEIVED FROM CITIZEN
INCREASE LINE 2 $120,000.00; NEW LINE TOTAL $205,000.00
OLD PO TOTAL 99,999.99 NEW PO TOTAL $ 219,999.99
DEPARTMENT 01531-5304919

1531-5304919 2 120000.00

Impact: N/A
Background:N/A

Department Approval: JAMES TERRY **Date:** 07-22-2025

Chief Procurement Officer: _____ **Date:** _____

BOCC Approval Date: _____
(BOCC Required per Purchasing 080E)

Revised May, 2012

HERNANDO COUNTY
BUDGET AMENDMENT REQUEST FORM
FY 2025

REVENUE ACCOUNTS:

Account #	Account Name	Present Budget	Decrease	Increase	Amended Budget
					$0
					0
					0
					0
					0
					0
					0
					0
					0
	TOTAL	$0	$0	$0	$0

EXPENDITURE ACCOUNTS:

Account #	Account Name	Present Budget	Decrease	Increase	Amended Budget
0011-01531-5304919	OPR EXP-SPCL ASSESSMENTS	$120,000		$120,000	$240,000
0011-05981-5909999	BUDG RES/CASH FORWARD	$24,036,187	$120,000		$23,916,187
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
	TOTAL	$24,156,187	$120,000	$120,000	$24,156,187

Justification: Monies to cover outstanding invoices as well as 3 necessary cleanups connected to citizen complaints to be completed in FY 2025

Department Name: Code Enforcement **Department No.** 01531

APPROVAL SIGNATURES:

Department Head: [signature] **Date:** 7/23/25

Budget Officer: Albert Bertran **Date:** 7/30/2025

Legistar # / Mtg. Date: N/A

BUDGET OFFICE USE ONLY:
Fund # 0011 Department # 01531/05981 Verified By: ED Date Verified: 7/24/25 BA2025- 154

Revised: 9/30/24

SELECTION CRITERIA: orgn.yr='25' and orgn.key_orgn='01531' and account.acct='5304919' AND expledgr.yr = orgn.yr AND exp

YEAR	DEPARTMENT		ACCOUNT		BUDGET CONTROL ORGN/ACCOUNT	STATUS
	BUDGET	PERIOD EXPENSES	YTD EXPENSES	ENCUMBRANCES	BALANCE	
25	01531	CODE ENFORCEMENT	5304919	OPER EXP-SPCL ASSESSMENTS	01531 5304919	Active
	120,000.00	.00	63,947.69	36,052.30	20,000.01	

SELECTION CRITERIA: orgn.yr='25' and orgn.key_orgn='05981' and account.acct='5909999' AND expledgr.yr = orgn.yr AND exp

YEAR	DEPARTMENT		ACCOUNT		BUDGET CONTROL ORGN/ACCOUNT		STATUS
	BUDGET	PERIOD EXPENSES	YTD EXPENSES	ENCUMBRANCES	BALANCE		
25	05981	CONTINGENCIES RESERVE	5909999	BUDG RES/CASH FORWARD	05981	5909999	Active
	24,036,187.00	.00	.00	.00	24,036,187.00		

HERNANDO CO BOARD OF CO COMMISSIONERS
EXPENDITURE STATUS REPORT

SELECTION CRITERIA: expledgr.key_orgn='01531'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-0011 GENERAL FUND
DEPARTMENT-01531 CODE ENFORCEMENT
1ST SUBTOTAL-510 * PERSONAL SERVICES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5101200	SALARIES & WAGES-REGULAR	703,715.00	77,075.48	.00	511,094.49	192,620.51	72.63
5101212	SALARY-MARKET ADJUSTMENT	8,036.00	.00	.00	.00	8,036.00	.00
5101400	SALARIES & WAGES-OVERTIM	5,000.00	299.58	.00	1,283.02	3,716.98	25.66
5101501	SPECIAL PAY-STIPENDS	310.00	.00	.00	.00	310.00	.00
5102100	FICA TAXES-MATCHING	53,834.00	5,695.31	.00	36,830.41	17,003.59	68.41
5102200	RETIREMENT CONTRIBUTIONS	120,690.00	12,113.22	.00	77,266.46	43,423.54	64.02
5102300	LIFE & HEALTH INSURANCE	190,973.00	12,517.21	.00	138,970.78	52,002.22	72.77
5102400	WORKERS COMP PREMIUMS	11,535.00	1,132.26	.00	7,345.29	4,189.71	63.68
	TOTAL * PERSONAL SERVICES	1,094,093.00	108,833.06	.00	772,790.45	321,302.55	70.63
1ST SUBTOTAL-530 * OPERATING EXPENSES							
5303150	PROF SRV-SP MSTR/CODE EN	27,000.00	5,810.00	.00	24,972.19	2,027.81	92.49
5303154	PROF SRV-SP MSTR/SHERIFF	14,665.00	1,085.00	.00	10,185.00	4,480.00	69.45
5303401	CONTRACTED SERVICES	4,750.00	.00	.00	.00	4,750.00	.00
5304001	TRAVEL & PER DIEM	7,500.00	406.50	.00	603.38	6,896.62	8.05
5304101	COMM SVC,DEVICES,ACCESSR	5,844.00	403.49	.00	4,966.90	877.10	84.99
5304205	POSTAGE AND FREIGHT	46,500.00	.00	.00	10,399.17	36,100.83	22.36
5304401	RENTAL/LEASE-EQUIPMENT	1,994.00	128.23	805.67	1,154.07	34.26	98.28
5304405	RENTAL/LEASE-BUILDINGS	19,562.00	.00	.00	19,561.50	.50	100.00
5304501	INSURANCE & BONDS-PREMIU	14,695.00	.00	.00	8,378.68	6,316.32	57.02
5304602	REPAIR/MAINT-VEHICLES	8,822.00	.00	.00	10,854.97	-2,032.97	123.04
5304603	REPAIR/MAINT-EQUIPMENT	1,124.00	.00	.00	651.00	473.00	57.92
5304606	REPAIR/MAINT-SOFTWARE	19,882.00	.00	.00	19,974.59	-92.59	100.47
5304609	REPAIR/MAINT-RADIO COSTS	5,863.00	.00	.00	5,863.00	.00	100.00
5304701	PRINTING & BINDING	8,968.00	453.50	2,781.07	3,392.87	2,794.06	68.84
5304901	ADVERTISING-LEGAL	200.00	.00	.00	98.37	101.63	49.19
5304919	OPER EXP-SPCL ASSESSMENT	120,000.00	.00	36,052.30	63,947.69	20,000.01	83.33
5304922	FEES/COSTS-OTHER	1,100.00	140.00	.00	490.00	610.00	44.55
5304923	FEES/COSTS-FILING FEES	1,000.00	.00	.00	80.00	920.00	8.00
5304936	FEES/COSTS-TC COMMISSN	2,000.00	.00	.00	1,365.74	634.26	68.29
5304940	FEES/COSTS-PROP APPRSR	2,000.00	.00	.00	1,740.20	259.80	87.01
5304953	FEES/COSTS-FLT GPS TRCKN	6,780.00	.00	.00	3,710.00	3,070.00	54.72
5304955	FEES/COSTS-FLT CAP RECV	35,972.00	.00	.00	17,929.61	18,042.39	49.84
5304956	FEES/COSTS-FLT FCLTY AL	2,386.00	.00	.00	700.82	1,685.18	29.37
5304957	FEES/COSTS-FLEET/ADMIN	5,019.00	.00	.00	3,299.37	1,719.63	65.74
5304959	FEES/COSTS-BANK CHARGES	2,900.00	.00	.00	174.04	2,725.96	6.00
5304960	FEES/COSTS-SP MSTR/FILE	2,545.00	727.00	.00	2,492.50	52.50	97.94
5304965	FEES / COSTS-NEW HIRES	344.00	137.00	.00	654.59	-310.59	190.29
5304975	BAD DEBT EXPENSE ON A/R	7,000.00	.00	.00	.00	7,000.00	.00
5305101	OFFICE SUPPLIES	6,300.00	.00	.00	2,639.56	3,660.44	41.90
5305201	OPERATING SUPPLIES	1,000.00	.00	.00	352.94	647.06	35.29
5305202	GAS, OIL & LUBRICANTS	10,206.00	.00	.00	8,121.18	2,084.82	79.57
5305205	CLOTHING & UNIFORM APPRL	4,090.00	.00	.00	2,742.20	1,347.80	67.05
5305264	UNCAPITALIZED EQUIPMENT	6,492.00	.00	.00	.00	6,492.00	.00
5305274	UNCAP EQUIP-TECH	22,437.00	.00	.00	2,846.68	19,590.32	12.69
5305402	DUES AND MEMBERSHIPS	1,100.00	.00	.00	370.00	730.00	33.64

SELECTION CRITERIA: expledgr.key_orgn='01531'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-0011 GENERAL FUND
DEPARTMENT-01531 CODE ENFORCEMENT
1ST SUBTOTAL-530 * OPERATING EXPENSES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5305506	EDUC-TRAINING & TUITION	1,840.00	.00	.00	615.00	1,225.00	33.42
5305510	EDUC-TUITION REIMBURSEMN	9,600.00	.00	.00	.00	9,600.00	.00
	TOTAL * OPERATING EXPENSES	439,480.00	9,290.72	39,639.04	235,327.81	164,513.15	62.57
1ST SUBTOTAL-591 *TRANSFERS TO OTHER FUNDS							
5951210	TRNSF-HLTH SELF INS(5121	19,600.00	.00	.00	.00	19,600.00	.00
	TOTAL *TRANSFERS TO OTHER FUN	19,600.00	.00	.00	.00	19,600.00	.00
	TOTAL CODE ENFORCEMENT	1,553,173.00	118,123.78	39,639.04	1,008,118.26	505,415.70	67.46
	TOTAL GENERAL FUND	1,553,173.00	118,123.78	39,639.04	1,008,118.26	505,415.70	67.46
TOTAL REPORT		1,553,173.00	118,123.78	39,639.04	1,008,118.26	505,415.70	67.46

SELECTION CRITERIA: expledgr.key_orgn='05981'
ACCOUNTING PERIOD: 10/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-0011 GENERAL FUND
DEPARTMENT-05981 CONTINGENCIES RESERVE
1ST SUBTOTAL-590 * NON-OPERATING EXPENSES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5909910	BUDGET RES FOR CONTINGNC	910,986.00	.00	.00	.00	910,986.00	.00
5909981	BUDGET RES-STABILIZATION	3,701,354.00	.00	.00	.00	3,701,354.00	.00
5909999	BUDG RES/CASH FORWARD	24,036,187.00	.00	.00	.00	24,036,187.00	.00
	TOTAL * NON-OPERATING EXPENSE	28,648,527.00	.00	.00	.00	28,648,527.00	.00
	TOTAL CONTINGENCIES RESERVE	28,648,527.00	.00	.00	.00	28,648,527.00	.00
	TOTAL GENERAL FUND	28,648,527.00	.00	.00	.00	28,648,527.00	.00
TOTAL REPORT		28,648,527.00	.00	.00	.00	28,648,527.00	.00

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Health and Human Services
Prepared By: Veda Ramirez
Initiator: Veda Ramirez
DOC ID: 16163
Legal Request Number: 2025-409
Bid/Contract Number:

TITLE

Approval of The Palms at Spring Hill for Local Government Verification of Contribution for Florida Housing Finance Corporation Through State Housing Initiatives Partnership Program

RESULT:	**ADOPTED**
MOVER:	Ryan Amsler
SECONDER:	John Allocco
AYES:	Hawkins, Campbell, Allocco, Amsler and Champion

Local Government Contribution for Florida Housing Finance Corporation Multifamily Affordable Rental Housing Development/Rehabilitation Application

A. Applicant Information

1. Applicant Name: The Palms at Spring Hill, LLC
Must be a legally formed entity (i.e., limited partnership, corporation, etc.) qualified to do business in the State of Florida at the time of submission of application. Include a copy of the certificate of good standing from the Florida Secretary of State.
Address:
1408 N. Westshore Blvd, Tampa, FL 33607

Telephone: Stephen Bien (813) 731-1244

Alexis Pierre (561) 251-4652

Facsimile/email: steve@sohohousingpartners.com , Alexis@sohohousingpartners.com

2. If partnership, name of general partner(s):_____

_____

If corporation, name and title of executive officer: _____

_____

Address:_____

_____

Telephone: _____

Facsimile/email: _____

3. Developer Entity: Paces Preservation Partners, LLC

Relationship to Applicant: Developer

Address of Developer: 2730 Cumberland Blvd SE, Smyrna, GA 30080

Telephone: Stephen Bien (813) 731-1244

Alexis Pierre (561) 251-4652, Steven Bauhan (404) 597-3025

Facsimile/email: steve@sohohousingpartners.com , Alexis@sohohousingpartners.com, steven@pacesfoundation.org

Describe the Developer's involvement and ownership interest in this development:

Paces Preservation Partners, LLC ("PPP") will serve as the project's developer. A joint venture between The Paces Foundation, Inc. and Soho Housing Partners, LLC, PPP brings together deep expertise in affordable and workforce housing. The Paces Foundation, a nonprofit dedicated to community and workforce housing since 1991, has successfully developed over 5,000 units across multiple communities. Soho Housing Partners, a for-profit developer, specializes in affordable and workforce housing throughout the southeast.

Together, The Paces Foundation and Soho Housing Partners will lead all aspects of the development process, from securing financing and obtaining necessary approvals to managing construction and ensuring successful lease-up and long-term asset management. Their combined experience and commitment to quality housing will drive the success of this project.

4. Years of Affordable Housing Development Experience: 30+

5. Designated contact person (person with decision –making authority with whom the County will correspond concerning the application and Development) for Applicant/Borrowing Entity (not the consultant):

Stephen B. Bien, steve@sohohousingpartners.com, (813) 731-1244

Relationship to Applicant: Principal/Developer

Address of Developer:

2730 Cumberland Blvd SE, Smyrna GA 30080

Facsimile/email: steve@sohohousingpartners.com

5. Is there a consultant: Yes: ____ No: X

Name: _____
Company Name: _____
Address: _____
_____
Telephone: _____
Facsimile/Email: _____

6. For Applicant and Developer entities, attach a list of all general and limited partners and the officers, directors and shareholders of each as of the date of this application. Attached named "Spring Hill Entities".

7. Applicant's Federal Taxpayer Identification Number:
33-4720930

8. Is the Applicant or its general partner incorporated as a non-profit organization pursuant to Chapter 617, Florida Statutes? Yes: X No:

9. Is this a 501c (3) or 501c (4) non-profit organization pursuant to Section 42 of the Internal Revenue Code?

Yes: X No:

If yes, provide the following:

a. Attach evidence of non-profit status. Attached.

b. Describe the role of the non-profit organization in the development.

The Paces Foundation, Inc., a non-profit organization, will serve as a managing member of the developer entity for this project, actively contributing to all aspects of the development process.

c. Does the non-profit organization have an ownership interest, either directly or indirectly in the Development? Yes: X No: __

d. Attach the names and address of the governing board of the non-profit organization. Attached.

e. Is the purpose of the non-profit organization, in part, to foster low-income housing? If so, provide a copy of the Articles of Incorporation. Attached.

f. Year non-profit organization was incorporated: 1991

g. Is the non-profit affiliated with or controlled by a for-profit organization within the meaning of Section 42(h), Internal Revenue Code? Yes: ___No: X

If yes, name of For-Profit: _____

B. Development Information

---

1. Development Name: The Palms at Spring Hill

2. Development location and street address (indicate street names, city and zip code):

11323 County Line Road, Spring Hill, FL 34609

****If scattered sites, attach an additional page with the address of each site.***

3. Manager/Employee Units: Are there one or more manager or employee units in the development? Yes: ____No: X How Many? _____Unit Type: _____
If so, will each unit be occupied by an income-eligible manager/employee and included in the number of units set-aside? Yes: ____No: ____
Provide Unit Number(s): _____

4. Are there one or more model Units? Yes: ___No: X If yes, identify by unit number and type: _____

5. Utilities: Indicate which utilities are paid by the tenants.
Electric X Water ____Sewer ____Gas ____ Trash ____ Cable _____

6. Development Design:
Check the one design that best describes this development building style:
Garden X Duplexes _____Quads Single Family _____Townhouses X

7. Project Development Activity (check all applicable activity):
X Multi-Family Rental _____Supportive Housing
_____Single Room Occupancy _____Other (List): _____

8. Demographic Commitment per RFA:
X Family __Elderly (if Elderly, what is minimum age?) _____

9. Identify acreage or lot size of entire Development: 4.45 acres

10. Name of local jurisdiction where Development is located:

Unincorporated Hernando County X

City of Brooksville _____

11. Project Type: X New Construction _____Rehabilitation ____Other: _____

12. TOTAL Development/ Rehabilitation Costs: $34,836,066

13. Project Primary Target Market (Household Area Medium Income (AMI):

x Extremely Low (30% or less AMI)_____Very Low (31% - 50% AMI)

x Low (51%- 80% AMI) _____Moderate 1 (81% AMI-120% AMI)

14. Amount of County Contribution Funds Requested: $340,00

14a Total Project Funding Sources

FUNDING SOURCE/CONTRIBUTOR	AMOUNT
Hernando County Contribution	$340,000
9% Federal Tax Credit Equity	$22,352,765
Permanent Debt:	$11,500,000
Deferred Developer Fee	$643,301
TOTAL:	$34,836,066

15. Income Levels and Special Needs (Please complete table show actual number of units for the development occupants/beneficiaries.

Income Group	Number or Units
30% AMI or less AMI	16
31-50% AMI	
51-60% AMI	58
61-80% AMI	22
81-120% AMI	
TOTAL:	

Special Needs Population Category	Number of Units
Elderly	
Disabled (NotElderly)	10
Homeless	
Persons with HIV/AIDS	
Veterans	
Other:	
TOTAL	

C. Rental Assistance

1. Is rental assistance currently being provided for this development from other funding sources? Yes ____No X

2. If yes, please indicate what source, number of units receiving assistance and number of years on rental assistance contract:

_____

_____

_____

D. Resident Programs

1. Tenant Programs for ALL Applicants: In order to enhance the development and the quality of life for residents, tenant programs are encouraged.

Check all that apply and describe how each program will be provided. Attach additional pages if necessary.

____Day Care: _____

_____

____Health Care: _____

_____

_____

____Meals: _____

_____

_____

____Private Transportation for the Development: _____

_____

_____

X___Financial Counseling: Previously, we partnered with our Capital Partners to implement a year-long tailored financial literacy program designed specifically for our residents. This initiative provided access to online financial education courses with comprehensive, trackable participation metrics, ensuring that residents could monitor their progress and engagement. The partnership was highly successful, allowing participants to develop valuable financial skills at their own pace while receiving the necessary guidance and resources to improve their financial standing. We'd like to implement something similar for the residents of The Palms at Spring Hill Apartments.

2. Tenant Programs for Elderly Applicants:

____Assistance with Light Housekeeping, Shopping and/or Laundry:

_____

_____

____Manager on-call 24 hours per day: _____

3. Tenant Programs for Non-Elderly Applicants:

____Financial Incentive for assistance with purchasing a home: _____

_____

_____

X___Supportive Housing: We will designate at least 10 units as priority housing for individuals with disabilities, consistent with our approach at several of our other communities. We have reached out to multiple service providers, including The Arc, which offers individually tailored community-based and facility-based services for individuals with developmental disabilities. The Arc has a local office in Spring Hill and actively supports housing for individuals with disabilities. The Arc, a service provider, can assist us in receiving referrals for qualified residents with disabilities who are seeking housing. Additionally, we will ensure that our units are thoughtfully designed to meet the accessibility needs of these residents.

4. Any other Tenant Programs not otherwise addressed:

_____

_____

_____

E. Development Summary

1. Please provide a detailed narrative of proposed Development, including all amenities, total number of units (number of units per building, number of buildings in development), features and scope of work to be performed. Attach as an attachment.

2. Identify funding sought through FHFC, 9% tax credit, 4% tax Credit or other

We plan to request funding through the 2025 FHFC tax credit cycle. To maximize our chances of receiving an award, we will be responding to multiple RFAs. Please see below for the list of RFAs we intend to pursue in this 2025 round:

- ***RFA 2025-205 SAIL Financing Of Affordable Multifamily Housing Developments To Be Used In Conjunction With Tax-Exempt Bonds And Non-Competitive Housing Credits (Submission 10/27/2025)***
- ***RFA 2025-201 Housing Credit Financing For Affordable Housing Developments Located In Small And Medium Counties (Submission Date 11/18/2025)***

2. Provide Documentation to support property ownership or site control (i.e. Warranty Deed, Trust, Deed, or Letter of Intent to Acquire Property). Attached.

3. Appraisal Report and/or Hernando County Property Appraisers Report for each identified project Attached.

4. To be considered complete, the application must include a map of the proposed project/development area showing the development's location. If applicable, include proximity to community services, medical facilities, schools, shopping, major businesses

and employers. Attached.

5. Please provide Site Plan. Attached.

6. Please provide Development timeline.

Date	Milestone
June 16, 2025	Finalize Development Team (General Contractor, Architect, Civil, etc.)
July 7, 2025	Kick-Off Meeting with Development Team Members
November 18, 2025	Submit Full 9% LIHTC Application
January 9, 2026	Notification of Tax Credit Awards
June 1, 2026	Architect & Engineer Provide Plans for Review by City/County and PPP
July 10, 2026	Submit Plans to City/County for Permitting
July 30, 2026	Financial Closing (Equity, Construction, etc.)
July 31, 2026	Groundbreaking – Start of 18-Month Construction Schedule
January 2, 2028	Substantial Completion

7. Summary of how the project/development will be marketed, how the project will find tenants, and how the project will reach out to the local community.

Our project will be marketed with an integrated, neighborhood-based approach used in tandem with our experienced third-party property management company, United Apartment Group. Our approach leverages tested methodologies along with electronic methods of communication to extend outward into a broad universe with specificity on the eligible families for affordable housing.

To draw high-quality tenants, we will leverage a mix of internet listing websites (like AffordableHousing.com and social media), print publications (flyers, brochures, and signs), and face-to-face contact with neighborhood organizations, service providers (The Arc), and referral networks for low- to moderate-income households. The management team will also advertise units on local housing authority waiting lists when available and keep good working relations with case managers and social service agencies.

Community relations will begin several months before lease-up to establish early access to residents, community leaders, and organizations. This will include conducting information sessions, participating in community activities, and making progress reports to neighborhood associations, schools, churches, and civic groups. Our goal is not only to fill units with qualified tenants but also to establish a sense of ownership between the development and the surrounding community.

With previous projects, we have taken the extra step to work hand in hand with organizations within the neighborhood in the immediate area. As an example in the construction of The Legacy at Carr Heights, we worked with the Westside Community Land Trust to coordinate community information sessions so that residents within the neighborhood could become informed about the pending development and allow potential residents to complete their applications. Also, as it relates to our two new projects that are ongoing in Pensacola, Florida, we recently conducted a community meeting with the Mayor to make the local residents aware of the future housing inventory and how to apply. We have also reached out to Jerry Campbell the commissioner of our district where the parcel is located to schedule a community meeting to alert residents of the upcoming development.

Our leasing business prioritizes access, equity, and openness. Materials will be provided for leasing in more than one language if needed, and leasing staff will be trained in fair housing law and cultural sensitivity. We will also have a waitlist procedure so that we can promote timely and equitable leasing.

By utilizing both our local knowledge property management staff and the community networks, we would have the project well established within the community and serving the target population as needed.

8. Application packets must include the most recent 24 months audited financial statements and the current year approved budget. Attached.

9. Application packets must include the most recent 2 years Management Review and Physical Inspection Reports. Attached. Across all of our properties, we partner with experienced and highly sophisticated third-party property management firms. These teams ensure that day-to-day operations and regulatory compliance are handled with precision and professionalism. As a result, any compliance issues identified during physical inspections are typically minor, clerical in nature, and resolved promptly to maintain full regulatory adherence.

10. Please provide 3-5 References from Local Governments that provided funding to housing developments have been completed. Attached.

F. Certification (Original Signature Required)

The undersigned applicant certifies that the information in this application is true, correct and authentic. The applicant further certifies that (s)he is aware that if the County finds that the applicant or any of its affiliates has engaged in fraudulent actions or misrepresented facts on this application, this application will be disqualified and the applicant and its affiliates will be unable to participate in any County program for two (2) complete annual cycles inclusive of any interim cycles.

In applying for SHIP Program funds, the applicant has read, understands, and agrees to comply with 420.9071-420.9079 Florida Statutes and Rule 67-37 Florida Administrative Code, issued by the Florida Housing Finance Corporation. The applicant understands and agrees to abide by the provisions of the applicable Florida Statutes and County program rules and policies.

Official Signature of Applicant/Borrowing Entity

Renee Sandell Date: 4/23/2025

Name and Title (typed or printed) Renée Sandell, V.P.

Company The Palms of Spring Hill, LLC

Signature Witness Date: 4/23/25

Name and Title (typed or printed) Alexis Pierre, Associate

1702

1704

1705

The Palms at Spring Hill – Project Narrative

The Palms at Spring Hill ("the Project") is a thoughtfully planned, new construction development that will bring 96 high-quality residential units throughout 6 buildings to the growing community of Spring Hill, Florida. Situated on an approximately 4.45-acre undeveloped site at 11323 County Line Road, the Project will feature a mix of two- and three-story split-level garden-style walk-up buildings, designed to provide long-term, affordable housing for families in Hernando County.

The development's location offers a prime opportunity to meet the area's increasing demand for affordable family housing. Surrounded by a mix of retail, medical office, commercial, multifamily developments, and a nearby school, The Palms at Spring Hill has been designed to blend seamlessly with the existing neighborhood. The building and site design will echo the architectural character and community-oriented layout of other successful developments completed by Paces Preservation Partners across the Southeast and Mid-Atlantic regions.

Development Team

The Palms at Spring Hill is being led by Paces Preservation Partners, a seasoned development partnership between The Paces Foundation and Soho Housing Partners. This joint venture was formed to deliver high-quality affordable housing communities nationwide and brings deep experience in both new construction and preservation through the Low-Income Housing Tax Credit (LIHTC) program and other public/private sources.

The design team has been carefully selected to ensure the project meets the highest standards in both aesthetics and durability. Progress Design Studio, led by Michael Haynes, an architect well-known for his work on LIHTC projects, is serving as the lead architect. The civil engineering may be handled by Kimley-Horn, a top-tier engineering firm with deep experience in the Florida market or another one of our sophisticated engineering firms . The general contractor is yet to be finalized, though the development team works regularly with a network of trusted and experienced GCs throughout the state.

Architectural Vision

The exterior design of The Palms at Spring Hill will feature high-quality materials such as brick and fiber cement siding, enhanced with architectural detailing that promotes a welcoming, home-like environment. The buildings are designed to minimize common breezeways and corridors, with each apartment having a private entrance. This layout encourages a sense of ownership and personal space, creating a strong residential identity for families.

Unit sizes will be generous and designed to accommodate a range of household sizes. One-bedroom units will be approximately 968 square feet, while four-bedroom units will reach up to 1,580 square feet. Spacious layouts, ample storage, and modern finishes will ensure long-term appeal for residents.

Utilities and Infrastructure

Residents will be responsible for paying their own electric utilities, including heating, cooking, lighting, air conditioning, and hot water. The Project will cover water, sewer, and trash services.

The site will feature a single, secured entrance off County Line Road, designed to limit and control both pedestrian and vehicular access, enhancing resident safety. Additional safety measures will include enhanced lighting, security cameras, and well-defined property boundaries. On-site maintenance and management will be provided, with routine coordination with local law enforcement for nightly patrols. A third-party property management company will implement strict applicant screening, including comprehensive credit and background checks.

Unit Mix, Affordability, and Parking

The Project will consist of 96 units, designed for families earning a range of income levels (**30%-80% AMI**), with affordability targets consistent with the 9% LIHTC program administered by Florida Housing Finance Corporation. The planned unit mix includes one-, two-, three-, and four-bedroom apartments, with a strong emphasis on accommodating larger family households.

The below tables show the unit mix, set-aside mix, and contractual set-aside splits.

UNIT TYPE	PERCENT OF MEDIAN	NUMBER OF UNITS	GROSS SQ. FT.
1/1	30.00%	5	968
1/1	60.00%	16	968
1/1	80.00%	6	968
2/2	30.00%	6	1205
2/2	60.00%	25	1205
2/2	80.00%	7	1205
3/2	30.00%	4	1380
3/2	60.00%	14	1380
3/2	80.00%	8	1380
4/2	30.00%	1	1580
4/2	60.00%	3	1580
4/2	80.00%	1	1580
	TOTALS:	96	1,139

UNIT MIX:		
Unit Type:	# of Units:	Percent:
1/1	27	28.13%
2/1	38	39.58%
3/1	26	27.08%
5/2	0	0.00%
4/2	5	5.21%
	96	100.00%

UNIT MIX:		
Units at 30% AMI	16	16.67%
Units at 40% AMI	0	0.00%
Units at 50% AMI	0	0.00%
Units at 60% AMI	58	60.42%
Units at 80% AMI	22	22.92%
Market Rate	0	0.00%
	96	100.00%

HOUSING MIX:		
SECTION 8 RAD UNITS:	-	0.00%
EXEMPT	-	0.00%
LIHTC	-	0.00%
WF (LIHTC)	96	100.00%
WF (Non-LIHTC)	-	0.00%
Market	-	0.00%
RAD	-	0.00%
	96	100.00%

At least 192 surface parking spaces will be provided, meeting local code and the needs of a family-oriented community. In addition, the site is conveniently located near public transit, with multiple bus stops in close proximity to ensure residents have access to transportation options.

Resident Amenities

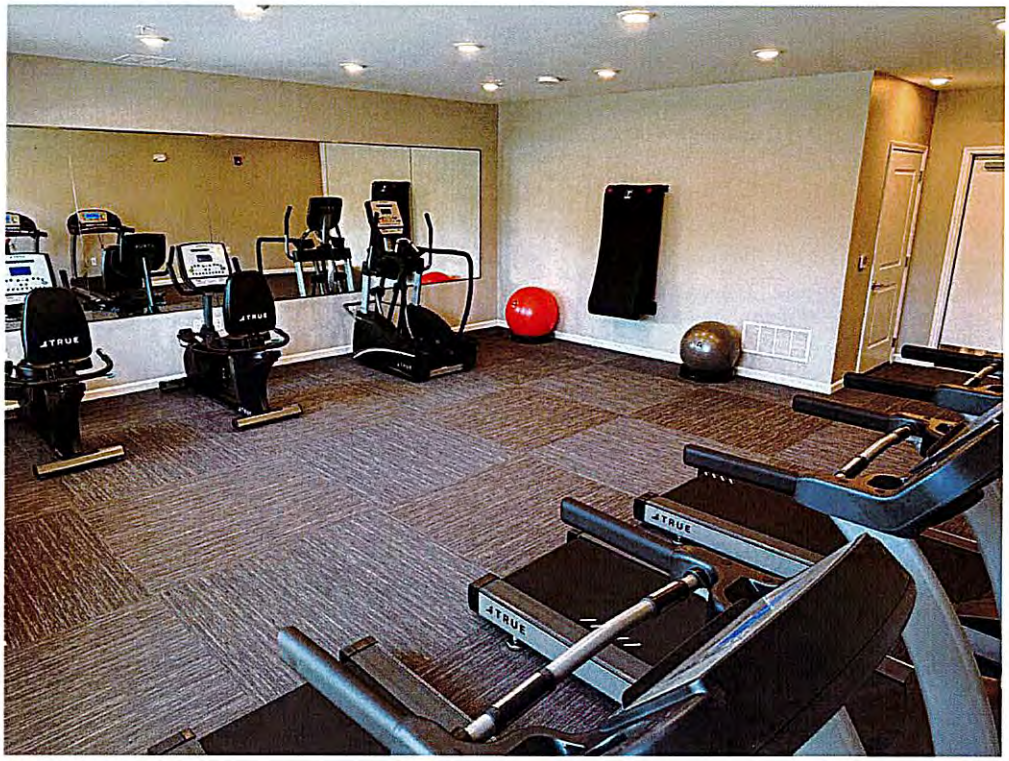
The Palms at Spring Hill will offer quality amenities designed to promote health, community, and quality of life. Planned **unit features** include:

- Energy Star-rated appliances
- Ceiling fans and built-in microwaves
- Granite countertops and upgraded cabinetry
- Covered entries and front porches
- Individual access pathways
- Ample storage and thoughtfully designed floor plans

Community amenities will foster a family-friendly environment and include:

- A secure, landscaped entrance
- A large playground with a padded tot lot and water feature
- Outdoor gathering areas with shaded seating
- A pavilion with BBQ facilities
- A resident clubhouse featuring a fitness/yoga studio, computer room, community meeting room, and Wi-Fi hotspot
- Laundry Facility / In unit hook ups

The site has been designed not only to meet regulatory standards but to exceed resident expectations by fostering a healthy, inclusive, and supportive environment.



The Legacy at Carr Heights (Charlotte, NC) Paces Preservation Partners Development

Final Summary

Paces Preservation Partners brings to the table a proven track record, deep expertise in affordable housing, and the financial strength needed to successfully deliver and operate The Palms at Spring Hill. The team is committed to long-term stewardship of the community, ensuring that the property remains a safe, vibrant, and sustainable place to live well beyond the initial 15-year tax credit compliance period.

We appreciate your consideration of this proposal and welcome any questions or requests for additional information. Thank you for the opportunity to bring this impactful development to Spring Hill.

The Palms at Spring Hill Entities

Family – The Palms at Spring Hill Apartments

- Owner/Borrower/Applicant: The Palms at Spring Hill, LLC

  GP Members: Spring Hill Services Corporation
  - The Paces Foundation, Inc.

  Soho Spring Hill, LLC
  - Member: Soho GP Holdings, LLC (Soho Housing Partners, LLC)

- Developer: Paces Preservation Partners, LLC
  - Developer Members: The Paces Foundation, Inc.
    Soho Realty Development, LLC (Soho Housing Partners, LLC)

The Paces Foundation, Inc. (non-profit)

Mark du Mas

Founding Member and President of The Paces Foundation since 1991, Mark is highly regarded among the pioneers of affordable housing and non-profit developers. His mission began shortly after the Tax Credit Reform Act of 1986, and he continues to bring innovation, enthusiasm, and high attention to detail to each new development. Mark has led The Paces Foundation to develop and own more than thirty communities throughout the Southeast. He founded and served as Chairman of the Board for the Georgia Affordable Housing Corporation, served on the State Trade Association of Non-Profit Developers, Catholic Housing Initiatives and Catholic Personal Care Homes. He is approved as an affordable Consultant, Owner and Developer. In 2021, Mark, along with Steve Bien and Kevin DiQuattro, exclusively partnered Soho Housing Services with The Paces Foundation to create Paces Preservation Partners toward the expansion of affordable housing opportunities.

Mark du Mas
President and Founder
770.431.9696 ext. 1
mark@pacesfoundation.org

Steven Bauhan

Steven Bauhan is the Chief Development Officer at Paces Foundation ("Paces"). Mr. Bauhan's responsibilities include supporting Paces Preservation's (Paces and SOHO Housing Partners) strategic plan by helping to grow and support the development pipeline from initial conception through construction, to lease up and stabilization. He is a real estate professional with experience in many aspects of affordable housing and mixed income markets including 9% and 4%

transactions, historic tax credit transactions, rural housing, public-private PHA transactions to include several RAD conversions. Prior to joining Paces, he was focused on supporting the affordable housing industry; his 15-year banking career culminated in leading the affordable housing division efforts at Cadence Bank and Bank OZK after having worked within Wells Fargo's Community Lending and Investment division. Mr. Bauhan arranged financial support for ~$2 Billion in affordable housing specific developments in the form of tax credit purchases, construction and permanent financing (4% and 9%), tax credit bridge financing, land loans, lines of credit, etc. During this time, he built deep relationships with GSE lenders, LIHTC equity syndicators and developers across the Southeastern United States. Prior to banking, Mr. Bauhan received a bachelor's degree from the University of Georgia's Terry College of Business and received his MBA in Economics at Georgia State University.

Steven Bauhan
Chief Development Officer
404-597-3025
steven@pacesfoundation.org

Renée Sandell

Renee has been active in the development, financing, construction and management of affordable housing since 1989 and has been involved in the development of more than 3,000 units nationwide. She is responsible for the financial procurement for all types of debt and syndication of tax credits for project equity as well as the foundation's internal operations. Renee oversees the development process from acquisition, site planning, financing and investor relations, to construction and stabilization. Renee has held a variety of senior roles in the industry, including First Vice President and Regional Development Director for Transom Development, a subsidiary of SunTrust. Her work at The Paces Foundation began as a development consultant in 2010 and she accepted a permanent position in 2015.

Renee Sandell
Vice President COO/Development Director
770.431.9696 ext. 5
renee@pacesfoundation.org

Lori McClure

Lori joined the Paces Foundation in 2015, following 19 years in multi-family property management, most recently, serving as Regional Vice President of Allied Orion Group. Her experience spans a broad range of asset types: senior, family, renovations, REIT, tax credit, and bond-financed communities. At Paces, Lori stays involved with the development team through stabilization. Throughout long term ownership, Lori works in support of management, equity

partners, state agencies and lenders to ensure financial goals, compliance, and reporting requirements are met.

Lori McClure
Director of Assets
770.431.9696 ext. 2
lori@pacesfoundation.org

Julius Ball

Julius Ball is the Physical Asset Manager for Paces Foundation. Julius performs property inspections, reviews capital plans and bids and interfaces with contractors on large scale and new construction projects. Having a UPCS/REAC certified inspector on staff assists Paces in identifying and addressing issues long before state agency audits. Julius has served as Regional Maintenance Supervisor for NMHC top management companies and has extensive experience in the renovation and implementation of capital projects.

Julius Ball Physical
Asset Manager
678.760.9590
julius@pacesfoundation.org

Teagan Livingstone

Teagan joined The Paces Foundation in January 2021 after studying at The University of Alabama and earning a degree in International Relations. Teagan plays a key role in preparing applications for financing, creating responses to Housing Authority RFQs/RFPs, assisting in credit underwriting and closings, and submitting draw requests for construction projects.

Teagan Livingstone
Development Coordinator
770.431.9696
teagan@pacesfoundation.org

Morgan Scarselleta Morgan has been with the Paces team for more than a decade which provides her with invaluable knowledge and skills to support operations and development. Morgan assists the team part-time in administration of accounts payable and receivables, internal and external communication, and project support.

Morgan Scarselleta
Administrative Assistant
770.431.9696
morgan@pacesfoundation.org

Anita Booker
Anita, the newest addition to the team, supports accounts payable and receivable administration, manages both internal and external communications, provides project support, and handles office operations. With over ten years of experience in administrative management and a background in business administration, Anita also brings more than 20 years of expertise in residential mortgage lending and real estate. She holds a certification in residential mortgage processing and is licensed by the Georgia Real Estate Commission.

Anita Booker
Office Manger
770.431.9696
anita@pacesfoundation.org

Soho Housing Partners, LLC

Stephen Bien
Steve Bien is a founder and President of Soho Housing Partners, LLC ("Soho"), a full-service development and consulting company operating within the affordable housing industry locally based in Tampa, Florida. Steve has experience with all aspects of affordable, market rate, and mixed income housing. His experience includes 9% and 4% transactions, 501c3 bonds, historic tax credit transactions, rural housing, public-private PHA transactions to include RAD conversions. Steve's focus is on working in partnership with non-profits and housing authorities in the preservation of their portfolios and using complex structuring to rehabilitate and grow their housing stock. Recent PHA transactions include the City of Cocoa Housing Authority, South Delta Regional Housing Authority, Savannah Housing Authority, the Housing Authority of Albany Georgia, Spartanburg Housing Authority, Delray Beach Housing Authority, Canton, MS Housing Authority, Columbia, SC Housing Authority, Northwest Georgia Regional Housing Authority and many others through his years as a developer, capital provider and consultant.

Stephen Bien
Soho Housing Partners President/Partner
813.731.1244
steve@sohohousingpartners.com

Kevin J. DiQuattro
Kevin has a combined twenty years of financial analysis and accounting experience that proceeded the last seven years in the affordable housing industry. Kevin's ranging affordable housing resume includes 9% and 4% transactions, tax-exempt bonds, 501c3 bonds, historic tax credit transactions, rural housing, and public private RAD conversions. Kevin has worked with

numerous housing authorities including Columbia Housing, The Florence County Housing Authority, South Delta Regional Housing Authority, Northwest Georgia Housing Authority, and The Buford GA Housing Authority. Prior to forming Soho, Kevin served more than eleven years with the Federal Bureau of Investigation (FBI), focusing on complex white-collar and accounting fraud, and was the recipient of The Department of Justice Director's Award for Superior Performance; was nominated for the FBI Director's Award. Kevin also served more than ten years with Raymond James as an Equity Research Analyst (Associate) and as the CFO of a multi-million dollar start-up company.

Kevin J. DiQuattro
Soho Housing Partners Founder, Partner
813.368.9423
kevin@sohohousingpartners

Jacob Wahlenmaier

Jacob has over 20 years of experience in the affordable housing industry, including leadership roles in project management, debt, equity closings and asset management. Jacob has closed over 100 tac credit investments totaling nearly 500 million in investor equity. Jacob has significant deal-structuring experience that includes combining low-income housing tax credits with other federal, state tax credits, assisted living, agency, GSE financing, and many other housing finance programs including HOME, AHP, 202 refinancing with both for-profit and not-for-profit sponsorship, IRP decoupling, HOPE VI, grants, ACC operating subsidy, Sections 8 and 811 rental subsidies. Jacob has also managed the workout/ restructuring of several troubled affordable housing projects including various housing authorities across the country. Jacob's main focus with Soho is completing draws, all aspects of financing, and leading the closing process for all projects.

Jacob Wahlenmaier
Soho Housing Partners
Executive Vice President
614.309.8226
jacob@sohohousingpartners.com

Sunita Khanal

Sunita is our newest team member and joined the team in August of 2023. Sunita has over 8 years of experience in retail banking, including management, auto loan, HELOC and personal loan processing, underwriting and closing. She took ownership of processing domestic and international wires while adhering to the protocols. Sunita's priority at Soho is to implement her business degree as well as her proven experience while working closely with the operation team to enhance the

efficiency of the draw department as well as closing administration to prepare required financing and closing aspects.

Sunita Khanal
Vice President of Operations
857.234.6679
sunita@sohohousingpartners.com

Lisa Tarantello

Lisa has over 31 years of Affordable Housing experience from her time with the Rochester Housing Authority (RHA). She has extensive knowledge of Public Housing, Intake, Leasing Operations, and Compliance. Lisa focused on establishing policies and procedures authority wide to maintain compliance with HUD. Lisa worked closely with the Board of Commissioners, Executive Staff, and Upper Management. Lisa has an extensive background in working with the transition of Public Housing Units to Rental Assistance Demonstrations (RAD). At Soho, Lisa works on preparing applications for financing, working with Housing Authorities as they transition to RAD through the preservation of existing housing or the development of new housing while maintaining HUD compliance.

Lisa Tarantello
Asset Manager
585. 739.1022
lisa@sohohousingpartners.com

Charles has over thirty-five years of experience as an architect and project manager. As an architect, he designed thousands of beds of student housing at universities across the country, then transitioned into multi-family housing as associate partner at HADP and vice president at HKS architects. In 2016, Mr. Poropatic transferred from consultant to owner joining EdR (acquired by Greystar) managing large projects totaling nearly $1 billion in construction costs. In addition to managing projects, he developed a package of design guidelines and standard unit plans to streamline the design and construction process, resulting in a long history of projects delivered in budget and on schedule. Mr. Poropatic focuses on problem solving, quality and constructability issues applying his field experience to supporting the overall development team.

Charles Poropatic
EVP/Construction Management
404-791-3522
charles@sohohousingpartners.com

Alexis Pierre

Alexis Pierre is a development associate with SoHo housing Partners located in the Tampa, FL office. Alexis began her affordable housing career as an intern for Avanath Capital Management, a real estate private equity firm focused on acquiring affordable and workforce housing communities across the United States. While at Avanath, she supported the firm's growth by assisting in the underwriting of new acquisition opportunities. Mrs. Pierre will be involved in all aspects of the development of affordable multifamily communities including placement of debt and equity, land acquisition, tax credit applications, deal structuring, and relationship management. Mrs. Ashley-Pierre received a Master of Real Estate Degree from University of Florida and Bachelor of Science degree from Florida A&M University.

Alexis Pierre
VP of Development
561-251-4652
alexis@sohohousingpartners.com

David Cribbs

David Cribbs brings over 23 years of experience in affordable housing and more than 30 years in real estate finance. His background spans all facets of investing and lending, from deal origination and closing to asset management, servicing, and disposition. Most recently, David spent eight years as a real estate underwriter, where he helped develop a bridge loan product for preserving affordable and workforce housing. In this role, he facilitated over $3.7 billion in loans across 200 properties, involving programs like low-income housing tax credits, Section 8, state lending, and real estate tax abatements. Before that, he dedicated 15 years to low income housing tax credit syndication, working as an independent consultant on secondary market transactions and in roles at an investment bank as manager of partnership dispositions, senior financial analyst for originations, and senior asset manager. David began his career with a seven-year tenure at a mortgage bank and special servicer, serving major investment banks and the FDIC. David holds a degree in finance and economics from The Ohio State University.

David Cribbs
EVP, Project Management
614.571.2551
david@sohohousingpartners.com

IRS DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CINCINNATI OH 45999-0023

Date of this notice: 04-22-2025

Employer Identification Number:
33-4720930

Form: SS-4

Number of this notice: CP 575 G

PALMS AT SPRING HILL
KEVIN DIQUATTRO SOLE MBR
1408 N WEST SHORE BLVD
TAMPA, FL 33607

For assistance you may call us at:
1-800-829-4933

IF YOU WRITE, ATTACH THE
STUB AT THE END OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 33-4720930. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

Taxpayers request an EIN for their business. Some taxpayers receive CP575 notices when another person has stolen their identity and are opening a business using their information. If you did **not** apply for this EIN, please contact us at the phone number or address listed on the top of this notice.

When filing tax documents, making payments, or replying to any related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear-off stub and return it to us.

A limited liability company (LLC) may file Form 8832, *Entity Classification Election*, and elect to be classified as an association taxable as a corporation. If the LLC is eligible to be treated as a corporation that meets certain tests and it will be electing S corporation status, it must timely file Form 2553, *Election by a Small Business Corporation*. The LLC will be treated as a corporation as of the effective date of the S corporation election and does not need to file Form 8832.

To obtain tax forms and publications, including those referenced in this notice, visit our Web site at www.irs.gov. If you do not have access to the Internet, call 1-800-829-3676 (TTY/TDD 1-800-829-4059) or visit your local IRS office.

(IRS USE ONLY) 575G 04-22-2025 PALM O 9999999999 SS-4

IMPORTANT REMINDERS:

* Keep a copy of this notice in your permanent records. This notice is issued only one time and the IRS will not be able to generate a duplicate copy for you. You may give a copy of this document to anyone asking for proof of your EIN.

* Use this EIN and your name exactly as they appear at the top of this notice on all your federal tax forms.

* Refer to this EIN on your tax-related correspondence and documents.

* Provide future officers of your organization with a copy of this notice.

Your name control associated with this EIN is PALM. You will need to provide this information along with your EIN, if you file your returns electronically.

Safeguard your EIN by referring to Publication 4557, Safeguarding Taxpayer Data: A Guide for Your Business.

You can get any of the forms or publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions about your EIN, you can contact us at the phone number or address listed at the top of this notice. If you write, please tear off the stub at the bottom of this notice and include it with your letter.

Thank you for your cooperation.

Keep this part for your records. CP 575 G (Rev. 7-2007)

Return this part with any correspondence so we may identify your account. Please correct any errors in your name or address.

CP 575 G

9999999999

Your Telephone Number ( ) -

Best Time to Call

DATE OF THIS NOTICE: 04-22-2025
EMPLOYER IDENTIFICATION NUMBER: 33-4720930
FORM: SS-4 NOBOD

INTERNAL REVENUE SERVICE
CINCINNATI OH 45999-0023

PALMS AT SPRING HILL
KEVIN DIQUATTRO SOLE MBR
1408 N WEST SHORE BLVD
TAMPA, FL 33607

The Paces Foundation Inc.'s Mission Statement

The Mission Statement and Purpose of The Paces Foundation Inc. is described under Article I of the Bylaws. It is attached on the following page.

BYLAWS OF

THE PACES FOUNDATION, INC.
a Georgia Nonprofit Corporation

ARTICLE I

PURPOSES & OFFICES

Section 1.1. The purposes for which the Corporation is formed are the following:

(A) The Corporation is organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code (or the corresponding provision of any future United States Internal Revenue Law).

(B) This Corporation is not organized and shall not be operated for pecuniary gain or profit. No part of the property or net earnings of the Corporation shall inure to the benefit of or be distributable to its directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein. The Corporation shall not carry on propaganda, or otherwise attempt to influence legislation to such extent as would result in loss of its exemption from federal income tax under Section 501(c)(3) of the Code, and the Corporation shall not participate in, or intervene in (including publication or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code (or the corresponding provision of any future United States Internal Revenue Law) or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code (or the corresponding provision of any future United States Internal Revenue Law).

(C) The specific endeavors of the Corporation shall include, but are not limited to, the following purposes and objectives:

1. To assist in and stimulate the production of homes for the poor;

Exhibit C

2. To raise capital to facilitate the production of low-cost housing;

3. To learn, use and transfer physical and building system techniques to reduce the cost of producing housing, while ensuring quality;

4. To manage the properties in a manner sensitive and responsive to the unique problems confronting under-advantaged citizens;

5. To provide housing beyond the needs of the poor, to include the elderly, frail and handicapped;

6. To develop housing in a neighborhood context--- with the goal of building community pride by tenant participation;

7. To use improved housing as a platform to help the underadvantaged;

8. To design all of our communities to be spacious and attractive with amenities necessary to allow the community to flourish; and,

9. To provide tenant support services and education to assist in an improved quality of life.

Section 1.2. The Corporation shall at all times maintain a registered office in the State of Georgia and a registered agent at that address, but may have other offices located within or without the State of Georgia as the Board of Directors shall determine.

ARTICLE II

MEMBERS

Section 2.1. Annual Meeting. The annual meeting of the members of the Corporation shall be held on February 15 in each year, if not a legal holiday, and if a legal holiday then the next succeeding day not a legal holiday, for the purpose of electing directors to succeed those whose terms shall have expired.

Section 2.2. Special Meetings. Special meetings of the members may be called at any time for any purpose or purposes by

The Paces Foundation, Inc. Board Members

Julie Bowen, CPA
Director of Finance Suzanne Kasler Interiors
1064 Blalock Lakes Drive,Newnan, GA 30305
404-355-1035
Member since 2005 – 18 Years

Robert Ryan, MBA
MAI Director
Real Estate Appraiser and Consultant BBG
1349 West Peachtree Street, Suite 900
Atlanta, GA 30309
Member since February 2021 – 2.5 Years

Betty Jones, (Qualifying Income Rep) Minister
Litway Missionary Baptist Church 2335 Shell Road
Savannah, GA 31404
Member since 2005 – 18 Years

State of Florida
Department of State

I certify from the records of this office that THE PACES FOUNDATION, INC. is a Georgia corporation authorized to transact business in the State of Florida, qualified on July 12, 2010.

The document number of this corporation is F10000003112.

I further certify that said corporation has paid all fees due this office through December 31, 2025, that its most recent annual report/uniform business report was filed on January 10, 2025, and that its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.

Given under my hand and the Great Seal of the State of Florida at Tallahassee, the Capital, this the Twenty-first day of April, 2025

Secretary of State

Tracking Number: 4453465669CU

To authenticate this certificate,visit the following site,enter this number, and then follow the instructions displayed.

https://services.sunbiz.org/Filings/CertificateOfStatus/CertificateAuthentication

PACES FOUNDATION
AND ITS WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

PACES FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Paces Foundation

Opinion

We have audited the accompanying consolidated financial statements of Paces Foundation (a not-for-profit organization) and its wholly owned subsidiaries, which comprise the consolidated statement of assets, liabilities, and net assets - income tax basis as of December 31, 2022, and the related consolidated statements of revenue and expenses - income tax basis, changes in net assets - income tax basis, and cash flows - income tax basis for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Paces Foundation as of December 31, 2022, and its revenue and expenses, changes in its net assets, and cash flows for the years then ended in accordance with the basis of accounting Paces Foundation uses for income tax purposes, as described in Note A.

We did not audit the financial statements of Paces St. Mary, LLC, a wholly owned subsidiary, which statements reflect total assets of $45,502,784 of the consolidated total assets at December 31, 2022 and total revenues of $5,083,839 of the consolidated total revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us and our opinion, in sofar as it relates to the amounts included for Paces St. Mary LLC is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Paces Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the basis of accounting Paces Foundation uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting described in Note A; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Paces Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Paces Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Aprio, LLP

Atlanta, Georgia

December 29, 2023

PACES FOUNDATION
CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - INCOME TAX BASIS
DECEMBER 31, 2022

ASSETS

Current assets	
Cash and cash equivalents	$ 7,980,918
Accounts receivable	181,726
Prepaid expenses	596,841
Total current assets	8,759,485
Restricted deposits and funded reserves	
Tax and insurance escrows	221,891
Tenant security deposit escrows	123,743
Operating and replacement reserves	1,115,058
	1,460,692
Program service investments	
Land held for development	1,206,072
Grant funds advanced to partnerships	3,612,215
Advances to wholly-owned subsidiaries	6,381,733
Advances to affiliated entities	5,709,159
	16,909,179
Property and equipment, at cost	
Land	5,568,981
Office building	611,881
Rental apartment buildings	50,198,926
Furniture and fixtures	1,094,772
	57,474,560
Accumulated depreciation	(6,409,865)
	51,064,695
Other assets	
Note receivable, including interest of $78,760	1,978,815
Development fee receivables	2,007,640
Deferred charges, net of amortization of $349,357	1,568,408
	5,554,863
	$ 83,748,914

See independent auditors' report and accompanying notes

PACES FOUNDATION
CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - INCOME TAX BASIS
DECEMBER 31, 2022

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	$ 59,311
Accrued interest	295,971
Accrued expenses	122,279
Security deposits liabilities	112,409
Mortgages payable, current portion	860,916
Total current liabilities	1,450,886
Other liabilities	
Deficit basis of investment in partnerships	821,876
Mortgages payable, net of current portion	57,967,105
Accrued interest on subordinated debt	1,882,407
	60,671,388
	62,122,274
Net assets	
Net assets without donor restrictions	21,626,640
Net assets with donor restrictions	0
	21,626,640
	$ 83,748,914

See independent auditors' report and accompanying notes

PACES FOUNDATION
STATEMENT OF REVENUES AND EXPENSES - INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Public support	
Affordable housing program grants earned	$ 223,099
Contribution, gifts and grants	166,030
Program service revenues	
Development fees	661,928
Asset management fees	214,877
Rental income	5,486,108
Interest and dividend income	320,478
Section 1602 grant income	17,917
Income (loss) from partnerships	(346,072)
Gain (loss) on sale of investments	(88,900)
Miscellaneous income	183,860
Total public support and program revenues	6,839,325
Program service expenses	
Contributions to charities	13,602
Affordable housing operations:	
Rental property operating expenses	2,838,584
Mortgage interest on rental property	3,381,059
Depreciation and amortization	1,440,425
Affordable housing development:	
Salaries and benefits	1,010,246
Consulting fees	236,728
Unrecoverable development costs	601,583
Legal and professional	91,279
Travel and entertainment	77,137
Other expenses	74,129
Total program service expenses	9,764,772
General and administrative	
Salaries and benefits	776,502
Office expenses	33,516
Occupancy costs	29,658
Telephone	8,630
Mortgage interest	99,853
Taxes and licenses	78,979
Depreciation and amortization	15,505
Other expenses	206,300
Total general and administrative	1,248,943
Total expenses	11,013,715
Changes in net assets without donor restrictions	$ (4,174,390)

See independent auditors' report and accompanying notes

PACES FOUNDATION
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS - INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Total Net Assets
Ending balance, December 31, 2021	$ 0	$25,801,030	$25,801,030
Changes in net assets	0	(4,174,390)	(4,174,390)
Ending balance, December 31, 2022	$ 0	$21,626,640	$21,626,640

See independent auditors' report and accompanying notes

PACES FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS - INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities	
Changes in net assets without restrictions	$ (4,174,390)
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation and amortization	1,455,930
Amortization of debt issuance costs	92,279
Section 1602 and AHP grants earned	(241,016)
Net income (loss) from partnerships	346,072
Net gain (loss) from sale of investments	88,900
(Increase) decrease in assets:	
Accounts receivable	(4,449)
Development fees receivable	2,250,862
Prepaid expenses	(526,866)
Increase (decrease) in liabilities:	
Accounts payable	14,421
Accrued interest	1,093,482
Accrued expenses	(3,277)
Security deposits	1,261
Total adjustments	4,567,599
Net cash provided by operating activities	393,209
Cash flows from investing activities	
Purchase of land held for development	(1,206,072)
Purchase of rental property and equipment	(134,320)
Distributions received from partnerships	1,388,098
Increase in investment in subsidiaries	(889,167)
Increase in notes receivable	(844,260)
Advances to affiliated entities	200,036
Net cash used by investing activities	(1,485,685)
Cash flows from financing activities	
Borrowings on mortgage notes	1,381,395
Principal payments on mortgage notes	(787,486)
Increase in deferred financing fees	(521,036)
Net cash provided by financing activities	72,873
Net increase (decrease) in cash, cash equivalents and restricted cash,	(1,019,603)
Cash, cash equivalents and restricted cash, beginning	10,461,213
Cash, cash equivalents and restricted cash, ending	$ 9,441,610
Supplemental disclosure of cash flow information	
Cash paid during the year for interest expense	$ 2,387,430

See independent auditors' report and accompanying notes

PACES FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS
DECEMBER 31, 2022

Note A
Organization and Summary of Significant Accounting Policies

The Paces Foundation (a not-for-profit organization) was formed on May 14, 1991, to develop, lease, operate, manage and maintain affordable rental housing for low to moderate-income residents.

The Organization has formed certain wholly-owned limited liability companies that are disregarded entities for tax filing purposes and their assets, liabilities, net assets and operating results have been consolidated with the Paces Foundation for tax reporting purposes.

Name	Name
Galleria Mountain LLC	Gateway Townhomes of St. Joe LLC
Paces St. Mary LLC	Etowah Limited Partner LLC
Post Oconee Springs Services LLC	Post Nantahala Services LLC
Oconee II Limited Partner LLC	Las Brisas Apts Limited Partner LLC
Autumn Ridge Limited Partner LLC	

Galleria Mountain LLC owns and operates the office building occupied by the Organization. Gateway Townhomes of St Joe LLC and Paces St. Mary LLC own and operate multifamily apartment facilities for low-income persons in accordance with the Organization's charitable purpose. The remaining disregarded entities listed above act as replacement limited partners in related operating partnerships which also own and operate multifamily apartment facilities for low-income persons and have substituted in place of an exiting investor limited partner following the end of the low-income credit compliance period.

The Organization has also acted as a sponsor of certain other not-for-profit organizations, which are listed below.

Name	Name
Rosewood Cordele Development Inc.	Waterford Dublin Development Inc.
Galleria Senior Manor Development Inc.	

The not-for-profit organizations listed above were formed to construct, own, operate and maintain rental apartment facilities for low to moderate income families and the elderly persons. The not-for-profit entities were sponsored by the Paces Foundation but are separately organized not-for-profit entities and each files its own Form 990 for tax reporting. These not-for-profit entities have not been included in the accompanying income tax basis financial statements of the Paces Foundation as of December 31, 2022.

The Organization is also the sole shareholder of various wholly owned corporate subsidiaries, which are listed below.

Name	Name
Etowah Services Corporation	Oconee Services Corporation
Nantahala Services Corporation	Las Brisas Services Corporation
Oconee II Services Corporation	Sequoyah Services Corporation
Mineral Springs Services Corporation	Autumn Services Corporation
Montgomery Landing General Partner LLC	Timber Chase Services Corporation
Enota Services Corporation	Campbell Creek Services Corporation
Pines by the Creek Services Corporation	Georgia Pine Ridge Services Corporation
Whitehall Apartments Services Corporation	Whitehall Manor Services Corporation
Shoal Creek Services Corporation	Panama Commons Services Corporation
Highland Manor Services Corporation	Las Brisas Manor Services Corporation
Lamar Memphis Services Corporation	Fairfield Manor Services Corporation
Meadowhill Estates Services Corporation	Taylor Court Services Company LLC
Downing Court Services Company LLC	Oxford Court Services Company LLC
Century Park Services Corporation	Brownsville Manor Services Corporation
Tupelo Park Services Corporation	Sydney Lanier Apartments GP LLC
Pinecrest West Services Corporation	

Note A
Organization and Summary of Significant Accounting Policies (Continued)

The corporate entities listed above act as the general partners of various limited partnerships that own and operate multifamily rental apartment facilities for low to moderate income families and elderly persons. The general partner entity typically owns no more than 1% of the partnership. These are separate legal entities and each entity files its own corporate tax return and, therefore, have not been included in the accompanying income tax basis financial statements of the Paces Foundation as of December 31, 2022.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting used for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The primary differences between the U.S. income tax basis of accounting and GAAP consist of the following: (i) the Organization did not consolidate its wholly owned subsidiaries and the related partnerships where the wholly owned subsidiary acts as controlling general partner; (ii) direct write-off of bad debts instead of reserve; and (iii) depreciation is provided over the statutory lives of the property as determined by the Internal Revenue Code.

Property Held for Development:

Property held for future development is carried at the lower of cost or net realizable value. If properties are not being actively developed, holding costs are expensed as incurred.

Accounting for Investments in Partnerships:

The Organization accounts for its material investments in associated partnerships using the equity method of accounting.

Property and Equipment:

Property and equipment are carried at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation on the rental apartment buildings is provided using the straight-line method utilized by the partnership over estimated lives of twenty-seven to forty years. The depreciation expense on the rental properties controlled by the Organization was $1,440,425 for the fiscal year ended December 31, 2022.

Depreciation on the office building is provided using the straight-line method over the 40 year estimated life of the structure. Depreciation on the furniture, fixtures and equipment is provided using the straight-line method over their estimated useful life, which is five to seven years. The depreciation expense on the office building and the furniture and equipment utilized by the Organization was $15,505 for the fiscal year ended December 31, 2022.

Revenue Recognition:

Contributions, grants and gifts from individuals and organizations are recognized when received unless there are ongoing obligations that must be fulfilled. Affordable Housing Program grants and Section 1602 grants will be recognized ratably over their commitment period. Development fees have been recognized as earned unless a material contingencies to collection remains. If either the amount or the date of collection is contingent upon certain unpredictable factors, the fees will be recognized upon receipt or the elimination of the uncertainty.

Note A
Organization and Summary of Significant Accounting Policies (Continued)

Contributions:

The Organization reports gifts of cash and other assets 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Expenses:

The Organization's program service activity is the promotion, development and construction of affordable housing projects for low-income individuals and families. The Organization currently has two functional areas and has presented its expenses in the statement of activities in these two areas. Accordingly, certain costs have been allocated among the program service expenses and the general and administrative based on an allocation of employee's time and on usage of resources. The Organization currently does not conduct any fundraising activities and does not incur any costs resulting from fundraising.

Use of Estimates:

Management uses estimates and assumptions in preparing these financial statements in accordance with the income tax basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Income Taxes:

The Organization is organized and operated exclusively for charitable, not-for-profit purposes. The Organization has been classified as a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Organization annually files its Form 990PF with the Internal Revenue Service. The Internal Revenue Service has, in prior years, issued its determination letter reflecting that the Paces Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no income tax provision has been included in the financial statements.

The Organization is no longer subject to income tax examinations for calendar years up to and including 2018.

Note B
Reconciliation of Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the consolidated statement of cash flows.

Cash and cash equivalents	$ 2,623,281
Mutual funds and marketable securities	5,357,637
Restricted escrows and funded reserves	1,460,692
Total cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows	$ 9,441,610

Mutual funds and marketable securities are reported at their cost basis for tax reporting. All equity and debt securities are considered to be available for sale securities.

Note C
Restricted Deposits and Funded Reserves

The Organization's two disregarded operating multifamily rental apartment entities, Gateway Townhomes of St. Joe LLC and Paces St. Mary LLC, have funded various restricted accounts as required by their mortgage loan agreements. These funds are held for future use by the entities in accordance with the terms and conditions of their respective loan agreements. The mortgage escrows and reserves as of December 31, 2022, are comprised of the following:

Tax and insurance escrows	$ 221,891
Tenant security deposits	123,743
Operating and reserve for replacement	1,115,058
	$ 1,460,692

Note D
Advances to Wholly-Owned Subsidiaries

The Organization has advanced funds to certain of its wholly-owned corporate subsidiaries to provide funding to meet development and operational guarantees and commitments to the various affiliated operating affordable housing partnerships sponsored by the Organization. These advances which total $6,381,733 as of December 31, 2022, are non-interest-bearing demand obligations that the Organization anticipates will be repaid from future project cash flow from operations or a future capital event of the respective operating partnership. The wholly owned subsidiaries of The Paces Foundation are the managing general partners of certain partnerships that own and operate rental apartment facilities for low and extremely low income families, individuals, and elderly seniors.

Note E
Advances to Affiliates

The Organization has advanced funds to various affiliated development entities for predevelopment expenses and other project development related obligations. The advances totaling $5,709,159 as of December 31, 2022, respectively, are non-interest bearing demand obligations that the Organization anticipates will be repaid upon the initial closing of each project's construction financing or from future project operations. Should the Organization determine that a project is not feasible for future development any unreimbursed advances are expensed.

Note F
Notes Receivable

The Organization has entered into an agreement with Soho Housing Partners LLC ("Soho") whereby the Organization will provide funding to Soho during the predevelopment stage of certain affordable housing developments that will be jointly sponsored and developed by the Paces Foundation and Soho Housing Partners LLC. Paces will be the 51% managing member of each development jointly sponsored by the two entities. Soho has executed a promissory note and has borrowed $1,900,055 as of December 31, 2022, from the Organization. Accrued interest of $78,760 was due as of December 31, 2022. Soho has agreed to repay outstanding principal and interest in minimum monthly installments of $25,000 beginning June 1, 2024. If the note has not been repaid in full by August 1, 2025, the minimum monthly installments will become $50,000. In all events the note and any accrued interest must be fully repaid in full no later than December 31, 2026. The note is secured by the guarantees of the principals of Soho Housing along with a collateral interest in any fees or distributions from the development projects.

Note G
Investments in Partnerships

The Organization formed single-member disregarded entities which have been admitted as limited partners in the affiliated operating partnerships. The entities listed below were admitted as replacement limited partners for the original tax credit investment partners and assumed the investors 99% interest in the respective partnership. As of December 31, 2022, the ending partner equity (deficit) account balance is as follows:

Post Nantahala Services LLC	$ 308,941
Panama Commons LLC	2,250,264
Las Brisas Apartments Limited Partner LLC	(2,048,485)
Autumn Ridge Limited Partner LLC	(1,332,596)
	$ (821,876)

Note H
Mortgages Payable

Mortgages and notes payable consist of the following for the year ended December 31, 2022:

Debts related to Office Building:		
Ameris Bank - Line of Credit in the maximum amount of $2,880,000, payable interest only prior to maturity on September 17, 2025; interest rate floats at the bank's prime rate plus 2.5%, currently 6.25%. The outstanding balance is secured by real estate.	Cumberland Parkway Site	$ 0
Debts related to Land held for Development:		
Promissory note payable interest only prior to maturity on July 1, 2024; bears interest at 6.5% per annum; secured by land acquired for development.	Roof Street Development	839,694
Promissory note payable interest only prior to maturity on July 1, 2024; bears interest at 6.25% per annum; secured by land acquired for development.	Roof Street Development	541,701
Debts related to Operating Rental Properties:		
Amortizing mortgage loan with unrelated lender, bearing interest at 5.5% to be repaid in monthly installments of $7,573 with maturity on August 16, 2035. Outstanding balance is secured by the rental property.	Gateway Townhomes	1,087,590
Non-amortizing mortgage loans provided by the Florida Housing Finance Corporation and Gulf County, Florida. The loans are non-interest bearing obligations that will mature in 2036 following the end of the affordability period. Outstanding balance is secured by the rental property.	Gateway Townhomes	5,657,253
Promissory note with unrelated lender, bearing interest at 3.05% to be repaid in monthly installments of interest only over a 40 year term. Interest only payments are due through December 31, 2024 with the quarterly principal payments effective January 1, 2024 until maturity on December 1, 2058. Outstanding balance is secured by the rental property.	Paces St Mary	44,025,000

Note F
Mortgages Payable (Continued)

Secondary bridge loan financing bearing interest at the rate of 17.5% per annum. Interest only payments are due over the term of the loan. The entire unpaid principal and any unpaid interest shall be due upon maturity on January 1, 2025. Accrued interest as of December 31, 2022 totaled $1,882,407. Outstanding balance is secured by the rental property.	Paces St Mary	6,676,783
Total mortgages payable		$ 58,828,021

Mortgages and notes payable will mature as follows:

Current portion		
2023		$ 860,916
Long-term portion		
2024	$ 788,887	
2025	6,984,976	
2026	329,247	
2027	350,348	
2028 - thereafter	49,513,647	
		57,967,105
		$ 58,828,021

Note I
Contingencies

The Organization has also received grant funding of $5,349,260 under the affordable housing program of the Federal Home Loan Bank. The funding was received from member banks pursuant to grant agreements to partially finance the construction and development of qualified affordable multifamily housing. Under the terms of the agreements, the grants are deferred loans, meaning that payments are deferred so long as the Organization meets and satisfies the conditions and requirements as set forth in the agreements and unless there is a recapture event or an event of default, all payment obligations cease after the expiration of a twenty year compliance period. The following projects have received grant funding under the program and have the remaining deferred obligations as of December 31, 2022:

Mineral Springs L.P.	$ 25,000
Sequoyah Village L.P.	31,996
Enota Village L.P.	104,167
Campbell Creek L.P.	36,137
Pines by the Creek L.P.	10,915
Georgia Pine Ridge L.P.	147,917
Rosewood Estates Inc.	227,500
Waterford Estates Inc.	240,241
Highland Manor L.P.	235,417
Las Brisas Manor L.P.	210,417
	$ 1,269,707

Note J
Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions: Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also included assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions: Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

None of the Organization's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as net assets without donor restriction.

Note K
Commitments

The Paces Foundation has agreed to provide certain guarantees to unrelated third parties involved as lenders or as investors in the real estate developments sponsored by the Organization. The current outstanding guarantees are as follows:

Real Estate Mortgage Notes:

The Paces Foundation has agreed to repay, in the event of default, certain outstanding obligations to related entities that the Organization has sponsored in the development of affordable housing. The Organization has made these guarantees to facilitate the financing of the related housing projects operated for the benefit of low-income tenants. These guarantees must be funded upon the default of the borrower entity and notice of such default to Paces. These guarantees are limited to the outstanding balance of the mortgage note. There have been no defaults by the sponsored borrower entities and no obligations currently exist.

Construction Completion Guarantees:

The Paces Foundation has agreed to certain guarantees related to the construction completion of the housing projects for which the Organization is the general partner and developer. The Organization has made these guarantees to facilitate the financing and construction of the related projects which will be operated for the benefit of the low-income residents. The Organization has agreed to fund, if any, the construction costs and operating shortfalls incurred in excess of the available financing sources to the Partnerships upon the closing of the permanent stage financing for these projects. The Organization currently has construction completion guarantees outstanding related to the following partnerships which are in the construction and stabilization stages as of December 31, 2022:

Tupelo Park L.P.
West Boulevard Historic Preservation LLC
Sydney Lanier Apartments LLC

Note K
Commitments (Continued)

Operating Deficit Guarantees:

The Paces Foundation has agreed to fund the related partnership up to the maximum amount to cover cash shortfalls in project operations. These guarantees must be funded upon receipt of a request from the Partnership, and the obligations are capped at the amounts reflected below. The Organization has not been requested to provide funding under any of the guaranty obligations as of December 31, 2022.

	Maximum Obligation
Panama Commons LP	$ 442,000
Brownsville Manor LP	$ 330,000
Tupelo Park LP	$ 215,228
Sydney Lanier Apartment LLC	$ 1,026,281
West Boulevard Historic Preservation LLC	$ 976,135

Tax Credit Adjuster Guarantees:

In accordance with certain partnership agreements, The Paces Foundation has agreed to fund a percentage of any low-income-housing tax credits that might be lost by the respective partnership. The credit reduction could occur if the Partnership fails to spend an adequate amount on project development costs or fails to operate the Project in accordance with tax credit guidelines. The tax credit guidelines of IRC Section 42 require the Partnership to rent to eligible tenants at certain restricted rent amounts for a term of fifteen years from the placed in service date of the buildings.

Note L
Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains cash at two commercial banks, these balances can at times exceed the FDIC insured deposit limit of $250,000 per financial institution. At December 31, 2022, the Organization's cash balances held at the commercial bank exceeded the FDIC limit by $1,625,907. The Organization has not experienced any losses in these accounts through the date when the financial statements were available to be issued.

Note M
Liquidity and Availability

The Organization has $11,042,644 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash and cash equivalents of $7,980,918, accounts receivable of $181,726, and an available line of credit balance of $2,880,000 as of December 31, 2022. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position.

Note N
Subsequent Events

Management evaluated subsequent events through December 29, 2023, when the financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of assets, liabilities, and net assets - income tax basis date, but prior to the filing of this report, that would have a material impact on the financial statements.

THE PACES FOUNDATION, INC.
AND ITS WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

THE PACES FOUNDATION, INC.

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Aprio
Passionate for what's next

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Paces Foundation, Inc.

Opinion

We have audited the accompanying consolidated financial statements of The Paces Foundation, Inc. (a not-for-profit organization) and its wholly owned subsidiaries, which comprise the consolidated statements of assets, liabilities, and net assets - income tax basis as of December 31, 2023 and 2022, and the related consolidated statements of revenue and expenses - income tax basis, changes in net assets - income tax basis, and cash flows - income tax basis for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of The Paces Foundation, Inc. as of December 31, 2023 and 2022, and its revenue and expenses, changes in its net assets, and cash flows for the years then ended in accordance with the basis of accounting The Paces Foundation, Inc. uses for income tax purposes, as described in Note A.

We did not audit the financial statements of Paces St. Mary, LLC, a wholly owned subsidiary, which statements reflect total assets of $44,462,507 and $45,502,784, respectively, of the consolidated total assets at December 31, 2023 and 2022, and total revenues of $5,133,033 and $5,083,839, respectively, of the consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us and our opinion, in sofar as it relates to the amounts included for Paces St. Mary LLC is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Paces Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the basis of accounting The Paces Foundation, Inc. uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting described in Note A; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

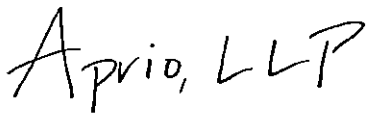
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Paces Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Paces Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Atlanta, Georgia

December 11, 2024

THE PACES FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - INCOME TAX BASIS
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
Current assets		
Cash and cash equivalents	$ 7,900,992	$ 7,980,918
Accounts receivable	164,737	181,726
Prepaid expenses	405,268	596,841
Total current assets	8,470,997	8,759,485
Restricted deposits and funded reserves		
Tax and insurance escrows	261,442	221,891
Tenant security deposit escrows	122,098	123,743
Operating and replacement reserves	1,532,616	1,115,058
	1,916,156	1,460,692
Program service investments		
Land held for development	1,206,072	1,206,072
Grant funds advanced to partnerships	3,835,314	3,612,215
Advances to wholly-owned subsidiaries	6,381,733	6,381,733
Advances to affiliated entities	11,090,376	5,709,159
	22,513,495	16,909,179
Property and equipment, at cost		
Land	5,568,981	5,568,981
Office building	611,881	611,881
Rental apartment buildings	50,215,186	50,198,926
Furniture and fixtures	1,094,910	1,094,772
	57,490,958	57,474,560
Accumulated depreciation	(7,868,303)	(6,409,865)
	49,622,655	51,064,695
Other assets		
Note receivable, including interest of $175,248 and $78,760, respectively	2,678,303	1,978,815
Development fee receivables	2,007,640	2,007,640
Deferred charges, net of amortization of $441,636 and $349,357, respectively	946,732	1,568,408
	5,632,675	5,554,863
	$ 88,155,978	$ 83,748,914

See independent auditors' report and accompanying notes

THE PACES FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - INCOME TAX BASIS
DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET ASSETS

	2023	2022
Current liabilities		
Accounts payable	$ 164,340	$ 59,311
Accrued interest	330,521	295,971
Accrued expenses	192,482	122,279
Security deposits liabilities	124,064	112,409
Mortgages payable, current portion	1,676,148	860,916
Total current liabilities	2,487,555	1,450,886
Other liabilities		
Deficit basis of investment in partnerships	911,881	821,876
Mortgages payable, net of current portion	58,970,738	57,967,105
Line of credit	2,368,717	0
Accrued interest on subordinated debt	3,582,878	1,882,407
	65,834,214	60,671,388
	68,321,769	62,122,274
Net assets		
Net assets without donor restrictions	19,834,209	21,626,640
Net assets with donor restrictions	0	0
	19,834,209	21,626,640
	$ 88,155,978	$ 83,748,914

See independent auditors' report and accompanying notes

THE PACES FOUNDATION, INC.
STATEMENTS OF REVENUES AND EXPENSES - INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Public support		
Affordable housing program grants earned	$ 223,099	$ 223,099
Contribution, gifts and grants	0	166,030
Program service revenues		
Development fees	1,467,889	661,928
Asset management fees	30,857	214,877
Rental income	5,510,851	5,486,108
Interest and dividend income	401,769	320,478
Section 1602 grant income	17,917	17,917
Income (loss) from partnerships	2,803,915	(346,072)
Gain (loss) on sale of investments	0	(88,900)
Miscellaneous income	1,267	183,860
Total public support and program revenues	10,457,564	6,839,325
Program service expenses		
Contributions to charities	4,000	13,602
Affordable housing operations:		
Rental property operating expenses	2,929,456	2,838,584
Mortgage interest on rental property	4,490,595	3,381,059
Depreciation and amortization	1,443,043	1,440,425
Affordable housing development:		
Salaries and benefits	1,042,841	1,010,246
Consulting fees	700,712	236,728
Unrecoverable development costs	0	601,583
Legal and professional	43,273	91,279
Travel and entertainment	104,312	77,137
Other expenses	42,808	74,129
Total program service expenses	10,801,040	9,764,772
General and administrative		
Salaries and benefits	769,107	776,502
Office expenses	32,944	33,516
Occupancy costs	33,906	29,658
Telephone	6,529	8,630
Mortgage interest	141,032	99,853
Taxes and licenses	181,417	78,979
Depreciation and amortization	15,395	15,505
Other expenses	268,625	206,300
Total general and administrative	1,448,955	1,248,943
Total expenses	12,249,995	11,013,715
Changes in net assets without donor restrictions	$ (1,792,431)	$ (4,174,390)

See independent auditors' report and accompanying notes

THE PACES FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS - INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Total Net Assets
Beginning balance, January 1, 2022	$ 0	$25,801,030	$25,801,030
Changes in net assets	0	(4,174,390)	(4,174,390)
Ending balance, December 31, 2022	0	21,626,640	21,626,640
Changes in net assets	0	(1,792,431)	(1,792,431)
Ending balance, December 31, 2023	$ 0	$19,834,209	$19,834,209

See independent auditors' report and accompanying notes

THE PACES FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS - INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Changes in net assets without restrictions	$ (1,792,431)	$ (4,174,390)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	1,458,438	1,455,930
Amortization of debt issuance costs	96,134	92,279
Section 1602 and AHP grants earned	(241,016)	(241,016)
Net income (loss) from partnerships	(2,803,915)	346,072
Net gain (loss) from sale of investments	0	88,900
(Increase) decrease in assets:		
Accounts receivable	16,989	(4,449)
Development fees receivable	0	2,250,862
Prepaid expenses	191,573	(526,866)
Increase (decrease) in liabilities:		
Accounts payable	105,029	14,421
Accrued interest	1,638,535	1,093,482
Accrued expenses	70,201	(3,277)
Security deposit liabilities	11,655	1,261
Total adjustments	543,623	4,567,599
Net cash provided (used) by operating activities	(1,248,808)	393,209
Cash flows from investing activities		
Purchase of land held for development	0	(1,206,072)
Purchase of rental property and equipment	(16,398)	(134,320)
Distributions received from partnerships	2,893,918	1,388,098
Increase in investment in subsidiaries	0	(889,167)
Increase in notes receivable	(603,000)	(844,260)
Advances to affiliated entities	(5,381,217)	200,036
Net cash used by investing activities	(3,106,697)	(1,485,685)
Cash flows from financing activities		
Borrowings on mortgage notes	1,857,255	1,381,395
Principal payments on mortgage notes	(20,471)	(787,486)
Borrowings on line of credit	2,368,717	0
Increase (decrease) in deferred financing fees	525,542	(521,036)
Net cash provided by financing activities	4,731,043	72,873
Net increase (decrease) in cash, cash equivalents and restricted cash	375,538	(1,019,603)
Cash, cash equivalents and restricted cash, beginning	9,441,610	10,461,213
Cash, cash equivalents and restricted cash, ending	$ 9,817,148	$ 9,441,610
Supplemental disclosure of cash flow information		
Cash paid during the year for interest expense	$ 2,993,092	$ 2,387,430

See independent auditors' report and accompanying notes

Note A
Organization and Summary of Significant Accounting Policies

The Paces Foundation (a not-for-profit organization) was formed on May 14, 1991, to develop, lease, operate, manage and maintain affordable rental housing for low to moderate-income residents.

The Organization has formed certain wholly-owned limited liability companies that are disregarded entities for tax filing purposes and their assets, liabilities, net assets and operating results have been consolidated with the Paces Foundation for tax reporting purposes.

Name	Name
Galleria Mountain LLC	Gateway Townhomes of St. Joe LLC
Paces St. Mary LLC	Etowah Limited Partner LLC
Post Oconee Springs Services LLC	Post Nantahala Services LLC
Oconee II Limited Partner LLC	Las Brisas Apts Limited Partner LLC
Autumn Ridge Limited Partner LLC	Sequoyah Limited Partner LLC
Mineral Springs Limited Partner LLC	Enota Limited Partner LLC
Montgomery Limited Partner LLC	Timber Chase Limited Partner LLC
Manor York Limited Partner LLC	

Galleria Mountain LLC owns and operates the office building occupied by the Organization. Gateway Townhomes of St Joe LLC and Paces St. Mary LLC own and operate multifamily apartment facilities for low-income persons in accordance with the Organization's charitable purpose. The remaining disregarded entities listed above act as replacement limited partners in related operating partnerships which also own and operate multifamily apartment facilities for low-income persons and have substituted in place of an exiting investor limited partner following the end of the low-income credit compliance period.

The Organization has also acted as a sponsor of certain other not-for-profit organizations, which are listed below.

Name	Name
Rosewood Cordele Development Inc.	Waterford Dublin Development Inc.
Galleria Senior Manor Development Inc.	

The not-for-profit organizations listed above were formed to construct, own, operate and maintain rental apartment facilities for low to moderate income families and the elderly persons. The not-for-profit entities were sponsored by the Paces Foundation but are separately organized not-for-profit entities and each files its own Form 990 for tax reporting. These not-for-profit entities have not been included in the accompanying income tax basis financial statements of the Paces Foundation as of December 31, 2023 and 2022.

The Organization is also the sole shareholder of various wholly owned corporate subsidiaries, which are listed below.

Name	Name
Etowah Services Corporation	Oconee Services Corporation
Nantahala Services Corporation	Las Brisas Services Corporation
Oconee II Services Corporation	Sequoyah Services Corporation
Mineral Springs Services Corporation	Autumn Services Corporation
Montgomery Landing General Partner LLC	Timber Chase Services Corporation
Enota Services Corporation	Campbell Creek Services Corporation
Pines by the Creek Services Corporation	Georgia Pine Ridge Services Corporation
Whitehall Apartments Services Corporation	Whitehall Manor Services Corporation
Shoal Creek Services Corporation	Panama Commons Services Corporation
Highland Manor Services Corporation	Las Brisas Manor Services Corporation
Lamar Memphis Services Corporation	Fairfield Manor Services Corporation
Meadowhill Estates Services Corporation	Taylor Court Services Company LLC
Downing Court Services Company LLC	Oxford Court Services Company LLC

Note A
Organization and Summary of Significant Accounting Policies (Continued)

Century Park Services Corporation
Tupelo Park Services Corporation
Pinecrest West Services Corporation
Brownsville Manor Services Corporation
Sydney Lanier Apartments GP LLC

The corporate entities listed above act as the general partners of various limited partnerships that own and operate multifamily rental apartment facilities for low to moderate income families and elderly persons. The general partner entity typically owns no more than 1% of the partnership. These are separate legal entities and each entity files its own corporate tax return and, therefore, have not been included in the accompanying income tax basis financial statements of the Paces Foundation as of December 31, 2023 and 2022.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting used for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The primary differences between the U.S. income tax basis of accounting and GAAP consist of the following: (i) the Organization did not consolidate its wholly owned subsidiaries and the related partnerships where the wholly owned subsidiary acts as controlling general partner; (ii) direct write-off of bad debts instead of reserve; and (iii) depreciation is provided over the statutory lives of the property as determined by the Internal Revenue Code.

Property Held for Development:

Property held for future development is carried at the lower of cost or net realizable value. If properties are not being actively developed, holding costs are expensed as incurred.

Accounting for Investments in Partnerships:

The Organization accounts for its material investments in associated partnerships using the equity method of accounting.

Property and Equipment:

Property and equipment are carried at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation on the rental apartment buildings is provided using the straight-line method utilized by the partnership over estimated lives of twenty-seven to forty years. The depreciation expense on the rental properties controlled by the Organization was $1,443,043 and $1,440,425 for the fiscal years ended December 31, 2023 and 2022, respectively.

Depreciation on the office building is provided using the straight-line method over the 40 year estimated life of the structure. Depreciation on the furniture, fixtures and equipment is provided using the straight-line method over their estimated useful life, which is five to seven years. The depreciation expense on the office building and the furniture and equipment utilized by the Organization was $15,395 and $15,505 for the fiscal years ended December 31, 2023 and 2022, respectively.

Revenue Recognition:

Contributions, grants and gifts from individuals and organizations are recognized when received unless there are ongoing obligations that must be fulfilled. Affordable Housing Program grants and Section 1602 grants will be recognized ratably over their commitment period. Development fees have been recognized as earned unless a material contingencies to collection remains. If either the amount or the date of collection is contingent upon certain unpredictable factors, the fees will be recognized upon receipt or the elimination of the uncertainty.

Note A
Organization and Summary of Significant Accounting Policies (Continued)

Contributions:

The Organization reports gifts of cash and other assets 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Expenses:

The Organization's program service activity is the promotion, development and construction of affordable housing projects for low-income individuals and families. The Organization currently has two functional areas and has presented its expenses in the statement of activities in these two areas. Accordingly, certain costs have been allocated among the program service expenses and the general and administrative based on an allocation of employee's time and on usage of resources. The Organization currently does not conduct any fundraising activities and does not incur any costs resulting from fundraising.

Use of Estimates:

Management uses estimates and assumptions in preparing these financial statements in accordance with the income tax basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Amortization of Deferred Charges:

Loan issuance costs incurred by the Organization to obtain the mortgage note are recorded as a direct deduction from the carrying amount of the mortgage note. The loan issuance costs are amortized on the straight-line method, which approximates the effective interest rate method, over the life of the mortgage note. Amortization of loan issuance costs is included in interest expense.

Income Taxes:

The Organization is organized and operated exclusively for charitable, not-for-profit purposes. The Organization has been classified as a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Organization annually files its Form 990PF with the Internal Revenue Service. The Internal Revenue Service has, in prior years, issued its determination letter reflecting that the Paces Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no income tax provision has been included in the financial statements.

The Organization is no longer subject to income tax examinations for calendar years up to and including 2019.

Note B
Reconciliation of Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of assets, liabilities, and net assets - income tax basis that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	2023	2022
Cash and cash equivalents	$ 2,028,131	$ 2,623,281
Mutual funds and marketable securities	5,872,861	5,357,637
Restricted escrows and funded reserves	1,916,156	1,460,692
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 9,817,148	$ 9,441,610

Mutual funds and marketable securities are reported at their cost basis for tax reporting. All equity and debt securities are considered to be available for sale securities.

Note C
Restricted Deposits and Funded Reserves

The Organization's two disregarded operating multifamily rental apartment entities, Gateway Townhomes of St. Joe LLC and Paces St. Mary LLC, have funded various restricted accounts as required by their mortgage loan agreements. These funds are held for future use by the entities in accordance with the terms and conditions of their respective loan agreements. The mortgage escrows and reserves as of December 31, 2023 and 2022, are comprised of the following:

	2023	2022
Tax and insurance escrows	$ 261,442	$ 221,891
Tenant security deposits	122,098	123,743
Operating and reserve for replacement	1,532,616	1,115,058
	$ 1,916,156	$ 1,460,692

Note D
Advances to Wholly-Owned Subsidiaries

The Organization has advanced funds to certain of its wholly-owned corporate subsidiaries to provide funding to meet development and operational guarantees and commitments to the various affiliated operating affordable housing partnerships sponsored by the Organization. These advances which total $6,381,733 and $6,381,733 as of December 31, 2023 and 2022, respectively, are non-interest-bearing demand obligations that the Organization anticipates will be repaid from future project cash flow from operations or a future capital event of the respective operating partnership. The wholly owned subsidiaries of The Paces Foundation are the managing general partners of certain partnerships that own and operate rental apartment facilities for low and extremely low income families, individuals, and elderly seniors.

Note E
Advances to Affiliates

The Organization has advanced funds to various affiliated development entities for predevelopment expenses and other project development related obligations. The advances totaling $11,090,376 and $5,709,159 as of December 31, 2023 and 2022, respectively, are non-interest bearing demand obligations that the Organization anticipates will be repaid upon the initial closing of each project's construction financing or from future project operations. Should the Organization determine that a project is not feasible for future development any unreimbursed advances are expensed.

Note F
Notes Receivable

The Organization has entered into an agreement with Soho Housing Partners LLC ("Soho") whereby the Organization will provide funding to Soho during the predevelopment stage of certain affordable housing developments that will be jointly sponsored and developed by the Paces Foundation and Soho Housing Partners LLC. Paces will be the 51% managing member of each development jointly sponsored by the two entities. Soho has executed a promissory note and has borrowed $2,503,055 and $1,900,055 as of December 31, 2023 and 2022, respectively, from the Organization. Accrued interest of $175,248 and $78,760 was due as of December 31, 2023 and 2022, respectively. Soho has agreed to repay outstanding principal and interest in minimum monthly installments of $25,000 beginning June 1, 2024. If the note has not been repaid in full by August 1, 2025, the minimum monthly installments will become $50,000. In all events the note and any accrued interest must be fully repaid in full no later than December 31, 2026. The note is secured by the guarantees of the principals of Soho Housing along with a collateral interest in any fees or distributions from the development projects.

Note G
Investments in Partnerships

The Organization formed single-member disregarded entities which have been admitted as limited partners in the affiliated operating partnerships. The entities listed below were admitted as replacement limited partners for the original tax credit investment partners and assumed the investors 99% interest in the respective partnership. As of December 31, 2023 and 2022, the ending partner equity (deficit) account balance is as follows:

	2023	2022
Post Nantahala Services LLC	$ 401,532	$ 308,941
Panama Commons LLC	2,250,224	2,250,264
Las Brisas Apartments Limited Partner LLC	(1,858,068)	(2,048,485)
Autumn Ridge Limited Partner LLC	(1,538,407)	(1,332,596)
Sequoyah Limited Partner, LLC	(1,056,219)	0
Enota Limited Partner, LLC	563,483	0
Montgomery Landing Limited Partner, LLC	(13,545)	0
Timber Chase Limited Partner, LLC	180,057	0
Manor York Limited Partner, LLC.	159,062	0
	$ (911,881)	$ (821,876)

Note H
Mortgages Payable

Mortgages and notes payable consist of the following for the years ended December 31, 2023 and 2022:

		2023	2022
Debts related to Office Building:			
Ameris Bank - Line of Credit in the maximum amount of $2,880,000, payable interest only prior to maturity on September 17, 2025; interest rate floats at the bank's prime rate plus 2.5%, currently 6.25%. The outstanding balance is secured by real estate.	Cumberland Parkway Site	$ 2,368,717	$ 0
Debts related to Land held for Development:			
Promissory note payable interest only prior to maturity on July 1, 2024; bears interest at 6.5% per annum; secured by land acquired for development.	Roof Street Development	871,000	839,694
Promissory note payable interest only prior to maturity on July 1, 2024; bears interest at 6.25% per annum; secured by land acquired for development.	Roof Street Development	580,148	541,701
Promissory note payable interest only prior to maturity on February 28, 2025; bears interest at the monthly SOFR rate plus 3%; secured by land acquired for development.	PPP Metropolitan, LLC	1,787,500	0
Debts related to Operating Rental Properties:			
Amortizing mortgage loan with unrelated lender, bearing interest at 5.5% to be repaid in monthly installments of $7,573 with maturity on August 16, 2035. Outstanding balance is secured by the rental property.	Gateway Townhomes	1,067,119	1,087,590
Non-amortizing mortgage loans provided by the Florida Housing Finance Corporation and Gulf County, Florida. The loans are non-interest bearing obligations that will mature in 2036 following the end of the affordability period. Outstanding balance is secured by the rental property.	Gateway Townhomes	5,639,336	5,657,253
Promissory note with unrelated lender, bearing interest at 3.05% to be repaid in monthly installments of interest only over a 40 year term. Interest only payments are due through December 31, 2024 with the quarterly principal payments effective January 1, 2024 until maturity on December 1, 2058. Outstanding balance is secured by the rental property.	Paces St Mary	44,025,000	44,025,000

Note H
Mortgages Payable (Continued)

Secondary bridge loan financing bearing interest at the rate of 17.5% per annum. Interest only payments are due over the term of the loan. The entire unpaid principal and any unpaid interest shall be due upon maturity on January 1, 2025. Accrued interest as of December 31, 2023 totaled $248,458. Outstanding balance is secured by the rental property.	Paces St Mary	6,676,783	6,676,783
Total mortgages payable		$ 60,646,886	$ 58,828,021

Mortgages and notes payable will mature as follows:

Current portion		
2024		$ 1,676,148
Long-term portion		
2025	$ 2,095,693	
2026	329,247	
2027	350,348	
2028	366,499	
2029 - thereafter	55,828,951	
		58,970,738
		$ 60,646,886

Note I
Line of Credit

The Organization obtained a line of credit agreement with Ameris Bank on October 17, 2022. The agreement provides for a loan of $2,880,000and is secured by a Deed to Secure debt. The line of credit bears interest at a variable rate and expires on September 17, 2025. As of December 31, 2023, $2,368,717 has been drawn and $74,502 was paid for interest expense. As of December 31, 2023, accrued interest due on the line of credit was $8,948.

Note J
Deferred Charges

As of December 31, 2023 and 2022, deferred charges consist of:

	2023	2022
Loan issuance costs	$ 1,388,368	$ 1,917,765
Accumulated amortization	(441,636)	(349,357)
Loan issuance costs, net	$ 946,732	$ 1,568,408

Note J
Deferred Charges (Continued)

The Company anticipates that amortization expense, which is included in interest expense, for the next five years and thereafter will be as follows:

Years Ended December 31	
2024	$ 96,134
2025	96,134
2026	96,134
2027	96,134
2028	96,134
Thereafter	466,062
Total	$ 946,732

Note K
Contingencies

The Organization has also received grant funding of $4,881,922 under the affordable housing program of the Federal Home Loan Bank. The funding was received from member banks pursuant to grant agreements to partially finance the construction and development of qualified affordable multifamily housing. Under the terms of the agreements, the grants are deferred loans, meaning that payments are deferred so long as the Organization meets and satisfies the conditions and requirements as set forth in the agreements and unless there is a recapture event or an event of default, all payment obligations cease after the expiration of a twenty year compliance period. The following projects have received grant funding under the program and have the remaining deferred obligations as of December 31, 2023 and 2022:

	2023	2022
Mineral Springs L.P.	$ 0	$ 25,000
Sequoyah Village L.P.	7,999	31,996
Enota Village L.P.	79,167	104,167
Campbell Creek L.P.	28,787	36,137
Pines by the Creek L.P.	8,695	10,915
Georgia Pine Ridge L.P.	122,917	147,917
Rosewood Estates Inc.	208,209	227,500
Waterford Estates Inc.	195,000	240,241
Highland Manor L.P.	210,417	235,417
Las Brisas Manor L.P.	185,417	210,417
	$ 1,046,608	$ 1,269,707

Note L
Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions: Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also included assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions: Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Note L
Classification of Net Assets (Continued)

None of the Organization's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as net assets without donor restriction.

Note M
Transactions with Affiliates and Related Parties

Development Fees:

Pursuant to their development services agreements, the Organization has earned development fees from various partnership entities which it has sponsored. The fees are payable from designated proceeds and from distributable cash flow as described in the partnership agreements. During the years ended December 31, 2023 and 2022, development fees have been earned by the Organization from the following entities:

	2023	2022
Brownsville Manor LP	$ 213,474	$ 213,474
Century Park Apts LP	240,162	240,162
Fairfield Manor Ltd	34,791	34,791
Lamar Apts LP	469,957	469,957
Las Brisas Manor LP	76,924	76,924
Meadowhill Estates LP	751,833	751,833
Rosewood Cordele Development Inc	61,239	61,239
Waterford Dublin Development Inc	159,260	159,260
	$ 2,007,640	$ 2,007,640

Note N
Commitments

The Paces Foundation has agreed to provide certain guarantees to unrelated third parties involved as lenders or as investors in the real estate developments sponsored by the Organization. The current outstanding guarantees are as follows:

Real Estate Mortgage Notes:

The Paces Foundation has agreed to repay, in the event of default, certain outstanding obligations to related entities that the Organization has sponsored in the development of affordable housing. The Organization has made these guarantees to facilitate the financing of the related housing projects operated for the benefit of low-income tenants. These guarantees must be funded upon the default of the borrower entity and notice of such default to Paces. These guarantees are limited to the outstanding balance of the mortgage note. There have been no defaults by the sponsored borrower entities and no obligations currently exist.

Construction Completion Guarantees:

The Paces Foundation has agreed to certain guarantees related to the construction completion of the housing projects for which the Organization is the general partner and developer. The Organization has made these guarantees to facilitate the financing and construction of the related projects which will be operated for the benefit of the low-income residents. The Organization has agreed to fund, if any, the construction costs and operating shortfalls incurred in excess of the available financing sources to the Partnerships upon the closing of the permanent stage financing for these projects. The Organization currently has construction completion guarantees outstanding related to the following partnerships which are in the construction and stabilization stages as of December 31, 2023:

Tupelo Park L.P.
West Boulevard Historic Preservation LLC
Sydney Lanier Apartments LLC

Note N
Commitments (Continued)

Operating Deficit Guarantees:

The Paces Foundation has agreed to fund the related partnership up to the maximum amount to cover cash shortfalls in project operations. These guarantees must be funded upon receipt of a request from the Partnership, and the obligations are capped at the amounts reflected below. The Organization has not been requested to provide funding under any of the guaranty obligations as of December 31, 2023.

	Maximum Obligation
Panama Commons LP	$ 442,000
Brownsville Manor LP	$ 330,000
Tupelo Park LP	$ 215,228
Sydney Lanier Apartment LLC	$ 1,026,281
West Boulevard Historic Preservation LLC	$ 976,135
Handsel Morgan Village 2021, LP	$ 199,498
Maryalice Circle 2021, LP	$ 482,960

Tax Credit Adjuster Guarantees:

In accordance with certain partnership agreements, The Paces Foundation has agreed to fund a percentage of any low-income-housing tax credits that might be lost by the respective partnership. The credit reduction could occur if the Partnership fails to spend an adequate amount on project development costs or fails to operate the Project in accordance with tax credit guidelines. The tax credit guidelines of IRC Section 42 require the Partnership to rent to eligible tenants at certain restricted rent amounts for a term of fifteen years from the placed in service date of the buildings.

Note O
Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains cash at two commercial banks, these balances can at times exceed the FDIC insured deposit limit of $250,000 per financial institution. At December 31, 2023 and 2022, the Organization's cash balances held at the commercial bank exceeded the FDIC limit by $1,239,739 and $1,625,907, respectively. The Organization has not experienced any losses in these accounts through the date when the financial statements were available to be issued.

Note P
Liquidity and Availability

The Organization has $10,945,729 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash and cash equivalents of $7,900,992, accounts receivable of $164,737, and an available line of credit balance of $511,283 as of December 31, 2023. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position.

Note Q
Subsequent Events

Management evaluated subsequent events through December 11, 2024, when the financial statements were available to be issued. Except as identified below, management is not aware of any significant events that occurred subsequent to the statement of assets, liabilities, and net assets - income tax basis date, but prior to the filing of this report, that would have a material impact on the financial statements.

In May 2024 the Organization sold four properties for a total sales price of $21,425,000 to an unrelated third party. As part of the transaction the related debts were repaid in full and the Organization received proceeds of $11,809,889.

In May 2024 the Organization repaid the Roof Street Development loan totaling $871,000 that was outstanding as of December 31, 2023.

Effective July 1, 2024, the Organization amended the Roof Street Development loan agreement. Under the terms of the new agreement the maturity date is July 1, 2025. No other terms of the agreement were modified.

On September 19, 2024, PPP Metropolitan, LLC admitted a limited partner into partnership and closed on a new loan. As part of the transaction equity proceeds were used to repay the land loan totaling $1,787,500 in full.

REFERENCES

Local Government	Escambia County Housing Finance Agency
Email Address	Lisa.bernau@escambiahfa.com
Phone	(850) 432-7077
Contact Name and Title	Lisa Bernau, Executive Director
Local Government	Invest Atlanta
Email Address	vroberts@investatlanta.com
Phone	(404) 880-4100
Contact Name and Title	Vickey Roberts, Director, Multifamily Housing
Local Government	City of Charlotte
Email Address	Michael.englehart@charlottenc.gov
Phone	(980) 297-1732
Contact Name and Title	Michael Englehart, Housing Trust Fund Manager

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PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is by and between Dokken, Curtis L (hereinafter referred to as "Seller"), and ***The Paces Foundation, Inc.*** a Georgia 501(c)(3) non-profit corporation or its assigns (hereinafter referred to as "Purchaser").

WITNESSETH: In consideration of the mutual promises hereinafter set forth, Seller and Purchaser mutually agree as follows:

1. PURCHASE AND SALE. Seller is the owner of the certain parcel of unimproved land consisting of approximately 4.45 acres located at 11323 County Line Road, Spring Hill, FL 34609 with Parcel ID Number R32 423 18 0000 0230 0060, as more particularly described on Exhibit "A" (hereinafter described as the "Property"). Seller agrees to sell and convey and the Purchaser agrees to purchase the parcel, which shall include all (if any) easements, access easements, rights of way, privileges, licenses, appurtenances and other rights and benefits belonging to the owner of, running with, or in any way related to the Property, including all consents, authorizations, variances, waivers, licenses, plans, drawings, permits and approvals from any governmental authority with respect to the Property, all percolation, soil, topographical, traffic, engineering and environmental studies, all riparian, littoral rights, title to submerged lands and other water rights related to or benefiting the Property, all utility mains, service laterals, hydrants, connections, hook-ups and valves servicing or available to service the Property and any and all other agreements, contracts, covenants, variances and benefits related to or benefiting the Property.

2. PURCHASE PRICE. The total purchase price for the Property ("Total Purchase Price"), which Purchaser agrees to pay and Seller agrees to accept, is One Million, One Hundred Thousand and 00/100 DOLLARS ($1,100,000.00), subject to the adjustments herein provided, payable in cash, by check or by wire transfer of immediately available funds. which shall be payable as follows:

(a) Within ten (10) days of final execution. Purchaser shall deliver to Frontier Title Group, LLC as escrow agent ("Escrow Agent") the sum of TWENTY FIVE THOUSAND DOLLARS ($25,000.00) by check, the proceeds of which shall be held in trust as an earnest money deposit ("the Initial Deposit") by Escrow Agent and disbursed only in accordance with the terms of this agreement.

(b) The Initial Deposit shall become non-refundable on July 31st, 2025, as long as the Agreement has not been canceled.

(c) On October 31st, 2025, the Purchaser shall deposit with Escrow Agent an additional TWENTY FIVE THOUSAND DOLLARS ($25,000.00) (the "Second Deposit"). The Initial Deposit, and the Second Deposit, (collectively the "Deposits") will become non-refundable except upon Seller's default or as provided in this Agreement.

(d) On the Closing Date, the Purchaser shall deliver to the Escrow Agent ONE MILLION FIFTY THOUSAND and 00/100 DOLLARS ($1,050,000.00) subject to the adjustments herein provided, by a cashiers check issued by a money center financial institution or by wire transfer of Federal funds.

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(e) The Deposits held by Escrow Agent shall be placed in a non-interest-bearing account under Purchasers Tax I.D. Number.

3. INVESTIGATION PERIOD. From the period beginning with the Effective Date until July 31st, 2025 (the "Investigation Period"), Seller hereby grants to Purchaser the right to make whatever investigations Purchaser deems necessary with respect to the Property.

(a) Seller hereby grants to Purchaser and its agents, servants, employees, contractors and representatives a right of entry upon every portion of the Property and a right to examine all records or other matters pertaining to the Property (and Seller hereby agrees to make such records or other matters available to Purchaser) from time to time at all reasonable times for the purpose of making surveys, engineering studies, drainage studies, appraisals, zoning and land use studies, impact studies, surface and subsurface explorations, tests, excavations, borings and such other investigations and inspections as Purchaser may elect to make. Seller shall deliver to Purchaser, at or before the time Seller delivers the Prior Policy (as defined in Section 5 hereof) to Purchaser, copies of any and all environmental, soil, zoning, land use, appraisal and feasibility studies, reports, and assessments and governmental orders, approvals, exemptions, waivers and permits relating to the Property and any proposed use thereof which are in Seller's custody or control. Seller will employ appropriate efforts, in its reasonable judgment, to support Purchaser with respect to any zoning, site plan or land planning applications that Purchaser may submit in order to develop multifamily rental apartments on the Property.

(b) The Purchaser assumes liability for all acts of its agents who enter onto the Property and agrees to indemnify and hold harmless the Seller from any loss, damage, cost, or expense incurred by Seller as a result of such acts of Purchaser and its agents that cause injury to persons or damage to the Property.

(c) Purchaser is planning to apply for financing from the Florida Housing Finance Corporation. Seller will employ appropriate efforts, in its reasonable judgment, to support Purchaser in these pursuits. If, during the Investigation Period, Purchaser, in its sole judgment, deems that the property is not suitable for its intended use, it will immediately notify Seller of the termination of this Agreement and the Initial Deposit will be returned to Purchaser.

4. CONDEMNATION. If the Property is condemned and taken in eminent domain proceedings, or under condemnation pursuant to a notice of taking by appropriate authority prior to the Closing Date, Seller shall promptly notify Purchaser of such fact in writing, and Purchaser, by notice given to Seller within fifteen (15) days following Sellers written notice, may elect to either (a) terminate this Agreement or (b) continue this Agreement in full force and effect and be assigned the right to the award upon closing of this transaction. If Purchaser properly elects to terminate this Agreement, the Deposits delivered pursuant to Article 2 hereof shall be returned to Purchaser. In the event Purchaser fails to timely make such election, Purchaser shall be deemed to have made the election provided in Subsection (b) of this Paragraph.

5. TITLE INSURANCE/SURVEY. Within twenty (20) days of execution of this agreement, Seller, at its cost, shall provide an existing owner's or mortgagee's title insurance policy qualified as a base for reissuance of coverage on the Property at the Purchase Price ("Prior Policy").

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(a) Seller shall convey to Purchaser marketable title to the Property, subject only to the Permitted Exceptions. Marketable title shall be determined according to the Title Standards adopted by authority of The Florida Bar and in accordance with law. If the Title Commitment, or any update endorsement obtained prior to Closing reflects that title to the Property is subject to any exceptions which make title to the Property unmarketable, Purchaser shall, within thirty (30) days after receipt of the Title Commitment or update endorsement, notify Seller in writing of the specific title defects, Seller shall correct such defects within ninety (90) days from its receipt of the notice from Purchaser, and Seller shall be obligated to prosecute any legal action to cure any title defects or expend any money to cure such title defects. Purchaser, at its option, may extend the time to cure any defects which arise after the Purchaser's initial examination of title and the Closing Date by a period of time equal to the period of time that is required to cure the title defects. If Seller is not successful in removing the defects within said time, Purchaser shall have the option of either accepting the title in its existing condition, or of terminating this Contract by sending written notice of termination to Seller. Upon the termination of this Contract, Escrow Agent shall return the Deposits to Purchaser, and, thereafter, neither Purchaser nor Seller shall have any further rights or obligations hereunder except as otherwise provided in this Contract.

Purchaser may have the Property surveyed prior to December 19th , 2025, at Purchaser's expense by a Florida registered surveyor. If the survey shows any encroachment on the Property or that any improvement on the Property encroaches on the lands of others, the same shall be treated as a title defect hereunder if raised within the time and in the manner provided for title objections in this Paragraph.

6. CLOSING DOCUMENTS. The Closing documents shall be provided by the parties as set forth below:

(a) At Closing Seller shall deliver to Purchaser:

(i) a special warranty deed conveying to Purchaser good, marketable and insurable fee simple absolute title to the Property;

(ii) an affidavit in the customary form, attesting that no individual, entity or governmental body has any claim against the Property under the Florida Construction Lien Law: that no individual, entity or governmental body, other than tenants in occupancy under lease agreements, is either in possession of the Property or has a possessor interest or claim to the Property; and that no improvements to the Property have been made for ninety (90) days immediately preceding the Closing Date (as hereafter defined) for which payment has not been made: and

(iii) a certificate of non-foreign status and Florida Department of Revenue Transfer of Interest in Florida Real Property.

(b) Purchaser and Seller shall execute a closing statement prepared by Seller in conformance with the terms of this Agreement.

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7. CLOSING/CLOSING EXPENSES. Except as otherwise provided herein, the Closing of title shall take place at the offices of the Purchaser's attorney on December 19th, 2025 (Closing Date), or at a time mutually agreeable to the parties. Purchaser shall have the right, in Purchaser's sole option, to extend the Closing Date for up to one (1) periods of Two (2) months each, by delivering written notice to Seller at least five (5) days prior to the then scheduled Closing Date, notifying Seller of such extension and paying to Escrow Agent an extension fee of Twenty Five Thousand and No/100 Dollars ($25,000.00) (each an "Extension Fee") for the extension, which shall be non-refundable except in the event that (i) Seller fails, refuses or is unable to perform all of its obligations under this Agreement; or (ii) as otherwise specifically provided in this Agreement. The Extension Fees paid by Purchaser shall be applicable to the Purchase Price at Closing.

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(a) At Closing, Seller shall pay for the cost of state documentary stamps and surtax on the warranty deed and for the recording of all title corrective instruments.

(b) At Closing, Purchaser shall pay the per page recording fee for recording the warranty deed, the costs of the survey of the Property ordered by Purchaser and the title insurance policy fees.

8. ASSESSMENTS. Assessments and personal taxes shall be adjusted, apportioned, and allowed as of the Closing Date.

(a) Special Assessment Liens. If, at the Closing Date, the Property or any part thereof shall be or shall have been affected by any certified, confirmed, and ratified special assessment liens, same shall be paid and discharged by Seller. Pending liens shall be assumed by Purchaser.

(b) Real Estate Taxes. Real Estate taxes for the year of Closing shall be prorated on an accrual basis as of the Closing date, based upon the November discount amount pertaining to the most ascertainable taxes. In the event that the tax bill for the year of Closing is not available on the Closing Date, the parties agree to re-proration and adjustment of the real estate taxes when the actual bill for the year of closing is received.

(b) The provisions of this Article 8 shall survive the Closing.

9. BROKER FEES. Except with respect to brokerage commissions to 1) Coldwell Banker Commercial, representing the Seller, which will be the responsibility of the Seller, and 2) The Link Companies, representing the Buyer, which will be the responsibility of the Buyer, each of the parties hereto represents to the other that they have incurred no obligations for brokerage in connection with this Agreement and agree that they will hold the other party hereto harmless from and against any expenses, claims or demands with respect to any other brokers fees claimed or demanded by anyone in connection with this Agreement insofar as such claim is based upon any agreement or alleged agreement with the indemnifying party. The provisions of this Article 9 shall survive the Closing.

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10. SELLER'S REPRESENTATIONS, WARRANTIES AND COVENANTS. Seller represents and warrants to Purchaser and covenants and agrees with Purchaser as follows:

(a) Seller has not entered into any contracts, subcontracts, arrangements, licenses, concessions, easements, or other agreements, either recorded or unrecorded, written or oral, affecting all or any portion of the Property;

(c) To Seller's knowledge, there are no: (i) existing or pending improvement liens affecting the Property; (ii) to Sellers knowledge, violations of building codes and/or zoning ordinances or other governmental or regulatory laws, ordinances, regulations. orders or requirements affecting the Property; (iii) existing, pending or, to Sellers knowledge, threatened lawsuits or appeals of prior lawsuits affecting the Property; (iv) existing, pending or threatened condemnation proceedings affecting the Property; or (v) existing, pending or, to Sellers knowledge, threatened zoning, building or other moratoria, down zoning petitions, proceedings, restrictive allocations or similar matters that could affect Purchasers use of the Property as permitted residential housing;

(d) Seller has not received notice that anything has been done or allowed which could cause toxic or hazardous materials or waste to be present in, on or about the Property, and has no actual knowledge of any such materials or waste being or ever having been in, on, or about the Property;

(e) Seller confirms that the Property is not in a flood zone;

(f) Seller has the right, power and authority to execute and deliver this Agreement and to consummate the transactions contemplated by it; neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by it nor the fulfillment of nor the compliance with the terms, conditions and provisions of this Agreement will conflict with or result in a violation or breach of any relevant law, or any other instrument or agreement of any nature to which Seller is a party or by which it is bound or may be affected, or constitute (with or without the giving of notice or the passage of time) a default under such an instrument or agreement; no consent, approval, authorization or order of any person is required with respect to the consummation of the transactions contemplated by this Agreement, except as provided in (iv) above; and

(g) No commitments or agreements have been or will be made to any governmental authority, utility company, school board, church or other religious body, any homeowners or homeowners' association, or any other organization, group or individual, relating to the Property which would impose an obligation upon Purchaser to make any contributions or dedications of money or land to construct, install or maintain any improvements of a public or private nature on or off the Property, or otherwise impose liability on Purchaser.

(h) At all times during the term of this Agreement and as of Closing, all of Sellers representations, warranties and covenants in this Agreement shall be true and correct; no representation or warranty by Seller contained in this Agreement and no statement delivered or information supplied to Purchaser pursuant to this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to

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make the statements or information contained in them or in this Agreement not misleading.

(i) All buildings and structures, if any, will be removed by Seller, at Seller's expense, prior to closing.

11. DEFAULT. In the event that Purchaser shall fail to perform its obligations hereunder and such failure is through no fault or failure of Seller to comply with its obligations hereunder, Seller may, as its sole remedy, terminate this Agreement and retain, as full and complete agreed upon liquidated damages, the Deposits hereunder. If Seller shall refuse to close, despite its obligation to close hereunder, Purchaser may: (i) terminate this Agreement and obtain the return of its Deposits or (ii) Purchaser may seek specific performance of Sellers obligations hereunder. The foregoing shall constitute Purchaser's sole remedies in the event of a default by the Seller hereunder.

12. NOTICES. All notices, consents, approvals, waivers and elections which any party shall be required or shall desire to make or give under this Agreement shall be in writing and shall be sufficiently made or given only when delivered in person, or sent by facsimile with the original simultaneously sent by U.S. First Class Mail or nationally recognized courier service to:

(a) to Purchaser:

Renée Sandell
The Paces Foundation, Inc.
2730 Cumberland Boulevard
Smyrna, Georgia 30080
Phone: 321-431-3164
Fax: 321-600-2022
Email: renee@pacesfoundation.org

With a copy to:

Steven Bauhan
The Paces Foundation, Inc.
2730 Cumberland Boulevard
Smyrna, Georgia 30080
Phone: 404-597-3025
Fax: 770 431-9699
Email: steven@pacesfoundation.org

To Escrow Agent:

Frontier Title Group, LLC
Title/Escrow Agent: Marilyn Elliott
7236 State Road 52 Suite 10
Bayonet Point, FL 34667
Email: Marilyn@frontiertitlegroup.com
Phone: 727-378-8101 telephone
Phone: 727-380-5215 fax

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(b) to Seller:

_____
_____
_____
Attn: _____

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Phone: _____
Email: _____

With a copy to: _____
_____
_____
Phone: _____
Fax: _____
Email: _____

or to such other address as any party hereto shall designate by like notice given to the other parties hereto. Notices, consents, approvals, waivers and elections given or made as aforesaid shall be deemed to have been dated, given and received on the date of actual receipt.

13. ASSIGNMENT. Purchaser shall be entitled to assign all of Purchasers rights, duties and obligations under this Agreement to an affiliate of Purchaser. Assignment to any other entity shall require the written approval of Seller.

14. RADON GAS NOTICE. Seller hereby makes, and Purchaser hereby acknowledges, the following notification:

RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Additional information regarding radon and radon testing may be obtained from your county public health unit.

15. GENERAL PROVISIONS. The following general terms and conditions apply to this Agreement:

(a) SINGULAR/PLURAL/MASCULINE/FEMININE. Words used herein in the singular shall include the plural and words in the masculine/feminine/neuter gender shall include words in the masculine/feminine/neuter where the text of this Agreement requires.

(b) HEADINGS. Headings in this Agreement are for convenience only.

(c) SUCCESSORS. The terms, covenants, and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns, except as herein limited.

(d) CHOICE OF LAW. This Agreement shall be interpreted according to the laws of the State of Florida without application of choice of law principles.

(e) LITIGATION. In the event there is any litigation arising out of this Agreement, the prevailing party shall be entitled to recover all costs incurred in connection therewith including, but not limited to, reasonable attorneys' fees.

(f) TIME. Time is of the essence in the performance of the obligation of the parties to

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this Agreement.

(g) TIME OF ACCEPTANCE. This Agreement must be fully executed by all parties hereto on or before 6:00 P.M., March 6th, 2025, or this Agreement, and any offer contained herein, shall be considered rejected and null and void. When fully executed, the date of last execution shall be deemed to be the "Effective Date" of this Agreement.

16. ESCROW AGENT.

(a) Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement. Escrow Agent shall not be deemed to have any implied duties or obligations under or related to this Agreement.

(b) Escrow Agent may: (a) act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine; (b) assume the validity and accuracy of any statement or assertion contained in such a writing or instrument; and (c) assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions of this Agreement has been duly authorized to do so. Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any instrument deposited in escrow, nor as to the identity, authority, or right of any person executing any instrument; Escrow Agent's duties under this Agreement are and shall be limited to those duties specifically provided in this Agreement.

(c) The parties to this Agreement do and shall indemnify Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or other expenses, fees, or charges of any character or nature, including attorneys' fees and costs, which it may incur or with which it may be threatened by reason of its action as Escrow Agent under this Agreement, except for such matters which are the result of Escrow Agent's gross negligence or willful malfeasance.

(d) If the parties (including Escrow Agent) shall be in disagreement about the interpretation of this Agreement, or about their respective rights and obligations, or about the propriety of any action contemplated by Escrow Agent, Escrow Agent may, but shall not be required to, file an action in interpleader to resolve the disagreement; upon filing such action, Escrow Agent shall be released from all obligations under this Agreement. Escrow Agent shall be indemnified for all costs and reasonable attorneys' fees, including those for appellate matters and for paralegals and similar persons, incurred in its capacity as escrow agent in connection with any such interpleader action; Escrow Agent may represent itself in any such interpleader action and charge its usual and customary legal fees for such representation, and the court shall award such attorneys' fees, including those for appellate matters and for paralegals and similar persons, to Escrow Agent from the losing party. Escrow Agent shall be fully protected in suspending all or part of its activities under this Agreement until a final judgment in the interpleader action is received.

(e) Escrow Agent may resign upon five (5) calendar days' written notice to Seller and Purchaser. If a successor escrow agent is not appointed jointly by Seller and Purchaser within the five (5) calendar-day period, Escrow Agent may petition a court of competent

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jurisdiction to name a successor.

(f) Seller and Purchaser acknowledge and agree that Escrow Agent is the law firm representing Purchaser with regard to this Agreement and the transaction which is the subject hereof, and hereby waive any claim against Escrow Agent based upon a conflict of interest as a result of Escrow Agent serving in such dual capacities, excluding only actions by Escrow Agent constituting knowing and intentional misconduct. Seller further agrees that Escrow Agent shall be permitted to represent Purchaser in all aspects of this Agreement and the subject transaction, including, without limitation, any dispute with respect to the Deposit.

(g) The provisions of this Section shall survive the Closing and also the cancellation of this Agreement.

17. Notwithstanding any provision of this Agreement, if U.S. Department of Housing and Urban Development (HUD) funds are used, including, but not limited to HOME funds, the parties agree and acknowledge that this Agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of an environmental review and receipt of a release of funds notice from the U.S. Department of HUD under 24 CFR Part 58. The parties further agree that the provision of any federal funds to the project is conditioned on the determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review. If no HUD funds are utilized in regard to this property, this provision shall be considered null and void.

18. ENTIRE AGREEMENT. This Agreement integrates and supersedes all other agreements and understandings of every character of the parties and comprises the entire agreement between them. This Agreement may not be changed, except in writing signed by the parties. No waiver of any rights or obligations hereunder shall be deemed to have occurred unless in writing signed by the party against whom such waiver is asserted and no waiver shall be deemed a waiver of any other or subsequent right or obligations.

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[Signatures appear on the following page]

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IN WITNESS WHEREOF, each of the parties have set their seals upon the dates indicated herein below, and the parties executing this Agreement hereby represent to the other that they have full and complete authority to execute the same on behalf of the entities for which they sign.

Signed, sealed and delivered in the presence of:

WITNESSES:

PURCHASER:

The Paces Foundation, Inc.

By: Renee Sandell

Its: Chief Operating Officer

Executed the 4 day of March 2025

SELLER:

Curtis Dokken

Garrick Sims dotloop verified 03/03/25 2:35 PM EST LMWD-OTJI-TSWD-6KGP

By: CURTIS DOKKEN dotloop verified 03/03/25 5:24 PM EST 2ODX-ONIT-OHIO-VR1U

Its: Manager

Executed the 3rd day of March 2025

CD 03/03/25 5:24 PM EST dotloop verified

dotloop signature verification:

EXHIBIT "A"

LEGAL DESCRIPTION

Property Information

Site Address: COUNTY LINE RD

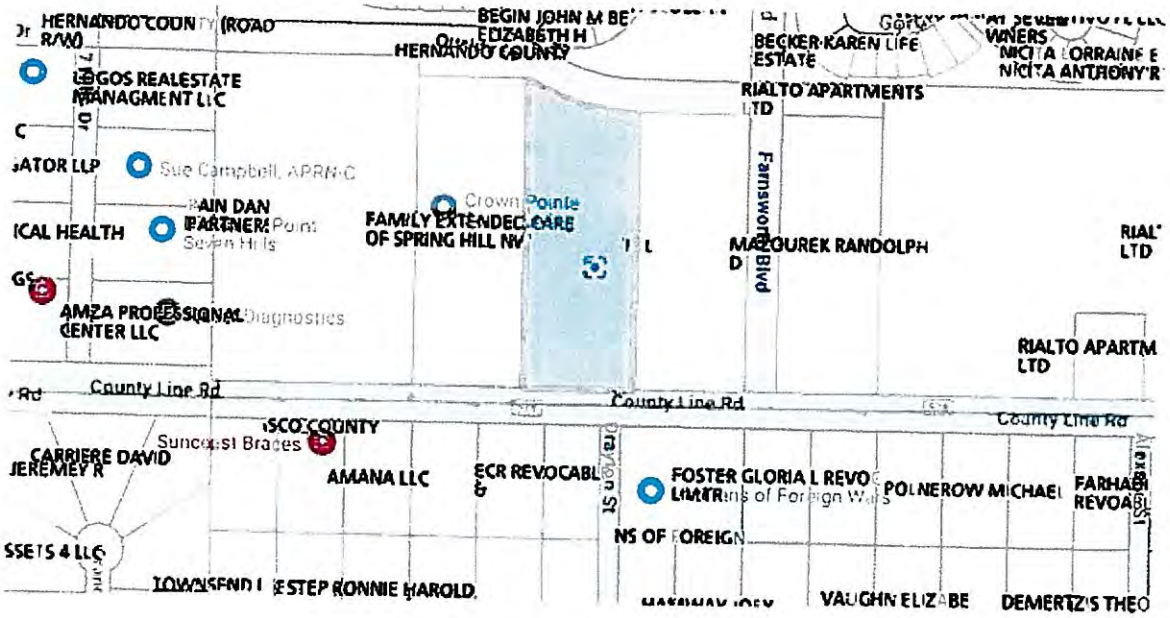
Description: W275 FT OF E550 FT OF S800 FT OF SW1/4 OF SW1/4 LESS R/W FOR COUNTY LINE RD & LESS R/W FOR QUALITY DR AKA PAR B IN CLASS

DOR Code: (10) VACANT COMMERCIAL

Levy Code: CWES **Sec/Tnshp/Rng:** 32-23-18

Subdivision:

Neighborhood: COUNTY LINE RD(CCLR)



03/03/25 5:24 PM EST dotloop verified

RANDY MAZOURIEK
HERNANDO COUNTY PROPERTY APPRAISER
"To Serve and Assess With Fairness"
HERNANDO COUNTY CENTRAL GIS

**Street Level photos may not be available if structure is not visible from road.

2024 Final Tax Roll

Parcel Key: 01351423 Parcel #: R32 423 18 0000 0230 0060

Owner Information

Owner Name: DOKKEN CURTIS L
Mailing Address: 7765 LAKE WORTH RD # 350 LAKE WORTH FL 33467-2536

Property & Assessment Values

Building:	$0	Assessed:	$358,846
Features:	$0	Exempt:	$0
Land:	$484,903	Capped:	$358,846
AG Land:	$0	Excl Cap:	$0
Market:	$484,903	Taxable:	$358,846

Property Information

Site Address: COUNTY LINE RD
Description: W275 FT OF E550 FT OF S800 FT OF SW1/4 OF SW1/4 LESS R/W FOR COUNTY LINE RD & LESS R/W FOR QUALITY DR AKA PAR B IN CLASS
DOR Code: (10) VACANT COMMERCIAL
Levy Code: CWES Sec/Tnshp/Rng: 32-23-18
Subdivision:
Neighborhood: COUNTY LINE RD(CCLR)

Certified Tax Information

AdValorem:	$6,121.07
NONAdValorem:	$39.72
Total For 2024:	$6,160.79
Total For 2023:	$5,552.61
Total For 2022:	$5,161.31
Total For 2021:	$4,528.86

Real Time Tax Info | Pay Taxes On-line
CE Assmts/Liens | Comm Fire Assmts

Land Breakdown

Land Use	Units	Value
COMM SQFT	193,961.00 SQUARE FEET	484,903

Sales Breakdown

Sale Date	Book/Page	Deed Type	Vacant/ Improved	Qualification	Sale Price	Grantee
12/13/2019	3786/1682	QC	V	X	$100	DOKKEN CURTIS L
06/10/1998	1199/219	WD	V	Q	$110,000	DOKKEN CURTIS L
01/01/1998				S	$0	MAZOUREK GEORGE C and JANICE

Building Characteristics

Bldg #	Description	Year Built	Area (Base/Aux)	Bed/Bath	Value

No Matching Records Found or the Information is Exempt per Florida Statute(s).

Extra Features

Bldg#	Description	Actual Year	Dimensions	Current Value

No Matching Records Found or the Information is Exempt per Florida Statute(s).

Addresses

COUNTY LINE RD

Businesses

Name	TPP PIN	TPP Key	Date Filed	Date Audit	Levy Code	NAICS	Ent Zone	Curr Val	Last Yr Val	2 Yrs Ago

No Matching Records Found or the Information is Exempt per Florida Statute(s).

Mobile Homes

The Palms at Spring Hill

The Palms at Spring Hill

SITE

PRIMARY AMENITIES - SCORED

1. Publix Super Market
2. Tampa General Hospital
3. Walgreens
4. Suncoast Elementary School
5. Dollar Tree

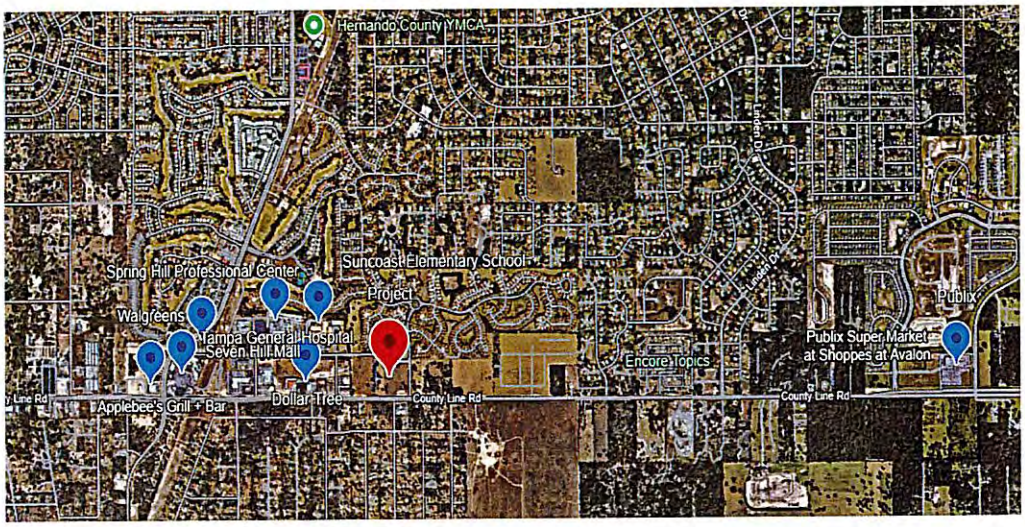
SECONDARY AMENITIES

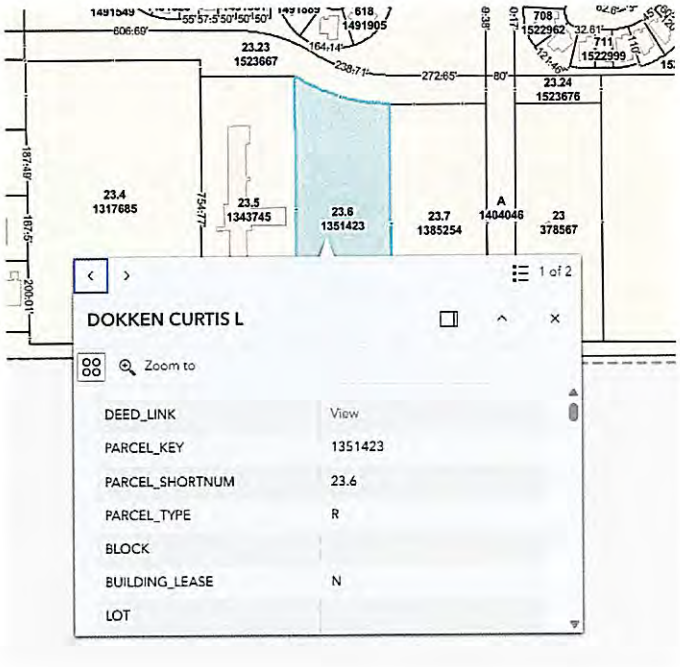
Dollar General

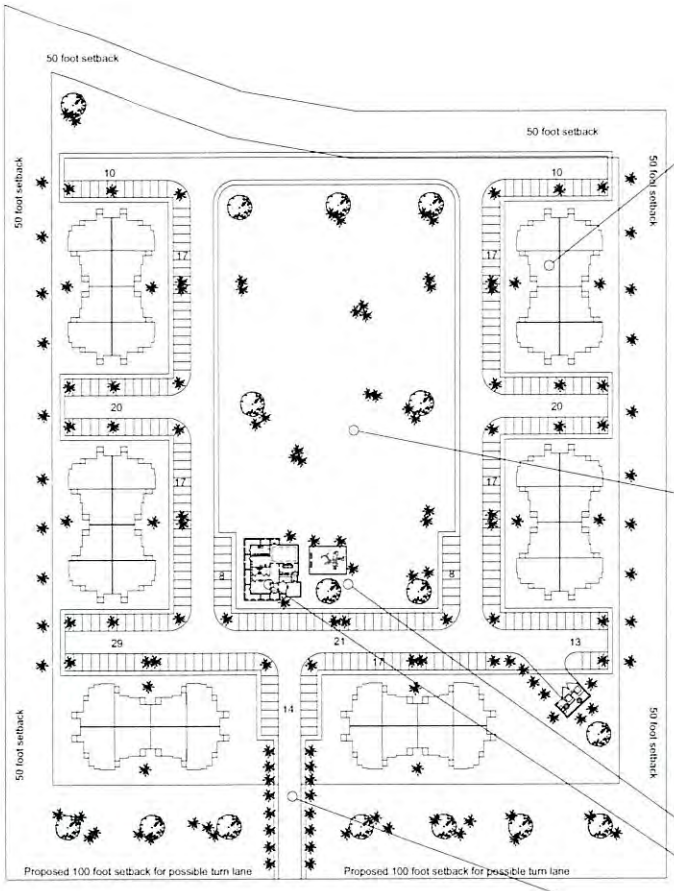
Starbucks

Applebee's Grill + Bar

Seven Hills Center Shopping Mall







16-unit Direct Entry Building Type
(6) Buildings proposed, (96) total Apartment Homes
Conceptual Elevation below

Neighborhood Center/ Open Green Space-
Trees, Walking Trails, Gazebos, Park Benches, Activities,
Social Gathering, Community Garden

Playground/ Kids Activities Area

Clubhouse/ Gathering Areas/ Activities

Tree-lined Boulevard Entry

FLORIDA HOUSING FINANCE CORPORATION
LOCAL GOVERNMENT VERIFICATION OF CONTRIBUTION – LOAN FORM

Name of Development: The Palms at Spring Hill

Development Location: 11323 County Line Rd, Spring Hill, FL 34609, Hernando County, FL

(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). If the Development consists of Scattered Sites, the Development Location stated above must reflect the Scattered Site where the Development Location Point is located.)

The City/County of Hernando, commits $ 50,000.00 at face value, (which may be used as an FHFC Non-Corporation Funding Proposal in an Application for FHFC funding if it meets the required criteria) in the form of a reduced interest rate loan to the Applicant for its use solely for assisting the proposed Development referenced above.

Please note: In some competitive processes, Florida Housing will use the face value of the commitment minus the net present value of the commitment for scoring purposes. The net present value of the above-referenced loan, based on its payment stream, inclusive of a reduced interest rate and the designated discount rate (as stated in the applicable RFA) is: $ 50,000.00.

No consideration or promise of consideration has been given with respect to the loan. For purposes of the foregoing, the promise of providing affordable housing does not constitute consideration. The commitment for this loan must be effective as of the Application Deadline for the applicable RFA, and is provided specifically with respect to the proposed Development.

CERTIFICATION

I certify that the foregoing information is true and correct and that this commitment is effective at least through the date required in the applicable RFA.

	Brian Hawkins
Signature	Print or Type Name
Chair, Board of County Commissioners	
Print or Type Title	Date Signed

NOTE TO LOCAL GOVERNMENT OFFICIAL: Additional information is set forth in the applicable Request for Application under which the Applicant is applying for funding for the above referenced Development.

This certification must be signed by the chief appointed official (staff) responsible for such approvals, Mayor, City Manager, County Manager /Administrator/Coordinator, Chairperson of the City Council/Commission or Chairperson of the Board of County Commissioners. If the contribution is from a Land Authority organized pursuant to Chapter 380.0663, Florida Statutes, this certification must be signed by the Chair of the Land Authority. One of the authorized persons named above may sign this form for certification of state, federal or Local Government funds initially obtained by or derived from a Local Government that is directly administered by an intermediary such as a housing finance authority, a community reinvestment corporation, or a state-certified Community Housing Development Organization (CHDO). Other signatories are not acceptable. The Applicant will not receive credit for this contribution if the certification is improperly signed. The amount of the contribution stated on this form must be a precise dollar amount and cannot include words such as estimated, up to, maximum of, not to exceed, etc.

If there are alterations made to this form that change the meaning of the form, the form will not be accepted.

(Form Rev. 07-2022)

McDowell Housing Partners
An Affiliate of McDowell Properties

Ekos at Grande Park

Hernando County Local Government Contribution Application for Florida Housing Finance Corporation

Submitted To:
Hernando County Housing and Supportive Services
Attn: Veda Ramirez, Director
Hernando County Board of County Commissioners
621 West Jefferson Street
Brooksville, FL 34601

777 Brickell Ave, Suite 1300
Miami, FL 33131

Ph: (786) 584-2486
www.mcdprop.com

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Marketing Plan 70

Company Financial Statements 72

Management Review and Physical Inspection Reports 74

Local Government References.....112

Local Government Contribution for Florida Housing Finance Corporation Multifamily Affordable Rental Housing Development/Rehabilitation Application

A. Applicant Information

1. Applicant Name: MHP Hernando I, LLC

Must be a legally formed entity (i.e., limited partnership, corporation, etc.) qualified to do business in the State of Florida at the time of submission of application. Include a copy of the certificate of good standing from the Florida Secretary of State.

Address:
777 Brickell Ave, Suite 1300, Miami, FL 33131

Telephone: 786-568-8805

Facsimile/email: jsternbach@mcdhousing.com

2. If partnership, name of general partner(s): N/A

If corporation, name and title of executive officer: N/A

Address: 777 Brickell Ave, Suite 1300, Miami, FL 33131

Telephone: 786-568-8805

Facsimile/email: jsternbach@mcdhousing.com

3. Developer Entity: MHP Hernando I Developer, LLC

Relationship to Applicant: Affiliate

Address of Developer: 777 Brickell Ave, Suite 1300, Miami, FL 33131

Telephone: 786-568-8805

Facsimile/email: jsternbach@mcdhousing.com

Describe the Developer's involvement and ownership interest in this development:
MHP Hernando I Developer, LLC is an affiliate of the Applicant, through MHP Hernando I Manager, LLC, the manager and a member of the Applicant. MHP Hernando I Developer, LLC will serve as the Developer for the project and provide development services to the Applicant throughout the development process.

4. Years of Affordable Housing Development Experience: 20 Years

5. Designated contact person (person with decision –making authority with whom the County will correspond concerning the application and Development) for Applicant/Borrowing Entity (not the consultant):

Jonathan Sternbach
jsternbach@mcdhousing.com
786-568-8805

Relationship to Applicant: Employee of McDowell Housing Partners, LLC an affiliate of the Applicant

Address of Developer:
777 Brickell Ave, Suite 1300, Miami, FL 33131

Facsimile/email: jsternbach@mcdhousing.com

5. Is there a consultant: Yes: ____ No: X

Name: N/A
Company Name: N/A
Address: N/A

Telephone: N/A
Facsimile/Email: N/A

6. For Applicant and Developer entities, attach a list of all general and limited partners and the officers, directors and shareholders of each as of the date of this application.

7. Applicant's Federal Taxpayer Identification Number:
99-4514903

8. Is the Applicant or its general partner incorporated as a non-profit organization pursuant to Chapter 617, Florida Statutes? Yes: ___ No: X

9. Is this a 501c (3) or 501c (4) non-profit organization pursuant to Section 42 of the Internal Revenue Code?

Yes: ____ No: X

If yes, provide the following:

a. Attach evidence of non-profit status.

b. Describe the role of the non-profit organization in the development.

c. Does the non-profit organization have an ownership interest, either directly or indirectly in the Development? Yes: ___ No: ___

d. Attach the names and address of the governing board of the non-profit organization.

e. Is the purpose of the non-profit organization, in part, to foster low-income housing? If so, provide a copy of the Articles of Incorporation.

f. Year non-profit organization was incorporated: _____

g. Is the non-profit affiliated with or controlled by a for-profit organization within the meaning of Section 42(h), Internal Revenue Code? Yes: ___ No: ___

If yes, name of For-Profit: _____

B. Development Information

1. Development Name: Ekos at Grande Park

2. Development location and street address (indicate street names, city and zip code):
East side of US 19, US 19 and Grande Park Dr., Unincorporated Hernando County, FL. 34613

If scattered sites, attach an additional page with the address of each site.

3. Manager/Employee Units: Are there one or more manager or employee units in the development? Yes: ____ No: X How Many? N/A Unit Type: N/A
If so, will each unit be occupied by an income-eligible manager/employee and included in the number of units set-aside? Yes: ____ No: N/A
Provide Unit Number(s): N/A

4. Are there one or more model Units? Yes: ____ No: X If yes, identify by unit number and type: N/A

5. Utilities: Indicate which utilities are paid by the tenants.
Electric X Water X Sewer X Gas N/A Trash ____ Cable X

6. Development Design:
Check the one design that best describes this development building style:
Garden X Duplexes ____ Quads ____ Single Family ____ Townhouses ____

7. Project Development Activity (check all applicable activity):
X Multi-Family Rental _____Supportive Housing
_____Single Room Occupancy _____Other (List): _____

8. Demographic Commitment per RFA:
X Family _____Elderly (if Elderly, what is minimum age?) _____

9. Identify acreage or lot size of entire Development: 12.08 Acres

10. Name of local jurisdiction where Development is located:

Unincorporated Hernando County X City of Brooksville _____

11. Project Type: X New Construction _____Rehabilitation ____Other: _____

12. TOTAL Development/ Rehabilitation Costs: $ $31,741,561

13. Project Primary Target Market (Household Area Medium Income (AMI):
_____Extremely Low (30% or less AMI) __X____Very Low (31% - 50% AMI)
__X___ Low (51%- 80% AMI) _____ Moderate 1 (81% AMI-120% AMI)

14. Amount of County Contribution Funds Requested: $ $460,000

14a Total Project Funding Sources

FUNDING SOURCE/CONTRIBUTOR	AMOUNT
Hernando County Contribution	$460,000
Construction Loan	$21,300,000
Federal Tax Equity (9% Competitive)	$17,050,295
TOTAL:	$38,810,295

15. Income Levels and Special Needs (Please complete table show actual number of units for the development occupants/beneficiaries.

Income Group	Number or Units
30% AMI or less AMI	
31-50% AMI	10 Units @ 40% AMI
51-60% AMI	86 Units @ 60% AMI
61-80% AMI	
81-120% AMI	
TOTAL:	

Special Needs Population Category	Number of Units
Elderly	
Disabled (NotElderly)	
Homeless	
Persons with HIV/AIDS	
Veterans	
Other:	
TOTAL	

C. Rental Assistance

1. Is rental assistance currently being provided for this development from other funding sources? Yes ____ No X

2. If yes, please indicate what source, number of units receiving assistance and number of years on rental assistance contract:

The development does not require project based rental assistance to be economically viable. Project based rental assistance is risky given the current administration's proposed elimination/reduction of the programs capacity. However, the property is will accept tenant choice vouchers.

D. Resident Programs

1. Tenant Programs for ALL Applicants: In order to enhance the development and the quality of life for residents, tenant programs are encouraged.

Check all that apply and describe how each program will be provided. Attach additional pages if necessary.

____ Day Care: See Attached Resident Programs

____ Health Care: _____

____ Meals: _____

____ Private Transportation for the Development: _____

____ Financial Counseling: _____

2. Tenant Programs for Elderly Applicants:

____ Assistance with Light Housekeeping, Shopping and/or Laundry:

____ Manager on-call 24 hours per day: _____

3. Tenant Programs for Non-Elderly Applicants:

____ Financial Incentive for assistance with purchasing a home: _____

_____

_____

____ Supportive Housing: _____

_____

_____

4. Any other Tenant Programs not otherwise addressed:

_____

_____

_____

E. Development Summary

1. Please provide a detailed narrative of proposed Development, including all amenities, total number of units (number of units per building, number of buildings in development), features and scope of work to be performed. Attach as an attachment.

2. Identify funding sought through FHFC, 9% tax credit, 4% tax Credit or other

2. Provide Documentation to support property ownership or site control (i.e. Warranty Deed, Trust, Deed, or Letter of Intent to Acquire Property).

3. Appraisal Report and/or Hernando County Property Appraisers Report for each identified project

4. To be considered complete, the application must include a map of the proposed project/development area showing the development's location. If applicable, include proximity to community services, medical facilities, schools, shopping, major businesses and employers.

5. Please provide Site Plan.

6. Please provide Development timeline.

7. Summary of how the project/development will be marketed, how the project will find tenants, and how the project will reach out to the local community.

8. Application packets must include the most recent 24 months audited financial statements and the current year approved budget.

9. Application packets must include the most recent 2 years Management Review and Physical Inspection Reports.

10. Please provide 3-5 References from Local Governments that provided funding to housing developments have been completed.

F. Certification (Original Signature Required)

The undersigned applicant certifies that the information in this application is true, correct and authentic. The applicant further certifies that (s)he is aware that if the County finds that the applicant or any of its affiliates has engaged in fraudulent actions or misrepresented facts on this application, this application will be disqualified and the applicant and its affiliates will be unable to participate in any County program for two (2) complete annual cycles inclusive of any interim cycles.

In applying for SHIP Program funds, the applicant has read, understands, and agrees to comply with 420.9071-420.9079 Florida Statutes and Rule 67-37 Florida Administrative Code, issued by the Florida Housing Finance Corporation. The applicant understands and agrees to abide by the provisions of the applicable Florida Statutes and County program rules and policies.

Official Signature of Applicant/Borrowing Entity

_____ Date: 6/20/2025

Name and Title (typed or printed) Christopher L. Shear, President

Company MHP Hernando I, LLC

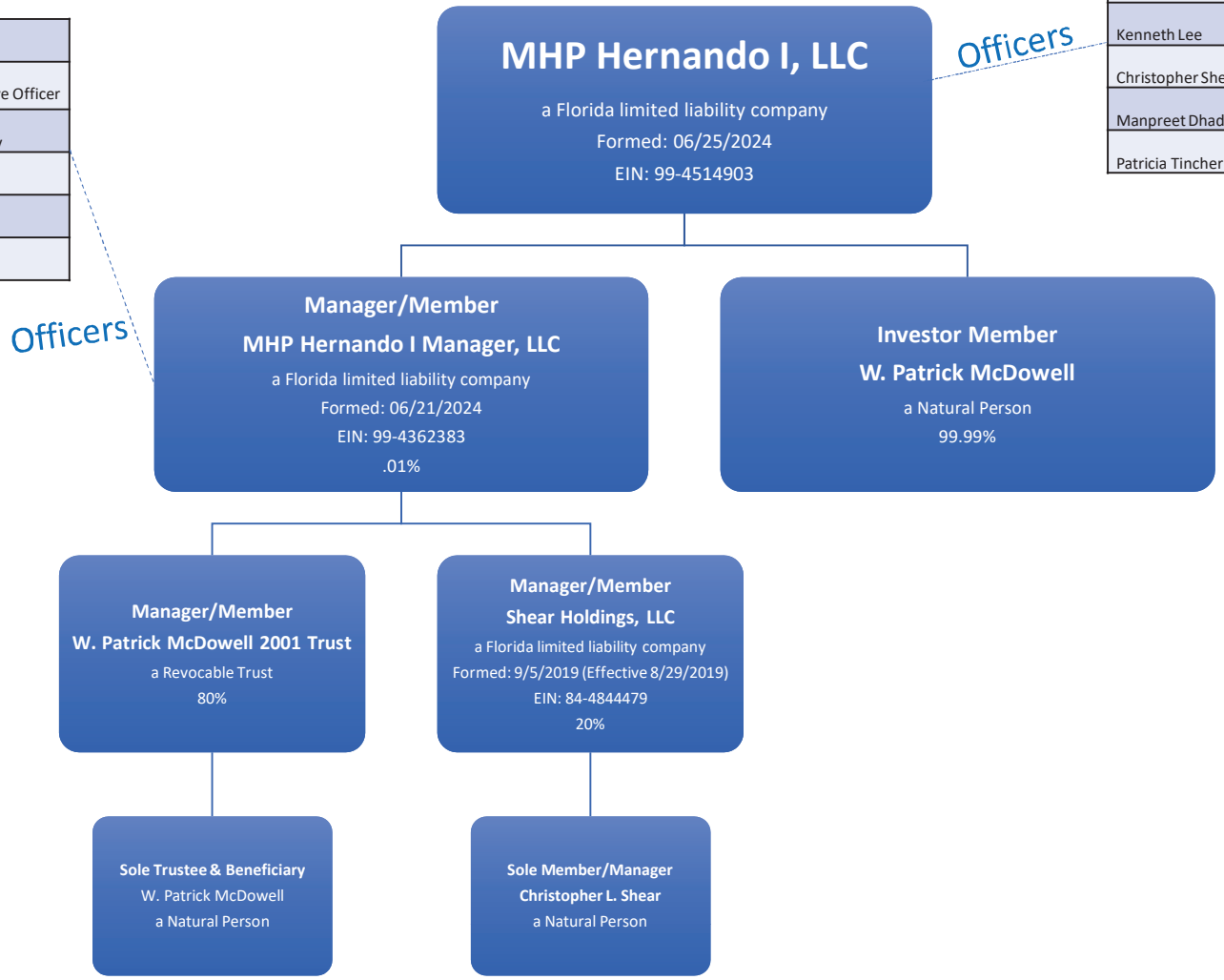
Signature Witness _____ **Date**: 6/20/2025

Name and Title (typed or printed) Kenny Bowron Jr., Director of Acquisitions

Organizational Chart

MHP Hernando I, LLC

Name	Position(s)/Title(s)
W. Patrick McDowell	Chairman and Chief Executive Officer
Kenneth Lee	Vice Chairman and Secretary
Christopher Shear	President
Manpreet Dhadda	Assistant Secretary
Patricia Tincher	Chief Financial Officer



Name	Position(s)/Title(s)
W. Patrick McDowell	Chairman and Chief Executive Officer
Kenneth Lee	Vice Chairman and Secretary
Christopher Shear	President
Manpreet Dhadda	Assistant Secretary
Patricia Tincher	Chief Financial Officer

MHP Hernando I Developer, LLC

Resident Programs

Ekos at Grande Park – Resident Programs

MHP Hernando I, LLC is committed to enhancing the quality of life for residents at Ekos at Grande Park by integrating a robust array of resident programs and supportive service options. These services are designed to foster health and wellness, economic mobility, and educational attainment within the community. The following bullet points provide our general plan to facilitate on-site supportive services.

Health and Wellness Services: At Ekos at Grande Park, residents will have access to comprehensive health and wellness check-ups and clinics. These services will include clinical screenings such as pulse, temperature, cholesterol, and glucose checks, ensuring that residents can monitor and manage their health effectively. Additionally, health education programs will promote nutrition, disease prevention, and healthy lifestyle choices.

Employment Assistance Programs: To empower residents economically, MHP Hernando I, LLC will offer quarterly Employment Assistance Program workshops. These workshops will be led by experienced employment counselors, covering essential topics such as job goal setting, resume writing, interview preparation, and employability skills development. Placement and follow-up services will also be provided to ensure sustained employment success.

Financial Management Programs: Financial stability is critical for long-term prosperity. Residents will benefit from a series of financial management classes covering budgeting, bill-paying techniques, tax preparation, fraud prevention, retirement planning, and homebuyer education. These classes will equip residents with practical skills and knowledge to manage their finances responsibly and plan for future goals.

By integrating these comprehensive on-site services, MHP Hernando I, LLC aims to create a supportive community environment at Ekos at Grande Park. These initiatives not only address immediate needs but also promote long-term well-being and self-sufficiency among residents, fostering a vibrant and inclusive community in Hernando County.

Project Narrative

Ekos at Grande Park – Project Narrative

Project Overview

Ekos at Grande Park is a proposed 96-unit family affordable housing development located at the southeast corner of US 19 and Grande Park Dr. in Hernando County, FL. The project is being developed by MHP Hernando I, LLC, an affiliate of McDowell Housing Partners, a leading affordable housing developer based in Florida. The development is seeking financing through the Florida Housing Finance Corporation's 9% Low-Income Housing Tax Credit (LIHTC) Program, under the applicable Request for Applications (RFA). The Local Government Contribution requested herein is submitted in accordance with FHFC scoring requirements and is a vital component of the project's financing strategy.

Project Location and Community Amenities

Ekos at Grande Park is ideally located for a family-oriented development in Hernando County. Less than a quarter mile from the site is a Winn-Dixie supermarket, providing residents with convenient access to groceries and daily essentials. The development is situated less than three miles from Gulf Coast Elementary School and approximately one mile from Fox Chapel Middle School. Springstead High School is also within close proximity, located roughly three miles from the site. Healthcare services include HCA Florida Oak Hill Hospital, and a CVS Pharmacy located less than half a mile away. Numerous restaurants, retail centers, and service providers can be found along Commercial Way (US-19) and Cortez Blvd (SR 50).

Residents will enjoy access to recreational amenities such as Delta Woods Park, which offers walking trails, sports courts, picnic shelters, and playgrounds. The Hernando County YMCA, a short drive away, provides a gym, pool, fitness classes, and after-school programs. For outdoor enthusiasts, Weeki Wachee Springs State Park—known for kayaking, wildlife viewing, and family entertainment—is less than a mile from the development.

Multiple Hernando County Transit (TheBus) routes run along US-19 and Cortez Boulevard, with bus stops located within walking distance of the site, providing residents with convenient options for public transportation and easy access to regional destinations. This location combines accessibility, essential services, and community amenities, making it an excellent choice for affordable, family-friendly housing in Hernando County.

Building Features and Amenities

The project will feature 96 residential units distributed across three 3-story concrete garden-style buildings, comprising two 36-unit buildings and one 24-unit building, along with a standalone clubhouse. The clubhouse will include on-site management and maintenance offices, a fully equipped fitness center, a versatile community room with a kitchenette and game tables, and a media/business center with a computer lab. Additional amenities include a pool, playground, barbeque, and a gazebo.

The dwelling units will feature granite countertops; plywood cabinets (not particle board); luxury vinyl tile flooring; full-size, stainless steel, energy star appliances including range, refrigerator, microwave, garbage disposal and dishwasher. All units will provide washer and dryer hookups.

Ekos at Grande Park will pursue a silver or gold level certification under ICC 700-2020 National Green Building Standard (NGBS) system. To ensure this level of efficiency, the project will implement low- flow plumbing fixtures, SEER 15 HVAC systems, high efficiency (low-e or insulated) impact windows, Energy-Star qualified water heaters, and LED lighting throughout the facility at a minimum. Throughout the design process, MHP will also consider the possibility of incorporating some level of solar into the design to maximize the energy efficiency of the project and minimize common area utility expenses.

Unit Mix, Set-Asides, & Community Services

The development will offer a mix of one-, two-, and three-bedroom units to residents ranging between 40% to 60% of the area median income (AMI). A total of 10% of the units will be set aside to service extremely low income (ELI) residents at 40% AMI, while 90% of the units will serve residents at 60% AMI. As part of the RFA requirement under which the project was awarded, half of the units designated for ELI residents will be set aside as Link Units for Persons with Special Needs.

UNIT MIX: BEDROOM TYPE SUMMARY

Unit Type	Count	%	Avg. SF
0 BR	-	-	-
1 BR	54	56%	631
2 BR	30	31%	972
3 BR	12	13%	1,197
4 BR	-	-	-
Total	**96**	**100%**	**808**

FLORIDA HOUSING FINANCE CORPORATION
LOCAL GOVERNMENT VERIFICATION THAT DEVELOPMENT IS CONSISTENT WITH ZONING AND LAND USE REGULATIONS

Name of Development: Ekos at Grande Park

Development Location: East side of US 19, 2,100 feet NE of the intersection of US 19 and Cortez Blvd. Hernando County, FL.

(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). The location of all Scattered Sites, if applicable, must also be included.

Number of Units in the Development: 140

This number must be equal to or greater than the number of units stated by the Applicant in Exhibit A of the RFA.

The undersigned Local Government representative confirms that, as of the date that this form was signed, the above referenced Development's proposed number of units, density, and intended use (i) are consistent with current land use regulations and zoning designation; OR (ii) are approved pursuant to sections 125.01055(6) and 166.04151(6), Florida Statutes; OR (iii) are consistent with sections 125.01055 (7) and 166.04151 (7), Florida Statutes; OR, (iv) if the Development consists of rehabilitation, the intended use is allowed as a legally non-conforming use.

CERTIFICATION

I certify that the City/County of Hernando County (Name of City/County) has vested in me the authority to verify consistency with local land use regulations and zoning designation or, if the Development consists of rehabilitation, the intended use is allowed as a "legally non-conforming use" and I further certify that the foregoing information is true and correct. In addition, if the proposed Development site is in the Florida Keys Area as defined in Rule Chapter 67-48, F.A.C., I further certify that the Applicant has obtained the necessary Rate of Growth Ordinance (ROGO) allocations from the Local Government.

Kay Griffith
Signature

KAY GRIFFITH
Print or Type Name

PLANNER II, COMMERCIAL
Print or Type Title

7/1/24
Date Signed

16453 BLAISE DRIVE
Address (street address, city, state)

BROOKSVILLE FL 34601
Address (street address, city, state)

(352)540-6854
Telephone Number (including area code)

This certification must be signed by the applicable City's or County's Director of Planning and Zoning, appointed official (staff) responsible for determination of issues related to comprehensive planning and zoning, City Manager, or County Manager/Administrator/Coordinator. Signatures from elected local government officials are not acceptable, nor are other signatories. If there are alterations made to this form that change the meaning of the form, the form will not be accepted.

(Form Rev. 06-2023)

FLORIDA HOUSING FINANCE CORPORATION
VERIFICATION OF AVAILABILITY OF INFRASTRUCTURE - WATER

Name of Development: Ekos at Grande Park

Development Location: East side of US 19, 2,100 feet NE of the intersection of US 19 and Cortez Blvd. Hernando County, FL.

At a minimum, provide the address number, street name and city and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). The location of all Scattered Sites, if applicable, must also be included.

Number of Units in the Development: 140

This number must be equal to or greater than the number of units stated by the Applicant in Exhibit A of the RFA.

The undersigned service provider confirms that, as of the date that this form was signed, the above referenced Development Location met the following:

1. Potable water is available to the proposed Development, subject to item 2 below.
2. To access such water service, the Applicant may be required to pay hook-up, installation and other customary fees, comply with other routine administrative procedures, provide easements, and remove, relocate, install or construct line extensions and other equipment, including but not limited to pumping stations, in connection with the construction of the Development. Execution of this document does not guarantee that water service will be available to the Applicant in the future and does not provide the Applicant with any vested rights to receive water service. The availability of water services is subject to the approval of all applicable governmental agencies having jurisdiction over these matters.

CERTIFICATION

I certify that the foregoing information is true and correct.

Signature	Hernando County Utilities Department Name of Entity Providing Service
Gordon Onderdonk, PD LEED AP Print or Type Name	15365 Cortez Blvd Address (street address, city, state)
Director of Utilities Print or Type Title	Brooksville, FL 34613
6/26/24 Date Signed	352-754-4037 Telephone Number (including area code)

This certification may not be signed by the Applicant, by any related parties of the Applicant, or by any Principals or Financial Beneficiaries of the Applicant. In addition, signatures from elected local government officials are not acceptable. If there are alterations made to this form that change the meaning of the form, the form will not be accepted.

(Form Rev. 07-2022)

FLORIDA HOUSING FINANCE CORPORATION
VERIFICATION OF AVAILABILITY OF INFRASTRUCTURE – SEWER CAPACITY, PACKAGE TREATMENT, OR SEPTIC TANK

Name of Development: Ekos at Grande Park

Development Location: East side of US 19, 2,100 feet NE of the intersection of US 19 and Cortez Blvd. Hernando County, FL.

At a minimum, provide the address number, street name and city and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). The location of all Scattered Sites, if applicable, must also be included.

Number of Units in the Development: 140

This number must be equal to or greater than the number of units stated by the Applicant in Exhibit A of the RFA.

The undersigned service provider confirms that, as of the date that this form was signed, Sewer Capacity or Package Treatment is available to the proposed Development; or there are no known prohibitions to installing a Septic Tank system with adequate capacity for the proposed Development location or, if necessary, upgrading an existing Septic Tank system with adequate capacity for the proposed Development location.

To access such waste treatment service, the Applicant may be required to pay hook-up, installation and other customary fees, comply with other routine administrative procedures, provide easements, and/or remove, relocate, install or construct line extensions and other equipment, including but not limited to pumping stations, in connection with the construction of the Development. Execution of this document does not guarantee that waste treatment service will be available to the Applicant in the future and does not provide the Applicant with any vested rights to receive waste treatment service. The availability of waste treatment services is subject to the approval of all applicable governmental agencies having jurisdiction over these matters.

For projects located within Miami-Dade County, the Applicant is advised that the right to connect the referenced property to the Department's sewer system is subject to the terms, covenants and conditions set forth in court orders, judgments, consent orders, consent decrees and the like entered into between the County and the United States, the State of Florida, and/or any other governmental entity, including the Consent Decree entered on April 9, 2014, in the United States of America, State of Florida and State of Florida Department of Environmental Protection v. Miami-Dade County, Case No. 1:12-cv-24400-FAM, as well as all other current, subsequent or future enforcement and regulatory actions and proceedings.

CERTIFICATION

I certify that the foregoing information is true and correct.

Signature

Gordon Onderdonk, PD LEED AP
Print or Type Name

Director of Utilities
Print or Type Title

6/26/24
Date Signed

Hernando County Utilities Department
Name of Entity Providing Service

15365 Cortez Blvd
Address (street address, city, state)

Brooksville, FL 34613

352-754-4037
Telephone Number (including area code)

This certification may not be signed by the Applicant, by any related parties of the Applicant, or by any Principals or Financial Beneficiaries of the Applicant. In addition, signatures from elected local government officials are not acceptable. If there are alterations made to this form that change the meaning of the form, the form will not be accepted.

(Form Rev. 07-2022)

Proposed Sources & Uses

Grande Park - Family
Spring Hill, FL - Hernando County
9% Tax Credit

SOURCES OF FUNDS

	CONSTRUCTION	***PERMANENT***
Construction Loan	$ 21,300,000	$ -
Permanent Loan	-	8,825,000
Federal Tax Equity (9% LIHTC)	17,050,295	24,357,564
Hernando County Local Government Contribution	460,000	460,000
Deferred Developer Fee	-	1,771,674
TOTAL SOURCES	**$ 38,810,295**	**$ 35,414,238**

USES OF FUNDS

	CONSTRUCTION	***PERMANENT***
Acquisition Costs	$ 2,130,000	$ 2,130,000
Hard Cost Contingency	1,073,759	1,073,759
Hard Costs - GC Contract	21,475,185	21,475,185
Architectural & Engineering	790,600	790,600
Permit & Impact Fees	932,736	932,736
Professional Services & Reports	466,350	501,350
Other Soft Costs	609,752	609,752
Interim Costs	308,282	308,282
Financing Costs	1,413,750	2,050,289
Tax Credit Fees	580,000	580,000
Soft Cost Contingency	109,484	109,484
Developer Fee & Overhead	1,851,663	4,549,030
Operating Deficit Reserve	-	303,771
TOTAL USES	**$ 31,741,561**	**$ 35,414,238**

Unit Mix & Operating Proforma

Grande Park - Family
Spring Hill, FL - Hernando County
9% Tax Credit

PROJECT UNIT MIX

UNIT TYPE	COUNT	AMI %	UNIT DESCRIPTION	GROSS LIHTC RENT	UTILITY ALLOWANCE	NET LIHTC RENT	OTHER RENT	FINAL NET RENT	EXTENDED RENT
1 BR	6	40%	-	$782	$117	$665	-	$665	$3,990
1 BR	48	60%	-	$1,173	$117	$1,056	-	$1,056	$50,688
	-	-	-	-	-	-	-	-	-
2 BR	3	40%	-	$939	$135	$804	-	$804	$2,412
2 BR	27	60%	-	$1,408	$135	$1,273	-	$1,273	$34,371
	-	-	-	-	-	-	-	-	-
3 BR	1	40%	-	$1,085	$150	$935	-	$935	$935
3 BR	11	60%	-	$1,627	$150	$1,477	-	$1,477	$16,247
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
TOTAL	**96**							**$1,132**	**$108,643**
								$1.40	

AMI	Count	%
30%	-	-
40%	10	10%
50%	-	-
60%	86	90%
70%	-	-
80%	-	-
Market	-	-
Total	**96**	**100%**

Unit Type	Count	%
0	-	-
1	54	56%
2	30	31%
3	12	13%
4	-	-
Total	**96**	**100%**

Income Average: ***58%***

Grande Park - Family
Spring Hill, FL - Hernando County
9% Tax Credit

STABILIZED PROFORMA

		TOTAL	PER UNIT
Gross Potential Rent		$ 1,303,716	$ 13,580
Washer/Dryer		48,960	510
Ancillary		23,040	240
Cable Income		-	-
Other		-	-
Other		-	-
GROSS POTENTIAL RENT		**$ 1,375,716**	**$ 14,330**
Rental Vacancy	*5.00%*	$ (65,186)	$ (679)
Washer/Dryer Vacancy	*0.00%*	-	-
Ancillary Vacancy	*0.00%*	-	-
Cable Income Vacancy	*0.00%*	-	-
Other Vacancy	*0.00%*	-	-
Other Vacancy	*0.00%*	-	-
EFFECTIVE GROSS INCOME		**$ 1,310,530**	**$ 13,651**
Management Fee	*3.00%*	$ 39,316	$ 410
Admin		29,664	309
Contracted Services		-	-
Leasing and Marketing		4,944	52
Repairs and Maintenance		71,688	747
Payroll		128,544	1,339
Utilities		44,496	464
Other		-	-
Other		-	-
Other		-	-
Insurance		109,376	1,139
Real Estate Taxes		126,906	1,322
Total Operating Expenses		**$ 554,934**	**$ 5,781**
Replacement Reserve		28,800	300
Total Operating Expenses w/ Reserves		**$ 583,734**	**$ 6,081**
Net Operating Income		**$ 726,796**	**$ 7,571**

Site Control

McDowell
HOUSING PARTNERS

VIA EMAIL

June 16, 2025

Emerald Hernando LLC
675 Ponce De Leon Blvd.
Brooksville, FL 34601

Re: Purchase of approximately (12.08+/- Acres) of land located on Parcel ID (R35 422 17 7178 0010 0000) along US 19, Hernando County, FL.

Dear Mr. Selph,

This letter of intent shall outline the general terms and conditions pursuant to which MHP Acquisitions, LLC, or its assignee, or affiliate ("Purchaser") would be interested in entering into a purchase and sale agreement (the "Contract") with Emerald Hernando LLC ("Seller").

Upon receipt of this executed letter of intent, Purchaser will immediately prepare the Contract for review and execution.

1. THE PROPERTY: Parcel Id: **R35 422 17 7178 0010 0000**

2. PURCHASE PRICE: Two Million One Hundred Thirty Thousand Dollars ($2,130,000.00) Cash.

3. DEPOSITS:

   a. First Deposit: ($25,000.00) within three (3) days of execution of Contract and deposited into escrow. The First Deposit shall become non-refundable at the expiration of the Due Diligence Period, as defined below.

   b. Second Deposit: (50,000.00) shall be deposited into escrow and due at the expiration of Due Diligence Period. The Second Deposit shall be non-refundable upon deposit into escrow.

   c. Third Deposit: ($75,000.00) shall be deposited and due 75 days after the expiration of the Due Diligence Period. The Third Deposit shall be non-refundable upon deposit into escrow.

   First Deposit, Second Deposit, and Third Deposit are hereinafter collectively referred to as (the "Deposits") and shall be applicable to purchase price.

4. DUE DILLIGENCE PERIOD: Purchaser shall have 120 days following the Due Date of the FHFC RFA 2025-201 due on November 18, 2025, to inspect the property and pursue financing. Notwithstanding the foregoing, Purchaser shall have the right to perform standard due diligence including but not limited to the physical, structural, seismic, geological, title, survey, and environmental condition so long as the Contract remains in effect. Seller shall provide Purchaser with any standard due diligence, including, but not limited to, surveys, plat maps, environmental reports, geotechnical soil reports, wetlands determinations, or appraisal reports in Seller's possession within ten (10) days of the effective date of the Contract.

5. TERMINATION: Purchaser reserves the right to terminate the Contract for any reason during the Contract period by providing written termination notice to Seller. Upon such termination by the Purchaser, any Deposits that have become non-refundable under the terms of the Contract through the date of such termination notice shall be released to Seller, and the remainder of the Deposits, if any, shall be refunded to Purchaser, and the parties shall be relieved of all further liability under the Contract.

6. ZONING: [Reserved]

7. TITLE CONDTION: As a condition to Closing, the title to the Property shall be marketable and insurable and be subject only to the Permitted Exceptions, and any other matters acceptable to Purchaser, which shall not cause title to be unmarketable.

8. TAXES & PRORATIONS: Taxes will be prorated through closing. All other items customarily adjusted between sellers and purchasers of real property, of a similar use as the Property, will be adjusted by Seller and Purchaser as of 11:59 p.m. of the day preceding the Closing Date.

9. CLOSING: Shall take place within 90 days of the expiration of the Due Diligence Period.

10. EXTENSIONS: Purchaser shall, at its sole option, be entitled to three (3) successive thirty (30) day extensions (each an "Extension") to the Closing. Purchaser shall deposit the sum of ($15,000.00) ("Extension Fee") for each Extension. Extension Fees shall be non-refundable and applied to the Purchase Price. Extension deposits shall be released from Escrow to Seller upon written request.

11. BROKERAGE COMMISSIONS: Tommie Dawson Realty is acting as the Seller's broker in this sale. Seller will be solely responsible for any commission payable as a result of a sale consummated between Seller and Purchaser (or its assigns). Seller and Purchaser will hold each other free and harmless from any demand or liability for payment of commissions or fees owed due to actions or commitments they have individually undertaken.

McDowell
HOUSING PARTNERS

12. NATURE OF THIS LETTER OF INTENT: This Letter of Intent is a non-binding expression of interest. It is understood and agreed that neither party shall be legally bound to the other, unless and until, the terms and conditions relating to this transaction are negotiated and incorporated into the Contract, as signed by both parties.

13. REVOCATION OF OFFER: The offer contained herein shall be deemed to be null and void unless an executed copy of it is returned (via email, fax, or original) to McDowell Housing Partners on or before 5:00PM, June 20, 2025.

If you have any questions on this matter, please contact Kenny Bowron at 786-604-2879 or kbowron@mcdhousing.com .

Sincerely,
MHP Acquisitions, LLC.

By: _____
Christopher Shear,
President

AGREED TO AND ACCEPTED this 20 day of June 2025

Seller: Emerald Hernando LLC

By: _____

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") dated June 28, 2024 (the "Effective Date") is made by and between EMERALD HERNANDO, LLC, a Florida limited liability company ("Seller"), and MHP ACQUISITIONS, LLC, a Delaware limited liability company, and/or its assigns ("Buyer").

RECITALS:

A. Seller is the owner and holder of certain real property comprised of approximately 12.08+/- acres of land located on US 19 (Commercial Way) in Hernando County, FL (Hernando County, Parcel Number: R35 422 17 7178 0010 0000) as more particularly described on the Exhibit "A" attached hereto and incorporated herein ("Property"); and

B. Buyer desires to purchase the Property from Seller, and Seller desires to sell the Property to Buyer, pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, and the mutual covenants set forth in this Agreement, Seller and Buyer hereby agree as follows:

1. **Purchase and Sale**. Seller agrees to sell and convey the Property to Buyer, and Buyer agrees to purchase the Property from Seller. The Property includes all of Seller's right, title and interest in and to (i) all easements, rights of way, privileges, licenses, appurtenances and any other rights, privileges and benefits belonging to the owner of, running with title to, or in any way related to, the Property; (ii) all land use or other consents, authorizations, variances, waivers, licenses, permits, approvals, development orders, or any other entitlements issued or granted by or from any governmental authority with respect to the Property, to the extent assignable without the consent of the granting authority; (iii) all percolation, soil, topographical, traffic, engineering and environmental reports or studies in the possession or control of the Seller, and all riparian, littoral rights, title to submerged lands and other water rights related to or benefiting the Property; (iv) all utility mains, service laterals, hydrants, connections, hook-ups and valves located on, or adjacent to, and servicing or available to service the Property; and (v) any and all other agreements, contracts, covenants, variances and rights, benefits and privileges related to or benefiting the Property.

2. **Purchase Price**. The purchase price for the Property ("Purchase Price") is Two Million One Hundred Thirty Thousand and NO/100 Dollars ($2,130,000.00), subject to the credits, prorations, and adjustments set forth herein. The Purchase Price is payable as follows:

   a. First Deposit. Within three (3) business days of execution of this Agreement, Buyer will deliver to Nelson Mullins Riley & Scarborough LLP, as escrow agent ("Escrow Agent"), the sum of Twenty-Five Thousand and NO/100 Dollars ($25,000.00) by wire transfer of immediately available funds (the "First Deposit"). The First Deposit shall be held by Escrow Agent in a non-interest-bearing account, to be disbursed only in accordance with the terms of this Agreement. Two Thousand Five Hundred and NO/100 Dollars ($2,500.00) of the First Deposit shall become non-

refundable upon deposit with the Escrow Agent except as set forth herein. Twenty-Two Thousand Five Hundred and NO/100 Dollars of the First Deposit shall become non-refundable at the expiration of the Due Diligence Period (as herein defined) except as set forth herein.

b. Second Deposit. Within three (3) business day following the expiration of the Due Diligence Period, Buyer will deliver to Escrow Agent the sum of Twenty-Five Thousand and NO/100 Dollars ($25,000.00) by wire transfer of immediately available funds ("Second Deposit"). The Second Deposit may be held by Escrow Agent in the same non-interest-bearing account as the First Deposit. The Second Deposit will be applied to the Purchase Price at Closing (as defined below) and, except as set forth herein, shall become non-refundable upon deposit into escrow.

c. Third Deposit. On the date that is the earlier of (i) the date that the Buyer (or its affiliate) receives an Invitation to Credit Underwriting from Florida Housing Finance Corporation ("FHFC") with respect to the Property in connection with FHFC 2024-201 or (ii) the date that is ninety (90) days following the expiration of the Due Diligence Period, Buyer will deliver to Escrow Agent the sum of One Hundred Thousand and NO/100 Dollars ($100,000.00.00) by wire transfer of immediately available funds ("Third Deposit"). The Third Deposit may be held by Escrow Agent in the same non-interest-bearing account as the First Deposit and Second Deposit. The Third Deposit will be applied to the Purchase Price at Closing and, except as set forth herein, shall become non-refundable upon deposit into escrow.

d. Deposit. The First Deposit, the Second Deposit, and the Third Deposit, to the extent delivered to the Escrow Agent, the Closing Date Extension Deposit(s) (as defined in Section 12), if applicable, to the extent delivered to the Escrow Agent, shall each be a "**Deposit**" and are sometimes collectively referred to as the "Deposits". Notwithstanding anything in this Agreement to the contrary, the Deposits will be refundable to Buyer in the event that (i) Seller defaults under the terms of the Agreement; (ii) one or more of the Closing Conditions in favor of the Buyer set forth in Section 8 have not been satisfied; or (iii) as otherwise specifically provided in this Agreement.

e. Balance. The Deposits will be applied to the Purchase Price at Closing, and Buyer will pay to Seller the balance of the Purchase Price, subject to credits, adjustments and prorations as herein provided, by cash or confirmed wire transfer.

3. **Intentionally Deleted**.

4. **Title and Survey**.

a. Title. Within ten (10) business days following the Effective Date, Seller will deliver to Buyer a copy of Seller's title insurance policy insuring Seller's fee simple title to the Property. Prior to the end of the Due Diligence Period (as defined below), Buyer, at Buyer's expense, will obtain an owner's title insurance commitment (the

"Title Commitment") from Fidelity National Title or First American Title Insurance Company (as applicable, the "Title Company") through Nelson Mullins Riley & Scarborough LLP as title agent ("Title Agent"). Marketable title will be determined according to the Title Standards adopted by authority of The Florida Bar and in accordance with Florida law. The Title Commitment shall be accompanied by true, complete and legible copies of all documents creating or evidencing any exception to title noted in the Title Commitment. The Title Commitment shall evidence the requirements subject to which Title Company will insure in Buyer good and marketable record fee simple title to the Property, free and clear of all liens, encumbrances, exceptions or qualifications to title whatsoever except for the Permitted Exceptions, as such term is hereinafter defined.

b. Survey. Within ten (10) business days following the Effective Date, Seller will deliver to Buyer a copy of Seller's existing survey, prepared by a Florida licensed surveyor, of the Property, if available. Prior to the end of the Due Diligence Period, Buyer may obtain, at its sole cost and expense, an ALTA/ACSM survey identifying (i) total acreage, (ii) any areas within a flood zone, (iii) any easements, rights of way or other encroachments, and, (iv) following delivery of the Title Commitment to the surveyor, all of the plottable exceptions to the Title Commitment (the "Survey").

c. Title and Survey Objections. Prior to the end of the Due Diligence Period, Buyer will have the right to examine the condition of Seller's title to the Property and the Survey (the "Title and Survey Review Period"). If the Title Commitment reflects that title to the Property is subject to any exceptions unacceptable to Buyer (the "Title Objections") or the Survey reflects any survey matters unacceptable to Buyer (the "Survey Objections" and, together with any Title Objections, collectively the "Objections"), Buyer will notify Seller in writing prior to the expiration of the Title and Survey Review Period of any Objections. Any exceptions listed in the Title Commitment to which Buyer has not timely objected will be deemed to be "Permitted Exceptions." If Buyer gives notice of any Objections to Seller within the Title and Survey Review Period (the "Objection Notice"), then on or before ten (10) days after receipt of the Objection Notice ("Response Deadline"), Seller may, in Seller's sole discretion, give Buyer notice of those Objections, if any, that Seller is willing to seek to cure prior to the Closing Date ("Response Notice"), in which case, Seller shall have twenty (20) days in which to cure such Objections ("Objection Cure Period"). If Seller fails to deliver a Response Notice by the Response Deadline, Seller shall be deemed to have elected not to cure or otherwise resolve any matter set forth in the Objection Notice. If Seller is not successful in correcting or removing the Objections within the Objection Cure Period, or Seller has elected not to cure the Objections, Buyer will have the option of (i) accepting the title in its existing condition, or (ii) terminating this Agreement by sending written notice of termination to Seller and Escrow Agent within ten (10) Business Days following the later of (Y) the expiration of the Objection Cure Period or (Z) Seller's delivery of the Response Notice to Buyer. In the event that Buyer elects to terminate this Agreement, notwithstanding anything in Section 2 to the contrary, Escrow Agent will return the Deposits to Buyer, and thereafter, neither Buyer nor

Seller will have any further liabilities or obligations hereunder except with respect to those obligations which expressly survive termination. If Buyer fails to give notice to terminate this Agreement pursuant to this Section 4(c), Buyer shall be deemed to have elected to approve and irrevocably waived any objections to matters covered by the Title Commitment or the Survey, except as provided in Section 4(d) hereof.

d. Title and Survey Updates. Seller covenants and agrees that after the Effective Date it will not enter into or record any document or instrument, or enter into any lease or other agreement, affecting or burdening the Property, unless Buyer has consented in writing to the execution or recordation of such document, instrument, lease or agreement. If any updated endorsement to the Title Commitment or any update of the Survey reveals any exception or survey defect not reflected on the Title Commitment or the Survey not consented to by Buyer, then Seller, at Seller's sole cost and expense, will have such exception promptly deleted from the Title Commitment, or such survey defect removed or cured, and in any event prior to Closing. If Seller is not successful in removing the same within thirty (30) days from written notice from Buyer, Buyer will have the option of (i) allowing Seller additional time to cure such defects, (ii) accepting the title in its existing condition, or (iii) terminating this Agreement by sending written notice of termination to Seller and Escrow Agent within two (2) business days following said thirty (30) day period. In the event that Buyer elects to terminate this Agreement, notwithstanding anything in Section 2 to the contrary, Escrow Agent will return the Deposits to Buyer, and, thereafter, neither Buyer nor Seller will have any further liabilities or obligations hereunder except with respect to those obligations which expressly survive termination. Notwithstanding anything else to the contrary in this Agreement, in the event Seller fails to remove, prior to or at Closing, an exception revealed in the Title Commitment, or any update thereof (whether or not objected to by Buyer), in the form of: (1) a mortgage or other security interest entered into by Seller; (2) a lien or encumbrance of any kind or nature voluntarily created by Seller at any time on or after the date of this Agreement; or (3) a mechanic's or materialman's lien or a judgment docketed against the Property, in any case resulting from the non-payment by Seller of any sums due and owing or alleged to be due and owing by Seller to a contractor or materialman or otherwise voluntarily caused or created by Seller, then in addition to the return of the Deposits, Buyer will be entitled to recover from Seller all costs incurred by Buyer, including reasonable attorneys' fees and costs, in connection with satisfying said encumbrance.

5. **Inspection**. During a period commencing on the Effective Date and continuing until one hundred twenty (120) days after the Effective Date ("Due Diligence Period"), Buyer will have the right to determine in its absolute and sole discretion if the Intended Improvements (as defined below) are viable. If Buyer determines that the Intended Improvements are not viable, Buyer may, without liability to Buyer, terminate this Agreement by written notice, delivered before the expiration of the Due Diligence Period, to Seller and Escrow Agent, following which Escrow Agent will disburse the Deposits to the Buyer within five (5) calendar days following termination, without further authorization of either party, and both

parties will be released from all further obligations and liabilities under this Agreement, except for those obligations and liabilities which expressly survive termination. For purposes of this Agreement, the term "Intended Improvements" shall mean a multifamily residential project together with related amenities and accessory uses, which includes allowable density for a number of dwelling units in an amount sufficient for Buyer, in Buyer's sole discretion.

a. Access and Deliverables. So long as this Agreement remains in effect, Seller hereby grants to Buyer and its agents, employees, contractors and representatives, a right of entry upon every portion of the Property, and a right to examine all records, documents, data or information of any kind or nature relating to or concerning the Property in the possession or under the control of Seller or other matters pertaining to the Property (and Seller hereby agrees to make any and all records, documents, data or information of any kind or nature relating to or concerning the Property in the possession or under the control of Seller available to Buyer) from time to time at all reasonable times for the purpose of making surveys, engineering studies, drainage studies, appraisals, zoning and land use studies, impact studies, surface and subsurface explorations, tests, excavations, borings and such other investigations, inspections, assessments or reports as Buyer, in its sole and absolute discretion, may elect to make. Seller will deliver to Buyer, within ten (10) days after the Effective Date, copies of any and all surveys (in CADD format, if available), site plans or layouts, engineering, environmental, soil, wetlands determinations, zoning, land use, appraisal and feasibility studies, reports and assessments, concurrency evaluations, and any plans and specifications for the Property approved by the local building department having jurisdiction over the Property, which Seller has in its possession or control (collectively, "Plans and Specs"), and any correspondence concerning any such topics that Seller has in its possession or control, and all other governmental orders, approvals, exemptions, waivers, permits, licenses, special exceptions or variances relating to the Property or any proposed use thereof which are in Seller's possession or control. Seller will also deliver to Buyer, within ten (10) days after the Effective Date, Seller's copies, if any, of all leases, service contracts, operating agreements, management agreements and warranties relating to or concerning the Property. The deliveries of Plans and Specs and other materials, data or information may be in electronic form.

b. Liability for Inspections; Seller Insurance. Buyer agrees to promptly pay when due the costs of all tests, investigations and examinations done with regard to the Property and will not permit any liens to attach to the Property by reason of the exercise of its rights of inspection hereunder. During the pendency of this Agreement, Seller shall maintain all insurance Seller was carrying on the Effective Date.

6. **Government Approvals**. As fee simple title holder, Seller agrees to be the applicant on, or to join in, any and all applications, permits, consents, zoning, land use, concurrency, platting and other permitting, etc., that may be reasonably required to be filed in connection with the Buyer's pursuit of approvals for the Intended Improvements from authorities

having jurisdiction over the Property (collectively, "Government Approvals") during the term of this Agreement. During the term of this Agreement, Seller will promptly cooperate with Buyer in performing its due diligence with respect to the Property and in seeking any and all consents, permits or approvals (including, but not limited to, the Governmental Approvals) regarding the Property as Buyer may request, and Seller will promptly cooperate with and join in all applications for building permits, certificates or other agreements, and permits for sewer, water, or other utility services, other instruments or other permits or approvals, the granting of or entry into which, by any governmental or quasi-governmental authority having jurisdiction over the Property, is, in Buyer's sole opinion, necessary to permit the development, construction, use or occupancy of the Intended Improvements. In the event Buyer determines that Seller has failed to cooperate with Buyer with respect to any obligations of Seller described in this Section 6, Buyer shall provide written notice to Seller of such default. In such event, Seller shall have twenty (20) days to remedy or cure such default. Should Seller fail to cure said default within the time provided, Buyer will have the right to terminate the Agreement. In the event Buyer elects to terminate this Agreement as contemplated in this Section 6, the Deposits and all interest earned thereon will be refunded to Buyer and neither party will have any further rights or obligations hereunder, except those obligations which survive termination of this Agreement.

7. **Covenants of Seller; Operation of the Property**. Seller hereby covenants and agrees that from and after the Effective Date:

a. Seller will not, without the Buyer's prior written consent, create any encumbrances on the Property. For purposes of this provision the term "encumbrances" includes, but is not limited to, any liens, claims, options, or other encumbrances, encroachments, rights-of-way, easements, covenants, conditions, or restrictions.

b. Seller will not enter into or record any document or instrument, or enter into any lease or other agreement, affecting or burdening the Property, unless Buyer has consented in writing to the execution or recordation of such document, instrument, lease or agreement.

c. Seller will pay all assessments and taxes prior to becoming delinquent.

d. Seller will not create or consent to the creation of any special taxing districts or associations with the authority to impose taxes, liens or assessments on the Property.

e. Seller will not remove any fill or cause any change to be made to the physical condition of the Property without the prior written consent of Buyer.

f. Seller will take no action with respect to the Property that would alter or affect any of the representations or warranties of Seller under this Agreement or which would in any manner affect Buyer's future use and development of the Property.

g. Seller will cause all mortgage debt, if any, applicable to the Property to remain in good standing through and until the Closing.

h. If applicable, Seller will provide Buyer and the Title Company with any and all approvals from any lenders to sell the Property for less than the balance owed to such lender.

8. **Closing Conditions**. Buyer's obligation to close this transaction will be subject to the satisfaction of each of the following conditions on or before the Closing Date:

a. Seller is not in default under any term, covenant or condition of this Agreement, and shall have performed all of its covenants, agreements and obligations under this Agreement.

b. Each of the representations and warranties of Seller set forth in this Agreement is true, complete and correct on the Effective Date and at the date of the Closing as if made at that time, and the Seller has delivered its certificate to such effect.

c. There will not be a sewer, water, building or other moratorium, condemnation or any proceedings in effect which would interfere with the immediate construction and occupancy of Buyer's Intended Improvements ("Moratorium").

d. The Property has not been damaged by any casualty loss as provided in Section 16.b. or by any environmental matter arising after the Effective Date.

e. At the Closing, the Title Insurance Company will irrevocably commit to issue to Buyer an ALTA Owner's Policy of title insurance, dated as of the date and time of the recording of the deed, in the amount of the Purchase Price, insuring Buyer as owner of good, marketable and indefeasible fee simple title to the Property, free and clear of liens and encumbrances, and subject only to the Permitted Exceptions (the "Title Policy").

f. Sole and exclusive possession of the Property will be delivered to Buyer at Closing.

In the event that any of the foregoing conditions precedent to Closing have not been satisfied as of the Closing Date, Buyer will have the right to waive any or all of the foregoing conditions and close this transaction or Buyer will have the right to terminate the Agreement. Notwithstanding anything to the contrary, in the event Buyer elects to terminate this Agreement by reason of the failure of any of the conditions described in Section 8, the Deposits and all interest earned thereon will be refunded to Buyer and neither party will have any further rights or obligations hereunder, except those obligations which survive termination of the Agreement.

9. **Closing Documents**. The Closing documents will be provided by the parties as set forth below, in form acceptable to Buyer:

a. At Closing Seller will execute and/or deliver to Buyer:

i. Special Warranty Deed. A special warranty deed in recordable form, duly executed by Seller, conveying to the Buyer good, marketable and insurable fee simple title to the Property subject only to the Permitted Exceptions,

with the legal description provided in Seller's vesting deed as verified by Buyer's Survey;

ii. Affidavit. An owner's affidavit adequate for title insurance to be issued by the Title Company without exception for parties in possession (free and clear from any claims by tenants or purchasers), mechanics' or materialmens' liens and to permit the Title Company to delete the "gap" in the Title Commitment;

iii. FIRPTA Affidavit. In order to comply with the requirements of the Foreign Investment Real Property Tax Act of 1980 ("FIRPTA"), Seller will deliver to Buyer at Closing Seller's affidavit under penalty of perjury stating the Seller is not a "foreign person," as defined in Section 1445 of the Internal Revenue Code of 1986 and the U.S. Treasury Regulations thereunder, setting forth Seller's taxpayer identification number, and that Seller intends to file a United States income tax return with respect to the transfer. Seller represents and warrants to Buyer that it has not made, nor does Seller have any actual knowledge of any transfer of the Property or any part thereof that is subject to any provisions of FIRPTA that has not been fully complied with by either transferor or transferee;

iv. Closing Certificate. A duly executed certification that every representation and warranty of Seller under this Agreement is true and correct as of the Closing as if made by Seller at such time;

v. Assignment. A duly executed assignment of permits, approvals and development rights;

vi. Authority Documents. Any and all documents reasonably requested by Buyer or the title company in connection with Seller's authority to execute this Agreement, the deed and all other documents contemplated under this Agreement;

vii. Closing Statement. A closing statement prepared by Title Agent setting forth all amounts paid, credited and otherwise due, payable and paid hereunder ("Closing Statement"); and

viii. Other Documents. Such additional documents or instruments as may be required to effectuate the terms, conditions and provisions hereof and to carry out the intent of the parties hereto, or as may be required by the title insurance company, so as to be able to delete at Closing all of the requirements of Schedule B-Section 1 of the Title Commitment and all of the standard printed exceptions from Schedule B-Section 2 of the Title Commitment, and to insure the gap between the effective date of the Title Commitment and the recording of the deed conveying title to the Property from Seller to Buyer.

b. At Closing, Buyer will deliver to Seller:

(i) Closing Statement. Closing Statement executed in counterpart;

(ii) Purchase Price. The Purchase Price (as adjusted for all credits, adjustments and prorations set forth in this Agreement); and

(iii) Other Documents. Such additional documents or instruments as may be reasonably required or requested by Seller to effectuate the terms, conditions and provisions of this Agreement.

10. **Termination**. Buyer reserves the right to terminate this Agreement for any reason prior to Closing by providing written termination notice to Seller, and upon such termination by Buyer, except as set forth herein, any Deposits that have become non-refundable to Buyer through the date of such termination notice shall be released to Seller, and the remainder of the Deposits, if any, shall be refunded to Buyer, and the parties shall be relieved of all further liability under this Agreement, except for any obligation under this Agreement which survives termination of this Agreement.

11. **Closing/Closing Expenses**. Except as otherwise provided herein, the consummation of the transactions described in this Agreement (the "Closing") will take place using mail away procedures on or before the date that is one hundred twenty (120) days after the expiration of the Due Diligence Period (the "Closing Date") with all executed documents delivered prior to Closing being held in escrow by Escrow Agent until the occurrence, satisfaction or waiver of the conditions to Closing. Time is of the essence. At Closing, Seller will pay the cost of documentary stamp tax on the special warranty deed. Buyer will pay all title search fees and other costs pertaining to the Title Commitment and for the title insurance premium on the owner's title insurance policy to be issued to Buyer pursuant to the Title Commitment in an amount equal to the Purchase Price. Buyer will pay the fee for recording the special warranty deed, the costs of the Survey and costs associated with obtaining financing, permits and impact fees in connection with the development for the Intended Improvements, and the cost for any lender's title insurance policy and any endorsements required by Buyer or lender. Each party will pay its own attorneys' fees. Buyer will also pay all escrow and closing fees and charges of Escrow Agent and Title Agent.

12. **Closing Date Extensions**. Buyer shall have the right, at Buyer's sole option, to extend the Closing Date for up to four (4) successive thirty (30) day periods (each a "Closing Date Extension") by providing notice to Seller in writing of such desire on or before the expiration of the Closing Date (as may be extended), and depositing Ten Thousand and N0/100 Dollars ($10,000.00) for each Closing Date Extension (each a "Closing Date Extension Deposit") with Escrow Agent by wire transfer. Each Closing Date Extension Deposit shall be non-refundable (except as set forth herein) and shall be applicable to the Purchase Price.

13. **Prorations**. The following items will be adjusted, apportioned, and allowed as of the Closing Date:

a. Apportionment. Seller shall pay all ad valorem real estate and/or personal property taxes, charges and/or assessments (special or otherwise) for all years prior to the year of the Closing Date. Buyer shall pay all ad valorem real estate and/or personal property taxes, charges and/or assessments (special or otherwise) for all years after the year of the Closing Date. Seller and Buyer shall pay their proportionate share of the ad valorem real estate and/or personal property taxes, charges and/or assessments (special or otherwise) for the year of the Closing Date, prorated at the Closing based upon, at the highest allowable discount and upon the actual days during the year in which Seller and Buyer owned the Property.

b. Special Assessment Liens. If, on the Closing Date, the Property or any part thereof, will be or will have been affected by any certified, confirmed, and ratified special assessment liens, the same will be paid and discharged by Seller. Pending liens will be assumed by Buyer; provided, however, that once the amount of a pending special assessment lien has been finally determined, the amount of the special assessment lien will be prorated and Seller will reimburse Buyer for any amounts paid by Buyer which are allocable to the period of time Seller owned the Property within thirty (30) days of Buyer's delivery to Seller of the proration statement.

c. Real Estate Taxes. If the Closing will occur before the tax rate is fixed, the apportionment of taxes will be based upon the real estate taxes for the previous year. Tax prorations at the Closing shall be final and not subject to reproration.

d. The provisions of this Section 13 will survive the Closing.

14. **Seller's Representations and Warranties**. Seller represents and warrants to Buyer and covenants and agrees with Buyer as follows:

a. Seller has not entered into any contracts, subcontracts, arrangements, leases, licenses, concessions, easements, or other agreements, either recorded or unrecorded, written or oral, affecting all, or any portion of, or any interest in the Property, which will not have been terminated or expired prior to Closing, except as may be included in the Permitted Exceptions;

b. No contract or agreement to sell, transfer or convey the Property exists;

c. There are no (1) improvements which have been ordered to be made and/or which have not heretofore been assessed, and there are no special, general, or other assessments existing, pending, or threatened against or affecting the Property; (2) violations of building codes and/or zoning ordinances or other governmental or regulatory laws, ordinances, regulations, orders or requirements affecting the Property; (3) existing, pending, or threatened lawsuits, or appeals of prior lawsuits, relating to the Property or the Seller; (4) existing, pending, or threatened condemnation proceedings affecting the Property; (5) existing, pending, or threatened zoning, building or other moratoria, downzoning petitions, proceedings, restrictive allocations or similar matters that could adversely affect the development

of the Intended Improvements on the Property; or (6) unrecorded easements, restrictions or encumbrances affecting all or any part of the Property;

d. To the best of Seller's knowledge, Seller has not used, manufactured, stored, or released any "Hazardous Materials" (as hereinafter defined) on, in or around the Property, and no other person or entity has ever used, manufactured, stored or released any Hazardous Materials on, in or around the Property, and, no Hazardous Materials are present in, on, under or around the Property. As used herein, "Hazardous Materials" will mean petroleum and petroleum-based products, asbestos, PCBs, hazardous waste, and any other substance or material, the use, manufacture, storage, release or presence of which in land, water or elsewhere in the environment is limited, prohibited or in any other way regulated by any federal, state or local law, ordinance, rule or regulation. Seller further represents and warrants that, to the best of Seller's knowledge, (i) no portion of the Property has ever been used as a landfill or a dump and no other person or entity has ever used such Property as a landfill or dump, (ii) there are no underground or above ground storage tanks located on or within the Property, (iii) the Property is in compliance with applicable laws, rules and regulations concerning Hazardous Materials, and (iv) the Property is free from any and all wetlands;

e. There are no agreements currently in effect which prohibit or restrict the sale of the Property;

f. Seller has the right, power and authority to execute and deliver this Agreement, to perform each and every obligation of Seller hereunder, and to consummate the transactions contemplated by it; no consent, approvals or authorizations from any person, entity or governmental authority is required with respect to this Agreement and the consummation of the transaction contemplated herein; neither the execution and delivery of this Agreement, and the performance or consummation of the obligations and transactions contemplated by it, nor the fulfillment of, nor the compliance with, the terms, conditions and provisions of this Agreement will conflict with, or result in a violation or breach of, any relevant law, or any other instrument or agreement of any nature to which Seller is a party or by which it is bound or may be affected, or constitute (with or without the giving of notice or the passage of time) a default under such an instrument or agreement;

g. There are no unrecorded commitments or agreements to or with any governmental authority, utility company, school board, church or other religious body, any homeowners or homeowners' association, or any other organization, group or individual, relating to the Property which impose, may impose, or would impose an obligation upon Buyer to make any contributions or dedications of money, land, or any interest in land, to construct, install or maintain any improvements of a public or private nature on or off the Property, or otherwise impose any obligations or liability on Seller, Buyer, or the Property;

h. All agreements, documents, studies and other materials delivered to Buyer are true, correct and complete copies of all such items;

i. The balance of all existing liens and mortgages will be satisfied at or before Closing, and Seller agrees to provide Buyer and Title Agent approvals from any lender to sell the Property for less than the balance owed to said lender, if any;

j. There is no violation of any law, regulation, ordinance, order or judgment affecting the Property;

k. Seller owns the Property in fee simple, subject only to those matters disclosed in the Title Commitment;

l. No default exists under the terms of any document disclosed in the Title Commitment.

At all times during the term of this Agreement and as of the Closing Date, all of Seller's representations, warranties and covenants in this Agreement will be true and correct; no representation or warranty by Seller contained in this Agreement and no statement delivered or information supplied to Buyer pursuant to this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements or information contained in them or in this Agreement not misleading. The provisions of this section will survive the Closing.

15. **BROKER.** Except for Tommie Dawson Realty ("Broker"), Seller represents and warrants to Buyer that Seller has not dealt with any real estate broker, salesperson or finder in connection with the transaction contemplated by this Agreement. Except for a commission payable by Seller to Broker (the "Commission"), Seller represents and warrants that there is no other commission payable by Seller to any third party in connection with the transaction contemplated by this Agreement. Seller will defend, indemnify and hold Buyer harmless from and against any loss, liability, damage, cost, claim or expense (including reasonable attorney's fees) incurred by reason of any brokerage commission, finder's fee, or other fee(s) alleged to be payable because of any act, omission or statement of the Seller, including the Commission. For avoidance of doubt, Seller will be solely responsible for the payment of any commission or fee payable to any real estate broker, salesperson, or finder in connection with the transaction contemplated by this Agreement because of any act, omission or statement of the Seller, including the Commission. The indemnities and representations and warranties of the Seller in this Section 15 will survive the Closing.

16. **Damage, Destruction or Condemnation.**

a. Risk of Loss. Risk of loss to the Property occurring prior to the Closing Date will be borne by Seller.

b. Casualty Loss. In the event of loss, damage or destruction to the Property which prohibits or materially affects the development of the Intended Improvements by Buyer prior to Closing, Buyer may elect either (i) to proceed with Closing, without adjustment of the Purchase Price, and Seller will assign to Buyer all insurance proceeds received as a result of the loss, damage or destruction, or (ii) to terminate this Agreement, in which event the Deposits will be returned to Buyer. Seller will promptly notify Buyer in writing of any such material casualty loss to the Property.

Buyer will make such election within ten (10) business days following Seller's written notice to Buyer of the casualty event, and if such election is not timely made, Buyer will be deemed to have elected to terminate this Agreement.

c. Condemnation and Moratorium. In the event that any moratorium or condemnation or eminent domain proceedings are threatened, instituted, or commenced, or notice of intent to take all or any portion of the Property by condemnation or eminent domain is given, Seller will promptly notify Buyer in writing thereof accompanied by a sketch and a metes and bounds legal description of the portion of the Property which will be affected, in which event Buyer will have the option either (i) to terminate this Agreement and receive a refund of the Deposits or (ii) to consummate the purchase of the Property without reduction of the Purchase Price and the right to collect any condemnation award or compensation for such condemnation will be assigned by Seller to Buyer at Closing. Buyer must make such election within ten (10) business days following Seller's written notice to Buyer of the condemnation proceedings, and if such election is not timely made, Buyer will be deemed to have elected to terminate this Agreement.

17. **Default**. In the event that Buyer fails to perform its obligations herein and such failure is through no fault or failure of Seller to comply with its obligations hereunder, Seller may, as its sole, exclusive and absolute remedy, terminate this Agreement and retain, as full and complete agreed upon liquidated damages, the Deposits. If Seller refuses to close, despite its obligation to close hereunder, or if any of the representations, warranties and covenants of Seller will at any time on or before Closing be found to be false or misleading in any material respect, or if Seller is otherwise in default under the terms and provisions of this Agreement, Buyer may: (i) terminate this Agreement, obtain the return of its Deposits, and seek damages against Seller; or (ii) seek specific performance of Seller's obligations hereunder. Nothing contained herein shall be deemed to limit Buyer's rights or remedies (x) on account of any breach by Seller of any of its post-closing or post-termination obligations or (y) on account of any intentional breach of this Agreement by Seller to the extent that specific performance is not legally available.

Notwithstanding anything to the contrary herein, there shall be no default by Buyer with respect to any of its obligations herein unless and until Seller shall have provided Buyer with written notice of such default and Buyer shall have failed to cure said default within thirty (30) days of Buyer's receipt of such notice; provided, however, that if Buyer is unable to cure within said time period, Buyer shall have such additional time as is reasonably necessary to cure such default under the circumstances.

Notwithstanding anything to the contrary in this Agreement, Buyer shall not be liable to Seller for special damages, punitive damages, treble damages, consequential damages, loss of sales, damages from breaches of vendor or third-party contracts, lost profits, or lost goodwill. The provisions of this Section 17 survive Closing or the termination of this Agreement.

18. **Notice**. All notices, consents, approvals, waivers and elections which any party will be required or will desire to make or give under this Agreement will be in writing and given

by delivery in person, or sent by U.S. mail, return receipt requested, overnight courier, facsimile or electronic mail, as provided below:

To Buyer:	MHP ACQUISITIONS, LLC c/o McDowell Housing Partners, LLC 777 Brickell Ave, Suite 1300 Miami, Florida 33131 Attn: Christopher Shear Email: cshear@mcdhousing.com
With a copy to:	Nelson Mullins Riley & Scarborough LLP 390 N. Orange Avenue, Suite 1400 Orlando, Florida 32801 Attn: Roman Petra, Esq. Email: roman.petra@nelsonmullins.com
To Seller:	EMERALD HERNANDO, LLC 675 PONCE DE LEON BOULEVARD BROOKSVILLE, FL 34601 Attn: Earle B Hunnicutt Email: _____
With a copy to:	Tommie Dawson Realty 675 Ponce De Leon Blvd Brooksville, FL 34601 Attn: Buddy Selph Email: buddy@tommiedawson.com
To Escrow Agent:	Nelson Mullins Riley & Scarborough LLP 390 North Orange Ave., Suite 1400 Orlando, Florida 32801 Attn: Morry Osborn, Esq. Email: morry.osborn@nelsonmullins.com

Notices, consents, approvals, waivers and elections given or made as aforesaid will be deemed to have been dated, given and received: (i) three (3) business days after deposit with the U.S. Mail, postage prepaid, if sent by U.S. Mail, return receipt requested, (ii) the next business day after deposit with an overnight courier service, (iii) on the day of receipt if delivered in person, (iv) on the date of transmission, if transmitted by telecopier and confirmation of successful transmission is provided by such telecopier, (v) on the date of transmission, if transmitted by electronic mail.

19. **Assignment**. Buyer will be entitled to assign Buyer's rights and obligations under this Agreement to any other related entity owned by, controlled by, under common control, or affiliated with, Buyer without prior notice to, or the consent of, Seller. Any other assignment will require the prior written consent of Seller.

20. **Radon Gas Notice**. Pursuant to Florida Statutes Section 404.056(5), Seller hereby makes, and Buyer hereby acknowledges, the following notification:

RADON GAS: RADON IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL AND STATE GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN FLORIDA. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM YOUR COUNTY PUBLIC HEALTH UNIT.

21. **Escrow Agent**.

a. Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement. Escrow Agent will not be deemed to have any implied duties or obligations under or related to this Agreement. Escrow Agent will have no responsibility in case of failure or suspension of business of the institution holding the Deposit.

b. Escrow Agent may: (a) act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine; (b) assume the validity and accuracy of any statement or assertion contained in such a writing or instrument; and (c) assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions of this Agreement has been duly authorized to do so. Escrow Agent will not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any instrument deposited in escrow, nor as to the identity, authority, or right of any person executing any instrument; Escrow Agent's duties under this Agreement are and will be limited to those duties specifically provided in this Agreement.

c. The parties to this Agreement do and will indemnify Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or other expenses, fees, or charges of any character or nature, including reasonable attorneys' fees and costs, which it may incur or with which it may be threatened by reason of its action as Escrow Agent under this Agreement, except for such matters which are the result of Escrow Agent's gross negligence or willful misconduct.

d. If the parties (including Escrow Agent) will be in disagreement about the interpretation of this Agreement, or about their respective rights and obligations, or about the propriety of any action contemplated by Escrow Agent, Escrow Agent may, but will not be required to, file an action in interpleader to resolve the disagreement; upon filing such action and depositing all amounts in escrow with the court, Escrow Agent will be released from all obligations under this Agreement. Escrow Agent will be indemnified for all costs and reasonable attorneys' fees, including those for appellate matters and for paralegals and similar persons, incurred in its capacity as escrow agent in connection with any such interpleader

action; Escrow Agent may represent itself in any such interpleader action and charge its usual and customary reasonable legal fees for such representation, and the court will award such reasonable attorneys' fees, including those for appellate matters and for paralegals and similar persons, to Escrow Agent from the losing party. Escrow Agent will be fully protected in suspending all or part of its activities under this Agreement until a final judgment in the interpleader action is received.

e. Escrow Agent may resign upon five (5) calendar days' written notice to Seller and Buyer. If a successor escrow agent is not appointed jointly by Seller and Buyer within the five (5) calendar-day period, Escrow Agent may petition a court of competent jurisdiction to name a successor.

f. Seller and Buyer acknowledge and agree that Escrow Agent is the law firm representing Buyer with regard to this Agreement and the transaction which is the subject hereof, and hereby waive any claim against Escrow Agent based upon a conflict of interest as a result of Escrow Agent serving in such dual capacities, excluding only actions by Escrow Agent constituting gross negligence or knowing and intentional misconduct. Seller further agrees that Escrow Agent will be permitted to represent Buyer in all aspects of this Agreement and the subject transaction, including, without limitation, any dispute with respect to the Deposits.

g. The provisions of this Section 21 will survive the Closing and also the cancellation of this Agreement.

22. **General Provisions**. The following general terms and conditions apply to this Agreement:

a. Singular/Plural – Masculine/Feminine. Words used herein in the singular will include the plural and words in the masculine/feminine/neuter gender will include words in the masculine/feminine/neuter where the text of this Agreement requires.

b. Titles. Headings in this Agreement are for convenience only.

c. Successors. The terms, covenants, and conditions of this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns, except as herein limited.

d. Choice of Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF FLORIDA AND THE LAWS OF THE UNITED STATES OF AMERICA APPLICABLE TO TRANSACTIONS WITHIN THE STATE OF FLORIDA. VENUE AND JURISDICTION FOR ANY ACTION BROUGHT HEREUNDER IS HEREBY AGREED TO BE PROPER AND LIE EXCLUSIVELY WITH THE APPROPRIATE COURT LOCATED IN HERNANDO COUNTY, FLORIDA.

e. Time. Time is of the essence in the performance of each and every one of the obligations of the parties to this Agreement. Unless otherwise specified, in computing any period of time described herein, the day of the act or event for which the designated period of time begins to run is not to be included and the last day of

the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday, in which event the period will run until the end of the next day which is neither a Saturday, Sunday or legal holiday.

f. Jury Trial Waiver. IN THE EVENT THAT IT BECOMES NECESSARY FOR EITHER PARTY TO BRING SUIT TO ENFORCE THE TERMS OF THIS AGREEMENT, THEN EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY. THIS WAIVER IS MADE KNOWINGLY, VOLUNTARILY AND INTENTIONALLY.

g. Attorneys' Fees. In the event that there is an action brought either at law or in equity by either party against the other by reason of any matter or dispute arising out of this Agreement, the parties agree that the prevailing party in such litigation will be entitled to recover from the non-prevailing party the prevailing party's reasonable attorneys' fees therein, including fees incurred in bankruptcy proceedings or on appeal, plus court costs, and including such fees and costs incurred in establishing the right to recover such fees and costs and the amount to be recovered.

h. Liability Joint and Several. If more than one party is named herein as Seller, then such parties hereby agree that the liability of each hereunder will be joint and several.

i. Entire Agreement; Construction; Severability. This Agreement integrates and supersedes all other agreements and understandings of every character of the parties and comprises the entire agreement between them. This Agreement may not be changed, except in writing signed by the parties. No waiver of any rights or obligations hereunder will be deemed to have occurred unless in writing signed by both parties and no waiver will be deemed a waiver of any other or subsequent right or obligations. The parties acknowledge that the parties and their respective counsel have reviewed and revised this Agreement and, therefore, the normal rule of construction of contracts that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement and any exhibits or amendments thereto. If any portion of this Agreement is held to be invalid or inoperative, the remainder of it will be deemed valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative to the extent possible.

j. Counterpart Signatures. This Agreement may be executed in two or more counterparts, and it shall not be necessary that any one of the counterparts be executed by all of the parties hereto. Each fully or partially executed counterpart shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument. This Agreement may be executed in multiple copies, and by telecopy or email PDF transmission, each of which shall be deemed to be an original for all purposes.

23. **Seller Confidentiality.** Seller acknowledges that the transaction described herein is of a confidential nature and Seller shall not, nor by any of their respective parents, subsidiaries, employees, or affiliates, except to partners of Seller and its, attorneys, lenders, potential equity sources, accountants, consultants, advisors, members and affiliates, as a result of any action required to be performed by a party under this Agreement, or as required by law. Prior to Closing, except as required by law, Seller shall not make any public disclosure of the specific terms of this Agreement, the negotiations concerning the Agreement, any letters of intent relating to the transactions contemplated by this Agreement, or any information obtained, disclosed to, and/or received by Seller in connection with this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, after Closing, Seller may disclose the amount of the Purchase Price for the Property to actual and/or potential investors and/or actual or potential lenders in similar projects of Seller (or its affiliates).

24. **Exclusive Right**. From and after the Effective Date, and during the term of this Agreement, Seller shall not discuss or negotiate the sale of the Property with any individual or entity other than Buyer.

(Signatures follow on next page)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

BUYER:

MHP ACQUISITIONS, LLC, a Delaware limited liability company

By: DocuSigned by: W PATRICK MCDOWELL
0AE9DA99617F4CC...
W. Patrick McDowell
Chief Executive Officer

SELLER:

EMERALD HERNANDO, LLC, a Florida limited liability company

By: Earle Bobby Hunnicutt
Name: Earle Bobby Hunnicutt
Title: Manager

EXHIBIT "A"

Legal Description of the Property

A PARCEL OF LAND LYING IN SECTION 35, TOWNSHIP 22 SOUTH, RANGE 17 EAST, HERNANDO COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHEAST CORNER OF SECTION 35, TOWNSHIP 22 SOUTH, RANGE 17 EAST, HERNANDO COUNTY, FLORIDA, BEING THE POINT OF BEGINNING, THENCE N.00°27'42"W., ALONG THE EAST LINE OF SAID SECTION 35, A DISTANCE OF 424.93 FEET, THENCE SOUTH 90°00'00" WEST, A DISTANCE OF 369.08 FEET, THENCE NORTH 43°06'06" WEST, A DISTANCE OF 273.54 FEET, THENCE N.00°00'00"W., A DISTANCE OF 112.91 FEET, THENCE NORTH 90°00'00" WEST, A DISTANCE OF 230.18 FEET, THENCE SOUTH 12°36'56" WEST, A DISTANCE OF 191.92 FEET, THENCE NORTH 89°51'44" WEST, A DISTANCE OF 266.98 FEET TO A POINT ON THE EAST RIGHT OF WAY LINE OF U.S. HIGHWAY 19, ALSO KNOWN AS COMMERCIAL WAY, THENCE ALONG SAID EAST RIGHT OF WAY LINE SOUTH 12°40'07" WEST A DISTANCE OF 153.18 FEET, THENCE SOUTH 89°51'44" EAST, A DISTANCE OF 266.98 FEET, THENCE SOUTH 12°40'31" WEST, A DISTANCE OF 408.57 FEET, THENCE SOUTH 89°52'08" EAST, A DISTANCE OF 955.51 FEET TO THE POINT OF BEGINNING OF THE HEREIN DESCRIBED PARCEL.

PARCEL CONTAINS 12.08 ACRES, MORE OR LESS.

ASSIGNMENT OF PURCHASE AND SALE AGREEMENT

THIS ASSIGNMENT OF PURCHASE AND SALE AGREEMENT (this "**Assignment**") is entered into as of July 9, 2024 (the "**Effective Date**"), by and between MHP ACQUISITIONS, LLC, a Delaware limited liability company ("**Assignor**"), and MHP HERNANDO I, LLC, a Florida limited liability company ("**Assignee**").

WHEREAS, Emerald Hernando, LLC, a Florida limited liability company (the "**Seller**") and Assignor entered into that certain Purchase and Sale Agreement, dated June 28, 2024 (the "**Agreement**"), for the purchase and sale of certain real property located in Hernando County, Florida and more particularly described in the Agreement (the "**Property**").

WHEREAS, Assignor desires to assign all of its rights and obligations under the Agreement to the Assignee and Assignee desires to assume all of the rights and obligations of Assignor under the Agreement.

WHEREAS, except as otherwise expressly provided for herein, capitalized terms used herein shall have the same meaning as set forth in the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Assignor and Assignee acknowledge and agree as follows:

1. Recitals Affirmed. The foregoing recitals are true and correct and by this reference incorporated herein.

2. Assignment. Assignor hereby assigns to Assignee all of Assignor's rights and obligations under the Agreement including, without limitation, all deposits thereunder and all rights to interest accrued thereon (if any).

3. Assumption. Assignee hereby accepts the assignment described above and agrees to be bound by the Agreement, and assumes and undertakes to pay, perform, and discharge, each and every one of the obligations, covenants, and conditions of the Assignor under the Agreement.

4. Miscellaneous. This Assignment may be executed in multiple counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Assignment. This Assignment may be executed by PDF, using an e-signature or digital transaction management platform such as DocuSign®, facsimile, email with PDF attachment, or other electronic means with the same force and effect as delivery of an original signature. This Assignment shall be governed by and construed in accordance with the laws of the State of Florida.

[*Signatures on following page*]

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

ASSIGNOR:

MHP ACQUISITIONS, LLC, a Delaware limited liability company

By: _____
W. Patrick McDowell
Chief Executive Officer

ASSIGNEE:

MHP HERNANDO I, LLC, a Florida limited liability company

By: MHP Hernando I Manager, LLC, a Florida limited liability company, its Manager

By: _____
W. Patrick McDowell
Chief Executive Officer

Hernando County Property Appraisers Report

RANDY MAZOUREK
HERNANDO COUNTY PROPERTY APPRAISER
"TO SERVE AND ASSESS WITH FAIRNESS"

HERNANDO COUNTY CENTRAL GIS

**Street Level photos may not be available if structure is not visible from road.

2024 Final Tax Roll

Parcel Key: 00341749 Parcel #: R35 422 17 7178 0010 0000

Owner Information

Owner Name: EMERALD HERNANDO LLC
Mailing Address: 675 PONCE DE LEON BLVD
BROOKSVILLE FL 34601-1906

Property & Assessment Values

Building:	$0	**Assessed:**	$2,303
Features:	$0	**Exempt:**	$0
Land:	$484,000	**Capped:**	$0
AG Land:	$2,303	**Excl Cap:**	$2,303
Market:	$484,000	**Taxable:**	$2,303

01/12/2014 14 of 17 Select Date

Property Information

Site Address: COMMERCIAL WAY
Description: PROMENADE AT GRANDE PARK LOT 1 CLASS C SUB # 7178 ORB 3825 PG 1250
DOR Code: (54) TIMBER NATURAL STAND
Levy Code: CWES **Sec/Tnshp/Rng:** 35-22-17
Subdivision:
Neighborhood: COMM WAY, N OF CORTEZ BLVD(C19N)

Certified Tax Information

AdValorem:	$34.19
NONAdValorem:	$0.00
Total For 2024:	$34.19
Total For 2023:	$34.96
Total For 2022:	$139.40
Total For 2021:	$141.08

Real Time Tax Info Pay Taxes On-line

CE Assmts/Liens Comm Fire Assmts

Land Breakdown

Land Use	Units	Value
MULTI FAM AC	12.10 ACRES	484,000
NAT STDTIMBR	12.10 ACRES	2,303

Sales Breakdown

Sale Date	Book/Page	Deed Type	Vacant/ Improved	Qualification	Sale Price	Grantee
01/28/2009	2648/156	QC	V	X	$100	EMERALD HERNANDO LLC
03/31/2006	2232/1035	WD	V	M	$2,263,100	EMERALD HERNANDO LLC
01/01/1980	441/178	WD	V	D	$9,600	RKF INCORPORATED INC
01/01/1980					$0	LEVIN TOWNSEND FLA INC

Building Characteristics

Bldg #	Description	Year Built	Area (Base/Aux)	Bed/Bath	Value

No Matching Records Found or the Information is Exempt per Florida Statute(s).

Extra Features

Bldg#	Description	Actual Year	Dimensions	Current Value

No Matching Records Found or the Information is Exempt per Florida Statute(s).

Addresses

COMMERCIAL WAY

Businesses

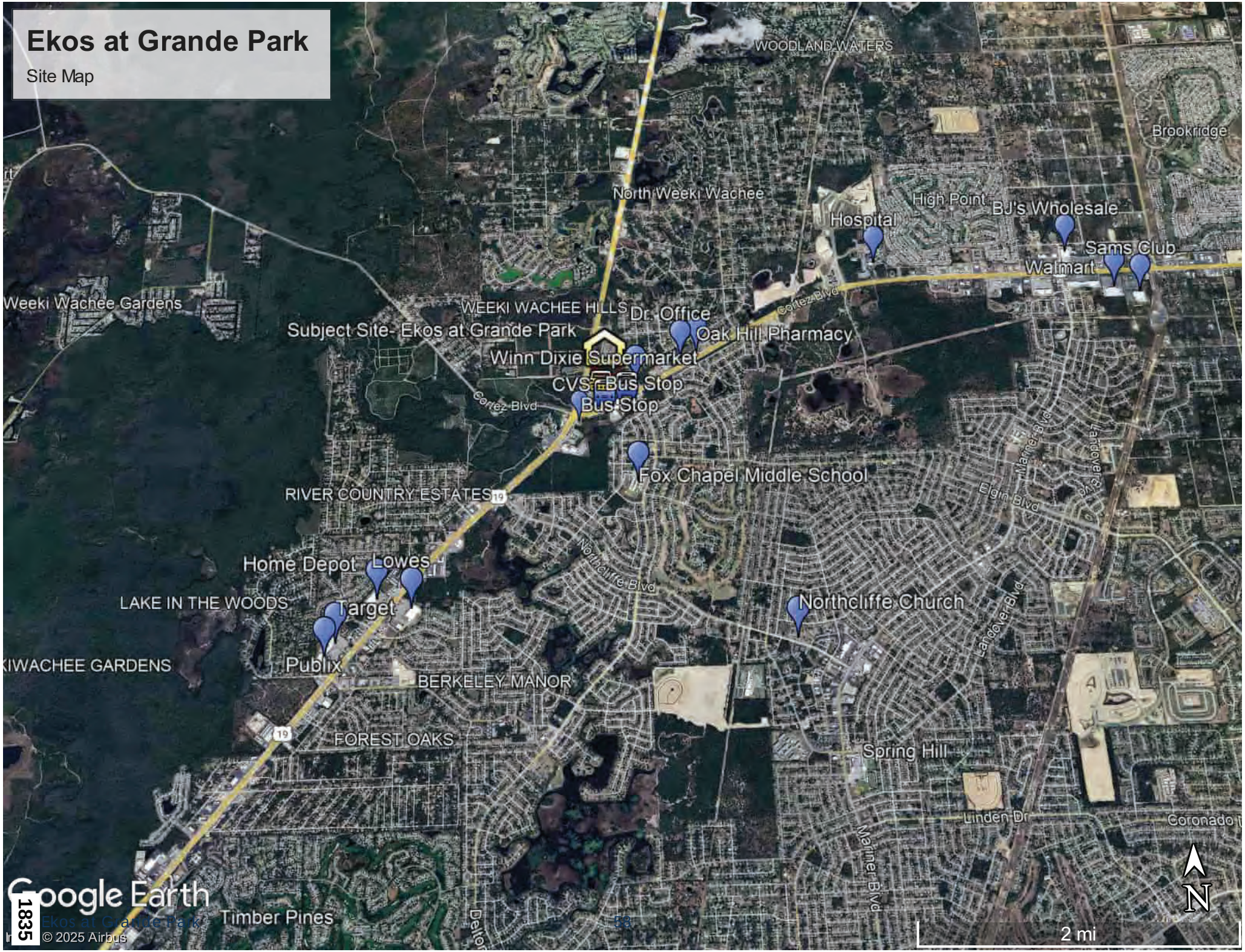
Name	TPP PIN	TPP Key	Date Filed	Date Audit	Levy Code	NAICS	Ent Zone	Curr Val	Last Yr Val	2 Yrs Ago

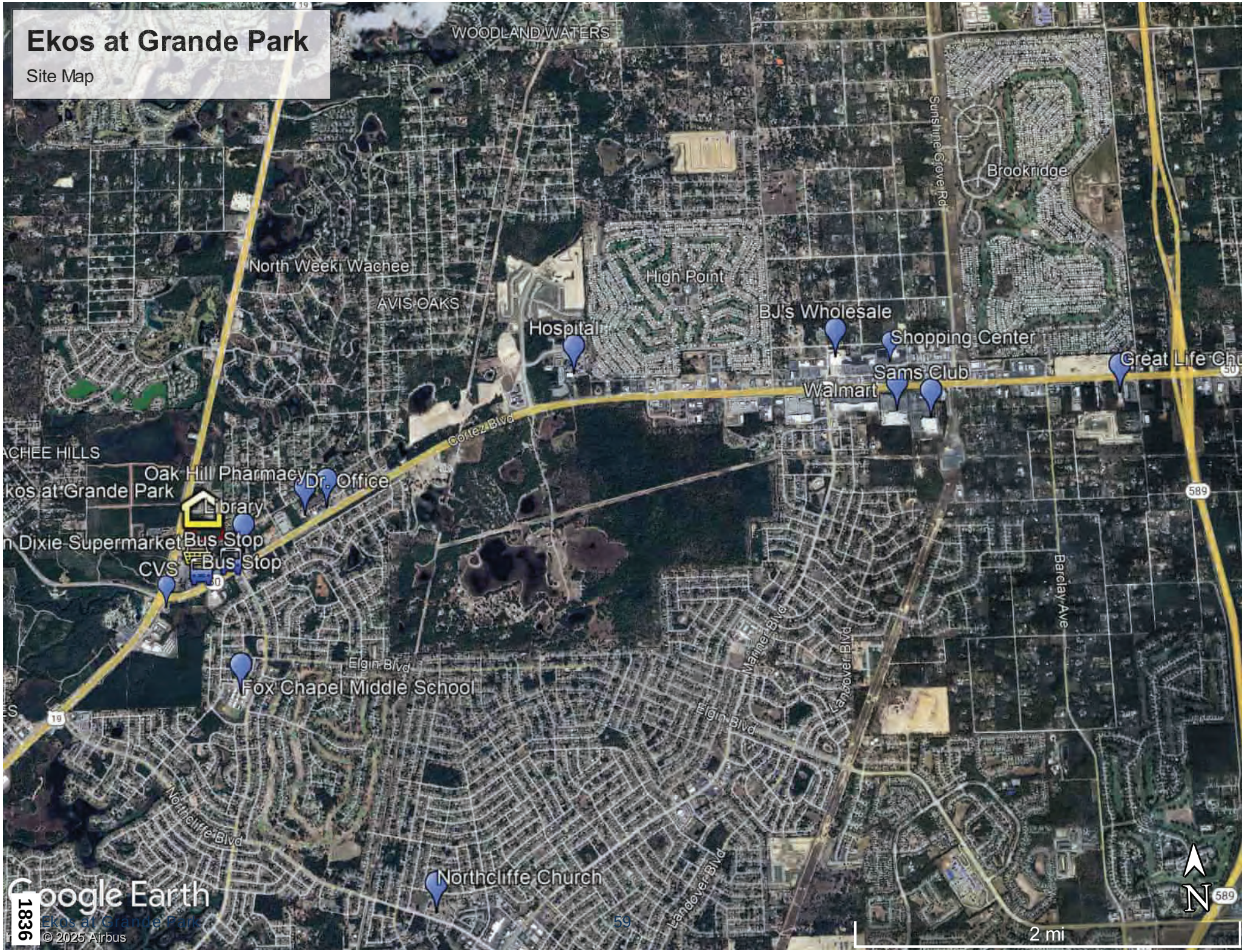
No Matching Records Found or the Information is Exempt per Florida Statute(s).

Location Map

Ekos at Grande Park

Site Map


Ekos at Grande Park
Site Map
WOODLAND WATERS
Brookridge
North Weeki Wachee
High Point
Hospital
BJ's Wholesale
Sams Club
Walmart
Weeki Wachee Gardens
WEEKI WACHEE HILLS
Dr. Office
Subject Site- Ekos at Grande Park
Oak Hill Pharmacy
Winn Dixie Supermarket
CVS
Bus Stop
Bus Stop
Cortez Blvd
Fox Chapel Middle School
RIVER COUNTRY ESTATES
Home Depot
Lowes
LAKE IN THE WOODS
Target
Publix
BERKELEY MANOR
FOREST OAKS
Northcliffe Church
Spring Hill
Linden Dr
Coronado
Timber Pines
Mariner Blvd
Landover Blvd
Elgin Blvd
Northcliffe Blvd
Google Earth
© 2025 Airbus
2 mi
N
1835


Ekos at Grande Park
Site Map
WOODLAND WATERS
Sunshine Grove Rd
Brookridge
North Weeki Wachee
AVIS OAKS
High Point
Hospital
BJ's Wholesale
Shopping Center
Sams Club
Walmart
Great Life Ch
Cortez Blvd
ACHEE HILLS
Oak Hill Pharmacy
Dr. Office
kos at Grande Park
Library
Bus Stop
n Dixie Supermarket
Bus Stop
CVS
Elgin Blvd
Fox Chapel Middle School
Manner Blvd
Lancaster Blvd
Barclay Ave
Northcliffe Blvd
Northcliffe Church
Google Earth
Ekos at Grande Park
© 2025 Airbus
2 mi
N
1836
59
589
19
50

Community Amenities Near Ekos at Grande Park

Grocery Stores:

- **Winn Dixie Supermarket** – 6270 Commercial Way, Brooksville, FL (0.2 miles)
- **Publix** – 4365 Commercial Way, Spring Hill, FL (2.8 miles)
- **Aldi** – 12261 Cortez Blvd., Brooksville, FL (2.8 miles)
- **Sprouts Farmers Market** – 7187 Coastal Blvd., Brooksville, FL (3.9 miles)

Hospitals:

- **HCA Florida Oak Hill Hospital** – 11375 Cortez Blvd., Brooksville, FL (2.1 miles)

Doctor's Offices:

- **Lindo Medical Care** – 10045 Cortez Blvd. #154, Spring Hill, FL (0.5 miles)
- **Access Healthcare** – 10045 Cortez Blvd., Spring Hill, FL (0.5 miles)
- **Tampa General Medical Group** – 8425 Northcliffe Blvd., Spring Hill, FL (1 mile)

Pharmacies:

- **CVS Pharmacy** – 9204 Cortez Blvd., Spring Hill, FL (0.4 miles)
- **Oak Hill Hospital Pharmacy** – Cortez Blvd., Brooksville, FL (0.6 miles)

Schools:

- **Fox Chapel Middle School** – 9412 Fox Chapel Ln, Spring Hill, FL (0.85 miles)
- **Gulf Coast Elementary School** – 10444 Tillery Rd, Spring Hill, FL (2.5 miles)
- **Spring Hill Elementary School** – 6001 Mariner Blvd., Spring Hill, FL (2.6 miles)
- **Springstead High School** – 3300 Mariner Blvd., Spring Hill, FL (2.7 miles)

Retail Centers:

- **Target** – 4401 Commercial Way, Spring Hill, FL (2.7 miles)
- **Home Depot** – 4765 Commercial Way, Spring Hill, FL (2.25 miles)
- **Lowe's Home Improvement** – 4780 Commercial Way, Spring Hill, FL (2.25 miles)
- **Walmart Supercenter** – 13300 Cortez Blvd., Brooksville, FL (3.75 miles)

Employment Centers:

- **Lakewood Plaza Shopping Center** – US-19 (2.8 miles)
- **Withlacoochee River Electric Cooperative** – 10005 Cortez Blvd., Spring Hill, FL (0.5 miles)
- **HCA Florida Oak Hill Hospital** – 11375 Cortez Blvd., Brooksville, FL (2.1 miles)
- **Sagheer's Plaza** – Cortez Blvd., Brooksville, FL (3 miles)
- **Cortez Commons** – Cortez Blvd., Brooksville, FL (3 miles)

- **Western Way Shopping Center** – Cortez Blvd., Brooksville, FL (3.3 miles)
- **Coastal Landing Shopping Center** – Cortez Blvd., Brooksville, FL (3.5 miles)
- **Mariner Square** – Cortez Blvd., Brooksville, FL (3.5 miles)

Churches:

- **Great Life Church** – 14494 Cortez Blvd., Spring Hill, FL (5 miles)
- **Northcliffe Church** – 10515 Northcliffe Blvd., Spring Hill, FL (2.3 miles)

Library:

- **West Hernando Branch Library** – 6335 Blackbird Ave., Brooksville, FL (0.23 miles)

Public Transportation:

- **Purple Route Bus Stop (SR 50)** – Approximately 0.25 miles from the site

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Employment Center Summary

Ekos at Grande Park is strategically located near a diverse array of employment centers, offering residents convenient access to job opportunities across healthcare, retail, utilities, and commercial services. Major employers within close proximity include **HCA Florida Oak Hill Hospital** (2.1 miles), a regional healthcare hub providing both medical and support employment, and **Withlacoochee River Electric Cooperative** (0.5 miles), a significant utility service provider in the region.

Retail and commercial employment options are abundant, with major shopping centers such as **Lakewood Plaza**, **Cortez Commons**, **Coastal Landing**, and **Western Way Shopping Center** all within a 3 to 3.5-mile radius. These centers host national retailers, grocery stores, restaurants, and service providers, supporting a wide range of job types from entry-level to skilled positions. The site's location ensures residents have ample access to stable and varied employment within a short commuting distance.

Site Plan and Renderings

N

60 30 0 60 120 180

SCALE 1" = 60'-0"

FOR ILLUSTRATIVE PURPOSES ONLY

EKOS AT GRANDE PARK

HERNANDO COUNTY, FL

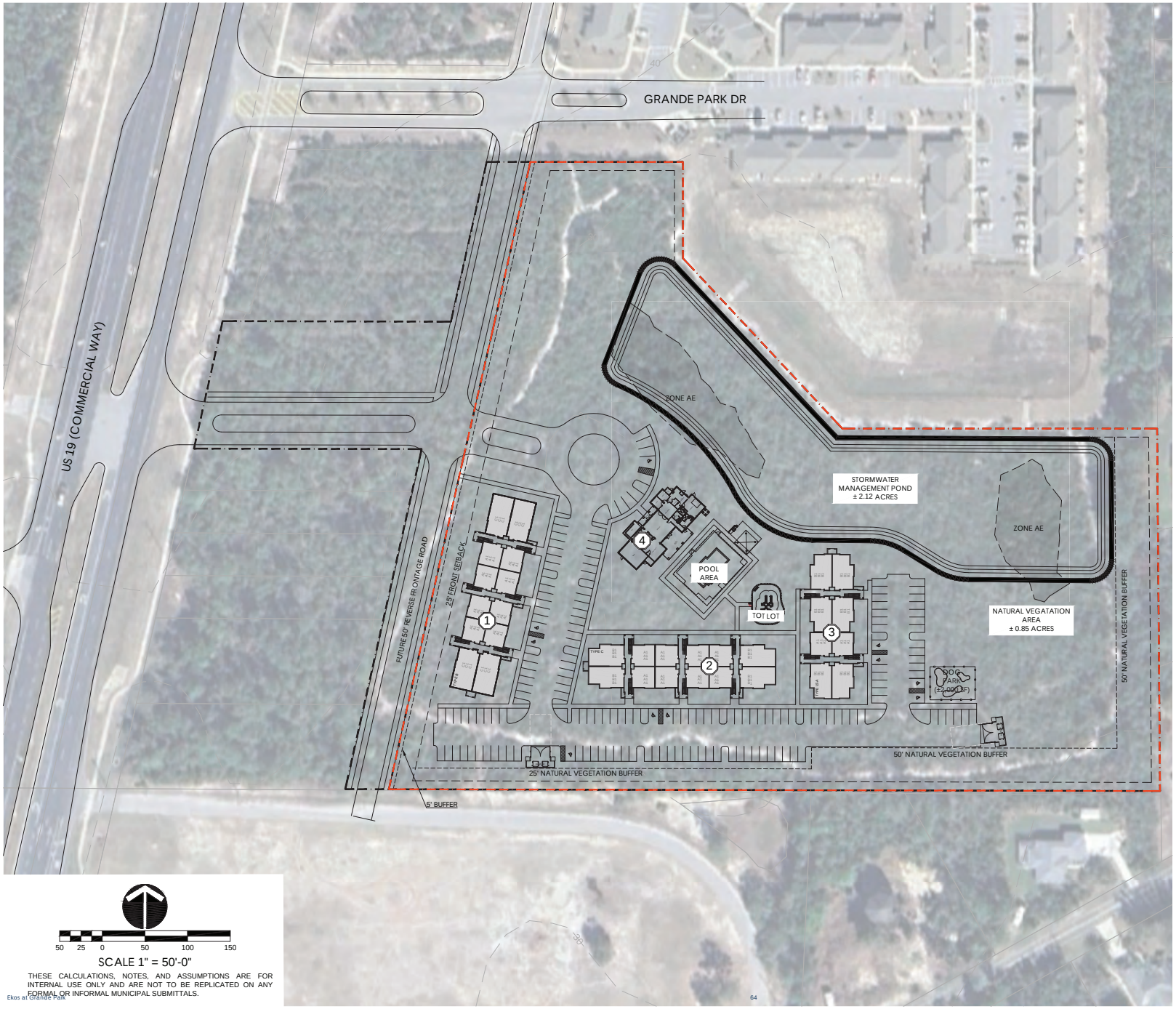
Illustrative Site Plan

McDowell

artis

Ekos at Grande Park

1840



SITE CALCULATIONS

	(PDP) PERMITTED	PROVIDED
TOTAL UNITS (#)		168
1 BEDROOM	84	56
2 BEDROOM	84	90
3 BEDROOM	84	22
AVERAGE UNIT SIZE		836
GROSS ACREAGE		32.07
GROSS DENSITY	8.0	6.0 D.U./AC
NET ACREAGE		28.26
NET DENSITY	8.0	5.9 D.U./AC
NATURAL VEGATATION AREA	0.84 AC	0.85 AC
HEIGHT (STORIES / FEET)	3 / 45'	3 / 45'

PARKING CALCULATIONS

PARKING REQUIRED

CATEGORY	UNITS	SPACES	RATIO
1 BEDROOM	56	84	1.50
2 BEDROOM	90	135	1.50
3 BEDROOM	22	33	1.50
TOTAL REQUIRED	168	252	1.50 SPACES/UNIT
		1 SPACE/BED	

PARKING PROVIDED

CATEGORY	SPACES			RATIO
	STANDARD	ACCESSIBLE STANDARD	TOTALS	
GARAGE	0	0	0	
SURFACE	152	16	168	
TOTAL PROVIDED	152	16	168	1.79 SPACES/UNIT
				1.33 SPACES/BED

NOTES:

1. THIS PLAN IS FOR MASSING PURPOSES ONLY. A MORE DETAILED PLAN WILL BE REQUIRED TO CONFIRM PROJECTED YIELD.
2. BUILDING FOOTPRINTS WERE TAKEN FROM PREVIOUS PROJECTS AND MODIFIED TO MEET THE MIX. THESE FOOTPRINTS ARE SUBJECT TO CHANGE. THE PROJECT ENGINEER SHOULD CONFIRM THAT ALL ARCHITECTURAL INFORMATION IS CURRENT BEFORE THE RELEASE OF ANY PERMITS.
3. THE BOUNDARY WAS TAKEN FROM THE LOCAL ONLINE GIS DATABASE.
4. A FIELD RUN TOPOGRAPHIC SURVEY IS NOT AVAILABLE AT THIS TIME. ADJUSTMENTS TO THE LAYOUT DUE TO GRADING CONCERNS MAY BE REQUIRED ONCE A TOPOGRAPHIC SURVEY HAS BEEN PROVIDED.
5. A DETAILED ANALYSIS OF STATE, COUNTY, AND CITY ORDINANCES GOVERNING THE DEVELOPMENT OF THIS PROJECT HAS NOT BEEN PERFORMED. ORDINANCE ANALYSIS WILL BE REQUIRED TO CONFIRM PROJECTED YIELDS.
6. ALL RESIDENTIAL BUILDINGS ARE 3-STORY.

ASSUMPTIONS:

1. THE LOCATION AND SIZE OF THE STORM WATER MANAGEMENT FACILITY IS ASSUMED TO BE ADEQUATE. THE FINAL LOCATION AND SIZE WILL NEED TO BE DETERMINED BY THE PROJECT ENGINEER.
2. THIS SITE IS LOCATED IN HERNANDO COUNTY,FL.
3. THIS SITE IS ZONED PDP. ZONING CRITERIA WAS TAKEN FROM THE ZONING PETITION AND STAFF REPORT DATED 9-2019.
4. THE ACCESS OFF US 19 WILL BE ALLOWED AS SHOWN. THE PDP SHOWS AN ACCESS POINT AT THAT LOCATION. THE LOCATION OF THE 50' REVERSE FRONTAGE ROAD WAS TAKEN FROM THE PDP.
5. THIS PLAN ASSUMES THE FOLLOWING STATEMENT FROM CHAPTER 18 OF THE FLORIDA FIRE PREVENTION CODE APPLIES TO THIS SITE:
   5.1. Fire access roads shall be provided such that any portion of the facility or any portion of an exterior wall of the first story of the building is located not more than 150 ft from fire access roads. When buildings are protected throughout with an approved automatic sprinkler system that is installed in accordance with NFPA 13, NFPA 13D, NFPA 13R, the distance shall be permitted to be increased to 450 ft.
6. THIS PLAN ASSUMES NO ADDITIONAL ROW DEDICATION IS REQUIRED ALONG THE FRONTAGE OTHER THAN WHAT IS SHOWN.
7. NO TREE SURVEY HAS BEEN PERFORMED ON THIS SITE. THIS PLAN ASSUMES REMOVAL OF EXISTING TREES WILL BE PERMITTED TO ALLOW DEVELOPMENT AS SHOWN.
8. THE NUMBER AND LOCATION OF DUMPSTERS IS ASSUMED TO BE ADEQUATE AS SHOWN.

LOCATION MAP
US 19 & US 50
HERNANDO COUNTY, FL

50 25 0 50 100 150

SCALE 1" = 50'-0"

THESE CALCULATIONS, NOTES, AND ASSUMPTIONS ARE FOR INTERNAL USE ONLY AND ARE NOT TO BE REPLICATED ON ANY FORMAL OR INFORMAL MUNICIPAL SUBMITTALS.

artis

1405 W KOENIG LN
AUSTIN, TX 78756
artis-atx.com
830.302.0969

THIS DRAWING IS FOR PERMITTING OR REGULATORY APPROVAL ONLY. NOT FOR CONSTRUCTION.

EKOS AT GRANDE PARK

HERNANDO COUNTY, FL

DATE
6/20/2025

FILE NAME: 3736 BASE 1
PROJ. 3736
ADDRESS
US 19 & US 50
CLIENT
MCDOWELL

CONCEPTUAL SITE PLAN

CSP-1

Renderings are for illustrative purposes only.

Renderings are for illustrative purposes only.

Renderings are for illustrative purposes only.

Development Timeline

Ekos at Grande Park Development Timeline

Tasks	2025				2026			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Land Acquisition		LOI/PSA Execution						Land Closing
Entitlements & Permitting		Design and Engineering			Design: Architecture & Engineering		Site Development & Building Permitting	
Hernando County Key Dates		6/23/2025 - Local Government Contribution Application Due	Local Government Contribution Final Decision					
FHFC Key Dates & Financing				11/18/2025 - RFA 2025-201 Application Due	-FHFC Review Committee -FHFC Board Meeting - DATE TBD	April 2026 - Estimated Invitation to Underwriting	Financial Underwriting	Financial Closing
Construction								Construction Commences

Milestone	Target Month/Year
Submission	June 2025
Local Government Contribution Application Award	August 2025
FHFC RFA Application	November 2025
FHFC Review Committee	January 2026
FHFC Board Meeting	March 2026
Invitation to Credit Underwriting	April 2026
Design Review Approval	April 2026
Permit Application Submission	July 2026
Permit Approval	October 2026
Financial Closing	December 2026
Notice of Commencement/Construction Start	December 2026
Construction Completion	December 2026

Marketing Plan

Ekos at Grande Park – Marketing Plan

Ekos at Grande Park will be marketed through a comprehensive and strategic outreach plan designed to ensure strong visibility among income-eligible households in Hernando County and surrounding areas. Marketing efforts will be led by a professional property management firm with deep experience in leasing affordable housing in compliance with Florida Housing Finance Corporation (FHFC) and Fair Housing regulations.

The core of our digital marketing strategy will involve targeted advertising through platforms such as Conversion Logix and Dyverse, allowing us to reach prospective tenants within specific ZIP codes and income ranges that align with the property's LIHTC income restrictions. Listings will also be placed on high-traffic rental platforms such as Apartments.com, Zillow, and Apartment List, ensuring maximum online visibility. These digital campaigns are highly effective in generating quality leads during lease-up and maintaining waitlists thereafter.

In addition, the development will be actively marketed to major local employers whose workforce may qualify for affordable housing, helping to connect the property with working families. Further outreach will include direct coordination with local nonprofit organizations, government agencies, and housing assistance providers who support affordable housing programs and can refer income-eligible applicants.

To support community-based outreach, MHP Hernando I, LLC will enter into a Memorandum of Understanding (MOU) with at least one local referral agency to provide tenant referrals for the project's Extremely Low Income (ELI) units set aside for households at or below 40% of AMI. These referral agencies will serve specialized populations that qualify as "Special Needs Households" under Section 420.0004(13) of the Florida Statutes, including:

- Adult persons requiring independent living services in order to maintain housing or develop independent living skills and who has a disabling condition
- Young adults formerly in foster care who are eligible for services under s. 409.1451(5)
- Survivors of domestic violence as defined in s. 741.28
- Individuals receiving Social Security Disability Insurance (SSDI), Supplemental Security Income (SSI), or veterans' disability benefits

These populations, along with frail elders, individuals experiencing homelessness, and people with disabilities, often face significant barriers to obtaining safe, stable, and affordable housing. MHP Hernando I, LLC is committed to working with referral partners to help bridge this gap by offering housing matched with accessible supportive services where needed.

All marketing and outreach efforts will be conducted in accordance with the Fair Housing Act, Section 504, and the Americans with Disabilities Act (ADA), and will follow FHFC requirements for affirmative marketing and waitlist management. This multifaceted strategy ensures equitable access, targeted support for vulnerable populations, and meaningful engagement with the Hernando County community.

Company Financial Statements

Ekos at Grande Park – Company Financials

Company financial statements and supporting documentation will be provided under separate cover in accordance with application requirements.

Management Review and Physical Inspection Reports

December 8, 2023

Christopher Shear
McDowell Housing Partners, LLC
601 Brickell Key Drive, Suite 700
Miami, FL 33131

RE: Management Review and Physical Inspection
Key # 3261 ID # 2020-074BR / 2021 Series F / 2019-546C
EKOS Magnolia Oaks
July 26, 2023
CLOSEOUT

Dear Mr. Shear,

The response to the above-referenced Management Review and Physical Inspection Report has been reviewed. All noted discrepancies appear to have been satisfactorily corrected. This letter serves as the official close-out for the review.

Please feel free to contact me if you have any questions.

Sincerely,

Monica R Rupp, HCCP, TACCs
Senior Compliance Specialist

cc: Florida Housing
Property Manager
David Gates
Peter Ramos
Gilda Fernandez
Daniela Reed

November 26, 2024

Christopher L Shear, COO of MHP FL
McDowell Housing Partners, LLC.
601 Brickell Key Drive, Suite 700
Miami, FL 33131

RE: Annual Management Review and Physical Inspection
Key # 3261 ID # 2020-074BR/2019-546C/2021 Series F
Ekos Magnolia Oaks
July 16, 2024

Dear Mr. Shear,

The response to the above-referenced Management Review and Physical Inspection Report has been reviewed. All noted discrepancies appear to have been satisfactorily corrected. This letter serves as the official close-out for the review.

Please feel free to contact me if you have any questions.

Sincerely,

Deanne Ruble

Deanne Ruble, HCCP
Compliance Specialist

cc: Florida Housing
Property Manager
Stacy Day
Elizabeth Collins
Dawn Wolter
Amy Parrish
Karen A. Graham
Daniel Lopez
Jodi Rothery
Erin Green
Bill Zunamon

July 19, 2024

Christopher L Shear, COO of MHP FL
McDowell Housing Partners, LLC.
601 Brickell Key Drive, Suite 700
Miami, FL 33131

Re: Annual Management Review and Physical Inspection
Key # 3261 ID # 2020-074BR/2019-546C/2021 Series F
Ekos Magnolia Oaks
July 16, 2024
Notice of noncompliance

Dear Mr. Shear,

Attached is the Annual Management Review and Physical Inspection Report for the above referenced property which was conducted on July 16, 2024. Please acknowledge by executing a copy of the signature page and returning it to AmeriNat no later than July 26, 2024. A written response stating how the discrepancies listed have been corrected is due by August 15, 2024 to both AmeriNat and the Florida Housing Finance Corporation (FHFC). This response can be a signed PDF emailed to both offices. **Per FHFC a hard copy is not necessary.**

Deanne Ruble
Compliance Specialist
AmeriNat
Druble@amerinatls.com

David Hines
Compliance Monitoring Administrator
Florida Housing Finance Corporation
compliancereview@floridahousing.org

(HC Only 1-15 years noncompliance Federal period of most recent allocation)
This letter will serve as notice to you, that pursuant to Treasury Regulation Statutes 1.42-5(e)(2) the project is not in compliance with the provisions of Section 42 of the Internal Revenue Code of 1986, as Amended (the "Code"). The Florida Housing Finance Corporation is required to report this non-compliance on Form 8823, "Low-Income Housing Credit Agencies Report of Non-Compliance" to the Internal Revenue Service (IRS) and must also report whether or not the non-compliance has been corrected. It is important to cure discrepancies in a timely manner in order for the IRS Report to indicate corrections have been completed.

It was a pleasure visiting your property. Should you have questions or concerns regarding the Review and Physical Inspection, please contact me.

Sincerely,

Deanne Ruble

Deanne Ruble, HCCP
Compliance Specialist

cc: Florida Housing
Property Manager
Stacy Day
Elizabeth Collins
Dawn Wolter
Amy Parrish
Karen A. Graham
Daniel Lopez
Jodi Rothery
Erin Green
Bill Zunamon

Management Review and Physical Inspection Summary Sheet

Property Name and Address	Key #	Program ID Numbers	Date of Review
Ekos Magnolia Oaks 821 E. Magnolia Drive Tallahassee, FL 32301 Email: manager@livemagnoliaoaks.com	3261	ID # 2020-074BR/2019-546C/2021 Series F	July 16, 2024

Type of Review				FHFC Programs	
	Initial	X	Annual	X	HC/TCEP/TCAP
					HOME
				X	MMRB
	Follow-Up		Triennial	X	SAIL/RRLP
				X	ELI
	Original Review Date	2	Review #		

Management Agent Name and Address
Elizabeth Collins, Compliance Director JMG Realty, LLC/Asset Living 262 Crystal Grove Blvd. Lutz, FL 33548 Email: Elizabeth.Collins@assetrealty.com

Unit Quantity		Units Inspected		# Files Examined	% Files Examined
Total:	110	Total:	10	11	10%
Occupied:	91	Occupied:	10	# of Buildings	# of HC BINs
Vacant:	19	Vacant:	0	7	5

Owner Contact Name and Address
Christopher L Shear, COO of MHP FL McDowell Housing Partners, LLC. 601 Brickell Key Drive, Suite 700 Miami, FL 33131 Email: cshear@mcdhousing.com

Set-Aside Requirement(s)

100% @ 60% MMRB, HC
10% @ 33% RRLP, RRLP ELI
90% @ 60% RRLP

A. Examination of Records	S	U	Refer to Comments
1. Tenant Files and Records	X		
2. Applications and Processing	X		
3. Rent Limits and Utility Allowance	X		
4. Verifications of Income	X		
5. Income Certification/Recertification	X		
6. Leases	X		
7. Next Available Unit Documentation	X		
8. Tenant File Discrepancies	X		
9. Link Referral Requirements			NA
10. Program Report/Rent Roll Comparison	X		
11. Regulatory Agreements (LURA / ELIHA)	X		

Required Features / Amenities / Programs	S	U	Refer to Comments
1. Each unit will contain complete facilities for livi	X		
2. All units are expected to meet all requirements	X		
3. The Developments must meet all federal requir	X		
4. All units must meet accessibility standards of Se	X		
5. 5% of the total dwelling units (5), but not fewer	X		
6. 2% of the total units (2), but not fewer than one	X		
7. Termite prevention	X		
8. Pest control	X		
9. Window covering for each window and glass do	X		
10. Cable or satellite TV hook-up in each unit and, if	X		
11. Washer and dryer hook ups in each of the Deve	X		
12. At least 2 full bathrooms in all 3 bedroom or lar	X		
13. Bathtub with shower in at least one bathroom i	X		
14. All Developments must provide a full-size range	X		
15. Primary entrance doors on an accessible route s	X		
16. All door handles on primary entrance door and	X		
17. Lever handles on all bathroom faucets and kitch	X		
18. Mid-point on light switches and thermostats sha	X		
19. Cabinet drawer handles and cabinet door handl	X		
20. All Family Demographic Developments must pro	X		
21. Low or No-VOC paint for all interior walls (Low-	X		
22. Low-flow water fixtures in bathrooms—WaterS	X		
23. Energy Star certified refrigerator;	X		
24. Energy Star certified dishwasher;	X		
25. Energy Star certified ventilation fan in all bathro	X		
26. Water heater minimum efficiency specifications	X		
27. Energy Star qualified ceiling fans with lighting fi	X		
28. Air Conditioning (choose in-unit or commercial)	X		
29. ICC 700 National Green Building Standard (NGBS	X		
30. The quality of the Resident Programs committe	X		
31. Employment Assistance Program – Applicant or	X		
32. Family Support Coordinator - The Applicant mus	X		
33. Financial Management Program – The Applicant	X		
34. MOU required	X		
35. At a minimum, the Development shall inform ea	X		
36.			
37.			
38.			
39.			
40.			

B. Administrative Procedures	S	U	Refer to Comments
1. Tenant Selection and Orientation	X		
2. Maintenance Program	X		
3. Security Program	X		
4. Occupancy and Vacancy		X	X
5. Organization and Supervision	X		
6. Staffing	X		
7. Office Hours	X		
8. Operating Procedures and Manuals	X		
9. Training	X		
10. Advertising	X		
11. Affirmative Fair Housing Marketing Plan			NA

C. Physical Inspection	S	U	Refer to Comments
Visual Inspection			
1. Occupied Unit Inspection	X		
2. Vacant Unit Preparation	X		
3. General Physical Condition	X		
4. On-Site Office Administration	X		
5. Use of Community Space	X		
Unit Interior	S	U	Refer to Comments
1. Bathrooms	X		
2. Ceilings	X		
3. Doors		X	X
4. Electrical	X		
5. Floors	X		
6. Hot water heater	X		
7. HVAC system	X		
8. Kitchen		X	X
9. Lighting	X		
10. Outlets/switches	X		
11. Patio/porch/balcony			NA
12. Smoke detectors		X	X
13. Stairs			NA
14. Walls	X		
15. Windows	X		
Building Exterior	S	U	Refer to Comments
1. Doors	X		
2. Foundations	X		
3. Lighting	X		
4. Roofs	X		
5. Walls	X		
6. Windows/Screens		X	X
Site	S	U	Refer to Comments
1. Fencing and retaining walls		X	X
2. Grounds		X	X
3. Lighting	X		
4. Mail boxes and property signs	X		
5. Market appeal	X		
6. Parking lot / driveways	X		
7. Play areas and equipment	X		
8. Refuse disposal	X		
9. Storm drainage	X		
10. Walkways and steps	X		

Property Name	Key #	Program ID Numbers	Date of Review
Ekos Magnolia Oaks	3261	# 2020-074BR/2019-546C/2021 Serie	July 16, 2024

C. Physical Inspection, continued

Building Systems	S	U	Refer to Comments
1. Domestic water	X		
2. Electrical system	X		
3. Elevators			NA
4. Emergency power	X		
5. Exhaust system	X		
6. Fire protection	X		
7. HVAC system	X		
8. Sanitary system	X		
Health and Safety	**S**	**U**	**Refer to Comments**
1. Air quality	X		
2. Electrical hazards			NA
3. Elevators	X		
4. Emergency/fire exits	X		
5. Flammable materials	X		
6. Garbage and debris	X		
7. Hazards	X		
8. Infestation	X		

Common Areas	S	U	Refer to Comments
1. Basement/garage/carport			NA
2. Closet/utility/mechanical	X		
3. Community room	X		
4. Day care			NA
5. Halls/corridors/stairs	X		
6. Kitchen	X		
7. Laundry room			NA
8. Lobby	X		
9. Office	X		
10. Other community space	X		
11. Patio/porch/balcony	X		
12. Pools and related structures	X		
13. Restrooms	X		
14. Storage	X		
15. Trash collection areas	X		

D. Ratings:

	S	U	See Comments
1. Examination of Records	X		
2. Administrative Procedures		X	
3. Physical Inspection		X	

Property in Compliance:

	Yes
X	No
	Unknown

Follow-Up Review Required	**Yes**		**No**	**X**
Response Required	**Yes**	**X**	**No**	

Please acknowledge receipt by signing, dating and returning a copy of the review to the Monitoring Agent no later than: **July 19, 2024**

A written response addressing each section of the review stating how the discrepancies have been corrected is due to the Monitoring Agent, with a copy to Florida Housing Finance Corporation, no later than: **August 18, 2024**

AmeriNat
(Agent)

Deanna Ruble
(Signature)

Deanne Ruble, HCCP
(Name Printed or Typed)

Compliance Specialist
(Title)

July 19, 2024
(Date)

Magnolia Dr and Country Club Dr/MHP Magnolia Oaks, LL
(Property/Company)

(Signature)

Chris Shear
(Name Printed or Typed)

COO of MHP Magnolia Oaks Member, LLC its Manager
(Title)

7/24/24
(Date)

(Property/Company)

(Signature)

(Name Printed or Typed)

(Title)

(Date)

Item Number	For each "U" or "Refer to Comments" marked with an X, describe findings and/or observation.

The Housing Opportunity Through Modernization Act (HOTMA) of 2016 Final Rule became effective 1-1-2024.
Property managers and staff should be trained on all aspects of HOTMA policies and tenant eligibility.
Program compliance using HOTMA Rules, must be implemented no later than January 1, 2025.

NONCOMPLIANCE TYPES SUMMARY

Failure to perform Administrative Procedures
Failure to π Failure to π Fai Failure to meet Uniform Physical Condition Standards (UPCS) for Units
Failure to π Failure to π Fai Failure to meet UPCS for Building Exterior
Failure to meet UPCS for Site

MANAGEMENT REVIEW SUMMARY

B Administrative Procedures

4 **Occupancy and Vacancy**

On the day of the review the combined properties occupancy was 82.72%. Please provide a copy of your marketing plan.

C Physical Inspection

Unit Interior

3 **Doors**

Unit	Discrepancy
4-4112	Missing Door - Closet door in hallway missing. (Photo Taken)

8 **Kitchen**

Unit	Discrepancy
4-4112	Cabinets - Missing/Damaged - under kitchen sink cabinets is damaged. (photo taken)
	Plumbing—Leaking Faucet/Pipes - under kitchen sink appears to be active leak.(photo taken)

12 **Smoke detectors**

Unit	Discrepancy
4-4112	Missing/Inoperable - 1 smoke alarms missing. (photo taken)
	Please provide photographs and completed work orders.

Building Exterior

6 Windows/Screens

Building	Discrepancy
2	Cracked/Broken/Missing Panes - broken ground floor window (photo taken)

Please provided photographs and invoices/work orders for items listed above, along with your written response as corrected.

Item Number	For each "U" or "Refer to Comments" marked with an X, describe findings and/or observation.

C **Physical Inspection** (Continued)

Site

1 **Fencing and retaining walls**

Holes/Missing Sections/Damaged/Falling/Leaning - fencing near building 2 was damaged/falling/leaving. (photo taken)

2 **Grounds**

Building	Discrepancy
1	Erosion/Rutting Areas - between HVAC and enclose power transformers rutting areas. (photo taken)

Please provided photographs and invoices/work orders for items listed above, along with your written response as corrected.

D **Ratings**
Project in Compliance

The property was found to be in noncompliance (see above).

Ekos Magnolia Oaks
Tallahassee, FL
7/16/2024

1

Description

2

Description

3

Description

4

Description

5

Description

6

Description

7

Description

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Description

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Description

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Description

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Description

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Description

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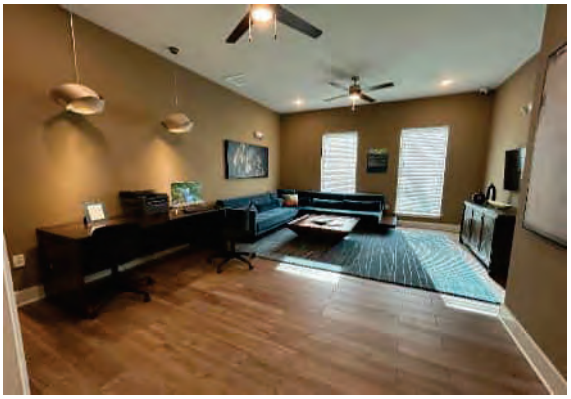
Description

14

Description

15



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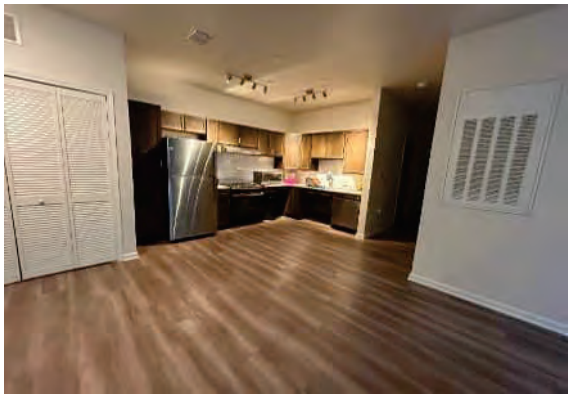

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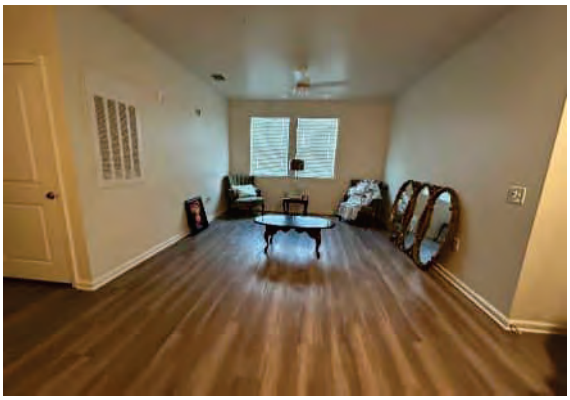

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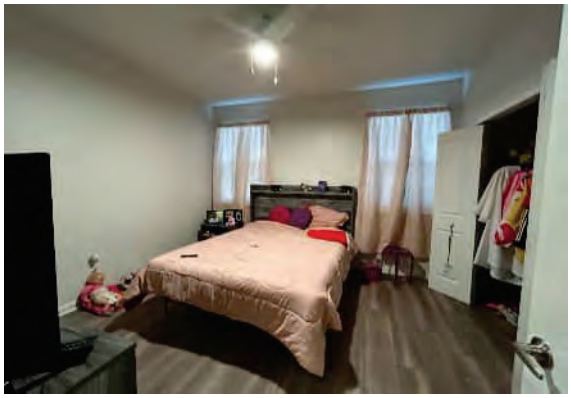

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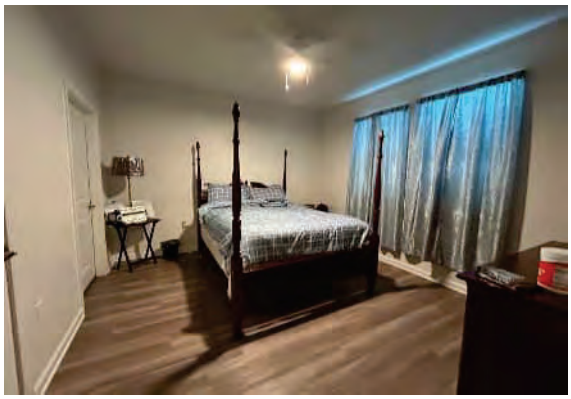

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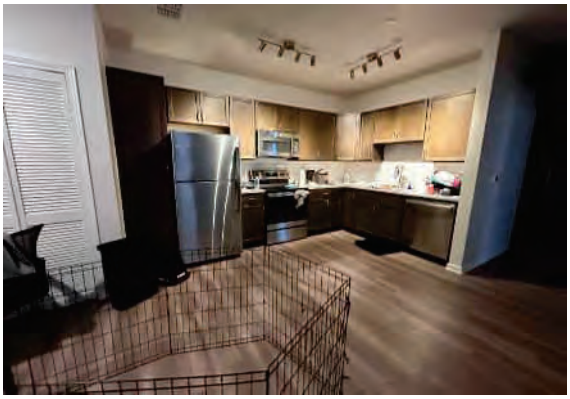

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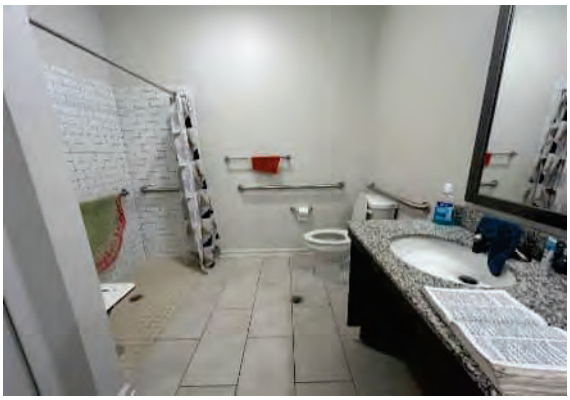
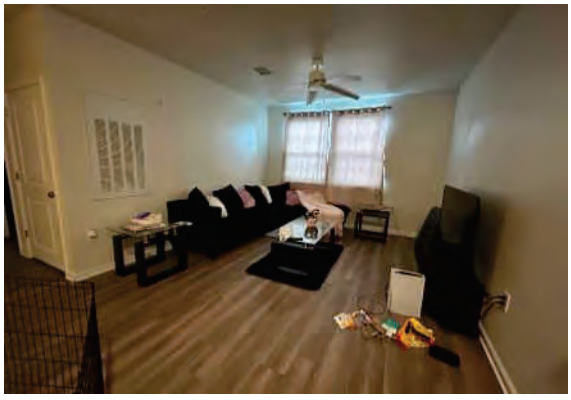


Description

22

Description

24



Description

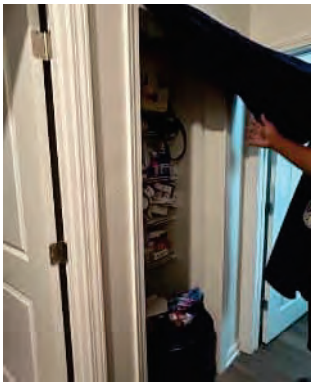
25

Description

26

Description

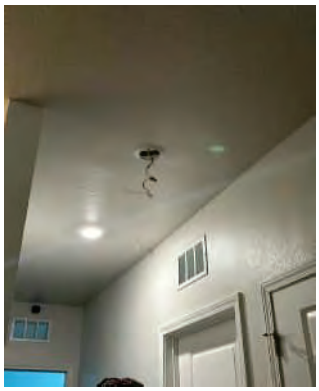
27



Description

4-4112 Missing Door - Closet door in hallway missing

28



Description

4-4112 - Missing/Inoperable - 1 smoke alarms missing.

29

Description

4112- Cabinets - Missing/Damaged - under kitchen sink cabinets is damaged. Plumbing—Leaking Faucet/Pipes - under kitchen sink appears to be active leak.

30

Description

Bldg. 1 - Erosion/Rutting Areas - Betewwnthe HVAC and enclose power transformers rutting areas.

31

Description

Bldg. 1 - Erosion/Rutting Areas - Betewwnthe HVAC and enclose power transformers rutting areas.

32

Description

Bldg. 2 - Cracked/Broken/Missing Panes - broken ground floor window

33

Description

Bldg. 2 - Cracked/Broken/Missing Panes - broken ground floor window

34

Description

Bldg. 2 - Holes/Missing Sections/Damaged/Falling/Leaning - Fence

35

Description

36

Description

April 24, 2025

Christopher Shear
McDowell Housing Partners, LLC
601 Brickell Key Drive, Suite 700
Miami, FL 33131

RE: Management Review and Physical Inspection
Key # 3403 ID # 2021-253S / 2020-535C / MMRN 2022 Series L / 2021-253N
EKOS at Arbor Park
February 3, 2025

Dear Mr. Shear,

The response to the above-referenced Management Review and Physical Inspection Report has been reviewed. All noted discrepancies appear to have been satisfactorily corrected. This letter serves as the official close-out for the review.

Please feel free to contact me if you have any questions.

Sincerely,

Raymond J. Cee II
Senior Compliance Specialist

cc: Florida Housing
Property Manager
Heidi Bowers
Charles Gumucio
Amy Parrish
Rafaela Monasterio
Felicia Santos
Dawn Wolter
Aisha Price

February 12, 2025

Christopher Shear
McDowell Housing Partners, LLC
601 Brickell Key Drive, Suite 700
Miami, FL 33131

Re: Management Review and Physical Inspection
Key # 3403 ID # 2021-253S / 2020-535C / MMRN 2022 Series L / 2021-253N
EKOS at Arbor Park
February 3, 2025
Notice of noncompliance **REVISED**

Dear Mr. Shear,

Attached is the Annual Management Review and Physical Inspection Report for the above referenced property which was conducted on February 3, 2025. Please acknowledge by executing a copy of the signature page and returning it to AmeriNat no later than **February 24, 2025.** A written response stating how the discrepancies listed have been corrected is due by **March 14, 2025** to both AmeriNat and the Florida Housing Finance Corporation (FHFC). This response can be signed PDF emailed to both offices. **Per FHFC a hard copy is not necessary.**

Raymond J. Cee II
Senior Compliance Specialist
AmeriNat
rcee@amerinatls.com and
compliance@amerinatls.com

Compliance Monitoring Administrator
Florida Housing Finance Corporation
compliancereview@floridahousing.org

It was a pleasure visiting your property. Should you have questions or concerns regarding the Review and Inspection, please contact me.

(HC Only 1 15 years noncompliance Federal period of most recent allocation)
This letter will serve as notice to you, that pursuant to Treasury Regulation Statutes 1.42-5(e)(2) the project is not in compliance with the provisions of Section 42 of the Internal Revenue Code of 1986, as Amended (the "Code"). The Florida Housing Finance Corporation is required to report this non-compliance on Form 8823, "Low-Income Housing Credit Agencies Report of Non-Compliance" to the Internal Revenue Service (IRS) and must also report whether or not the non-compliance has been corrected. It is important to cure discrepancies in a timely manner in order for the IRS Report to indicate corrections have been completed.

Sincerely,

Raymond J. Cee II
Senior Compliance Specialist

cc: Florida Housing
Property Manager
Heidi Bowers
Charles Gumucio
Amy Parrish
Rafaela Monasterio
Felicia Santos
Dawn Wolter
Aisha Price

Management Review and Physical Inspection Summary Sheet

Property Name and Address	Key #	Program ID Numbers	Date of Review
EKOS at Arbor Park 1310 Citizens Parkway North Port, FL 34288 EMAIL: ekosarborpark@assetliving.com	3403	ID # 2021-253S / 2020-535C / MMRN 2022 Series L / 2021-253N	February 3, 2025

Management Agent Name and Address
Rafaela Monasterio Asset Living 15601 Dallas Pkwy, Suite 200 Addison, TX 75001 EMAIL: Rafaela.Monasterio@assetrealty.com

Owner Contact Name and Address
Christopher Shear McDowell Housing Partners, LLC 601 Brickell Key Drive, Suite 700 Miami, FL 33131 EMAIL: cshear@mcdhousing.com

Type of Review				FHFC Programs	
X	Initial		Annual	X	HC/TCEP/TCAP
					HOME
	Follow-Up		Triennial	X	MMRB
				X	SAIL/RRLP
				X	NHTF
	Original Review Date	1	Review #		

Unit Quantity		Units Inspected		# Files Examined	% Files Examined
Total:	136	Total:	30	28	22.0588%
Occupied:	39	Occupied:	28	# of Buildings	# of HC BINs
Vacant:	97	Vacant:	2	2	1

Set-Aside Requirement(s)

2.206% @ 22% NHTF
17.647% @ 30% HC / SAIL
29.412% @ 60% HC / SAIL
52.941% @ 70% HC / SAIL
40% @ 60% BOND

A. Examination of Records	S	U	Refer to Comments
1. Tenant Files and Records		X	X
2. Applications and Processing	X		
3. Rent Limits and Utility Allowance	X		
4. Verifications of Income	X		
5. Income Certification/Recertification	X		
6. Leases	X		
7. Next Available Unit Documentation	X		
8. Tenant File Discrepancies	X		
9. Link Referral Requirements	X		
10. Program Report/Rent Roll Comparison		X	X
11. Regulatory Agreements (LURA / ELIHA)	X		

Required Features / Amenities / Programs	S	U	Refer to Comments
1. All units are expected to meet all requirements	X		
2. The Development must meet all federal require	X		
3. All Developments must meet accessibility stand	X		
4. Broadband infrastructure which includes cables,	X		
5. Termite prevention;	X		
6. Pest control;	X		
7. Window covering for each window and glass do	X		
8. Cable or satellite TV hook-up in each unit and, if	X		
9. Washer and dryer hook ups in each of the Deve		X	X
10. All Elderly Demographic Developments that are	X		
11. Required Accessibility Features, regardless of th	X		
12. Primary entrance doors on an accessible route s	X		
13. All door handles on primary entrance door and	X		
14. Lever handles on all bathroom faucets and kitch	X		
15. Mid-point on light switches and thermostats sha	X		
16. Cabinet drawer handles and cabinet door handl	X		
17. 20 percent of the new construction units (28) m	X		
18. Horizontal grab bars in place around each tub ar	X		
19. Reinforced walls for future installation of horizo	X		
20. All bathrooms in new construction units must h	X		
21. Adjustable shelving in master bedroom closets (	X		
22. In one of the kitchen's base cabinets, there shal	X		
23. Low or No-VOC paint for all interior walls (Low-V	X		
24. Low-flow water fixtures in bathrooms—WaterSe	X		
25. Energy Star certified refrigerator;	X		
26. Energy star certified dishwasher;	X		
27. Energy Star certified ventilation fans in all bathr	X		
28. Water heater minimum efficiency specifications	X		
29. Energy Star certified ceiling fans with lighting fix	X		
30. Air Conditioning (in-unit or commercial): *Air-Sc	X		
31. Elderly developments must have a minimum of	X		
32. ICC 700 National Green Building Standard (NGBS	X		
33. 24 Hour Support to Assist Residents In Handling	X		
34. Adult Literacy - The Applicant or its Managemer	X		
35. Daily Activities The Applicant or its Managemen	X		
36. Assistance with Light Housekeeping, Grocery Sh	X		
37. MOU required	X		
38. Areas required to be made accessible to mobilit	X		
39.			
40.			

B. Administrative Procedures	S	U	Refer to Comments
1. Tenant Selection and Orientation	X		
2. Maintenance Program	X		
3. Security Program	X		
4. Occupancy and Vacancy	X		
5. Organization and Supervision	X		
6. Staffing	X		
7. Office Hours	X		
8. Operating Procedures and Manuals	X		
9. Training	X		
10. Advertising	X		
11. Affirmative Fair Housing Marketing Plan	X		

C. Physical Inspection	S	U	Refer to Comments
Visual Inspection			
1. Occupied Unit Inspection	X		
2. Vacant Unit Preparation	X		
3. General Physical Condition	X		
4. On-Site Office Administration	X		
5. Use of Community Space	X		
Unit Interior	S	U	Refer to Comments
1. Bathrooms	X		
2. Ceilings	X		
3. Doors		X	X
4. Electrical	X		
5. Floors	X		
6. Hot water heater	X		
7. HVAC system	X		
8. Kitchen		X	X
9. Lighting	X		
10. Outlets/switches	X		
11. Patio/porch/balcony	X		
12. Smoke detectors	X		
13. Stairs	X		
14. Walls	X		
15. Windows	X		
Building Exterior	S	U	Refer to Comments
1. Doors	X		
2. Foundations	X		
3. Lighting	X		
4. Roofs	X		
5. Walls	X		
6. Windows/Screens	X		
Site	S	U	Refer to Comments
1. Fencing and retaining walls	X		
2. Grounds	X		
3. Lighting	X		
4. Mail boxes and property signs	X		
5. Market appeal	X		
6. Parking lot / driveways	X		
7. Play areas and equipment	X		
8. Refuse disposal	X		
9. Storm drainage	X		
10. Walkways and steps	X		

Property Name	Key #	Program ID Numbers	Date of Review
EKOS at Arbor Park	3403	ID # 2021-253S / 2020-535C / MMRN 2022 Series L / 2021-253N	February 3, 2025

C. Physical Inspection, continued

Building Systems	S	U	Refer to Comments
1. Domestic water	X		
2. Electrical system	X		
3. Elevators	X		
4. Emergency power	X		
5. Exhaust system	X		
6. Fire protection	X		
7. HVAC system	X		
8. Sanitary system	X		
Health and Safety	**S**	**U**	**Refer to Comments**
1. Air quality	X		
2. Electrical hazards	X		
3. Elevators	X		
4. Emergency/fire exits	X		
5. Flammable materials	X		
6. Garbage and debris	X		
7. Hazards	X		
8. Infestation	X		

Common Areas	S	U	Refer to Comments
1. Basement/garage/carport			NA
2. Closet/utility/mechanical	X		
3. Community room	X		
4. Day care			NA
5. Halls/corridors/stairs	X		
6. Kitchen	X		
7. Laundry room			NA
8. Lobby	X		
9. Office	X		
10. Other community space	X		
11. Patio/porch/balcony			NA
12. Pools and related structures	X		
13. Restrooms	X		
14. Storage	X		
15. Trash collection areas	X		

D. Ratings:

	S	U	See Comments
1. Examination of Records		X	
2. Administrative Procedures	X		
3. Physical Inspection		X	

Property in Compliance:

	Yes
X	No
	Unknown

Follow-Up Review Required	**Yes**		**No**	**X**
Response Required	**Yes**	**X**	**No**	

Please acknowledge receipt by signing, dating and returning a copy of the review to the Monitoring Agent no later than: **February 24, 2025**

A written response addressing each section of the review stating how the discrepancies have been corrected is due to the Monitoring Agent, with a copy to Florida Housing Finance Corporation, no later than: **March 14, 2025**

AmeriNat
(Agent)

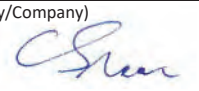
(Signature)

Raymond J. Cee II
(Name Printed or Typed)

Senior Compliance Specialist
(Title)

February 12, 2025
(Date)

EKOS at Arbor Park / MHP FL X LLLP
(Property/Company)



(Signature)

Chris Shear
(Name Printed or Typed)

COO
(Title)

2/19/25
(Date)

MHP FL X, LLLP
(Property/Company)

(Signature)

(Name Printed or Typed)

(Title)

(Date)

Item Number	For each "U" or "Refer to Comments" marked with an X, describe findings and/or observation.

The Housing Opportunity Through Modernization Act (HOTMA) of 2016 Final Rule became effective 1-1-2024.

Property managers and staff should be trained on all aspects of HOTMA policies and tenant eligibility.

Program compliance using HOTMA Rules, must be implemented no later than July 1, 2025, and 1-1-2026 for HOME, NHTF, CDBG-DR

NONCOMPLIANCE TYPES SUMMARY

* Failure to meet Uniform Physical Inspection Standards (UPCS) UNIT

MANAGEMENT REVIEW SUMMARY

A Examination of Records

1 **Tenant File Discrepancies**

Unit / Resident(s)	Discrepancy
1-331 Knicker Bocker	**6 months average checking has not been verified for amount of $1084 on TIC.**

10 **Program Report/Rent Roll Comparison**

Unit / Resident(s)	Discrepancy
1-122 Freitas	Move in on rent roll is 12-4-24 while move in date on program report is 12-6-24.

Required Features / Amenities / Programs

9 **Washer and dryer hook ups in each of the Development's units**

The lease addendum provided does not address what is done with the washer and dryer if the resident does not choose to utilitze the optional amenity. Please advise.

Unit / Resident(s)	Discrepancy
425 / Young	Laundry washing machine is not draining properly.

C Physical Inspection

Unit interior

3 **Doors**

Unit / Resident(s)	Discrepancy
112 / Masiello	Hall bathroom door surface layer is delaminating. See photograph # 44

Item Number	For each "U" or "Refer to Comments" marked with an X, describe findings and/or observation.
C	**Physical Inspection**
	Unit interior (conti.)
8	**Kitchen**

Unit / Resident(s)	Discrepancy
112 / Masiello	Refrigerator stainless steel surface is etched and damaged. See photograph # 45
116 / Tyrak	Dishwasher is not sealing while in use and leaking water. See photograph # 48
319 / Kharak	Dishwasher is not sealing while in use and leaking water. See photograph # 46

Please forward invoices, completed work orders and photographs for all physical items indicated above with your written response.

D **Ratings**

Project in Compliance

Property was found to be in Noncompliance, see top of page.

EKOS at Arbor Park

North Port, Florida

2/3/2025

1

Description

2

Description

3

Description

Community Center Clubhouse

4

Description

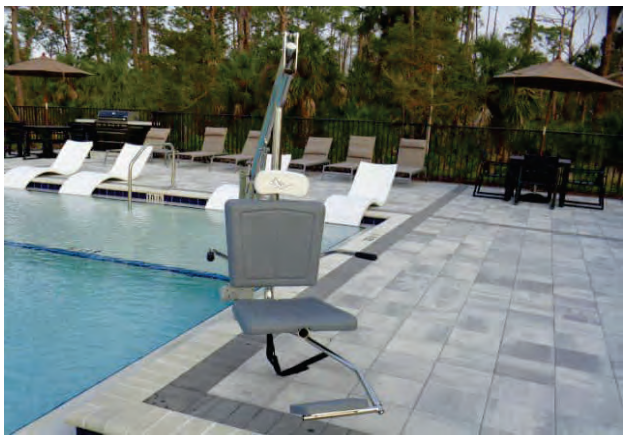
Property Entry

5

Description

Swimming Pool

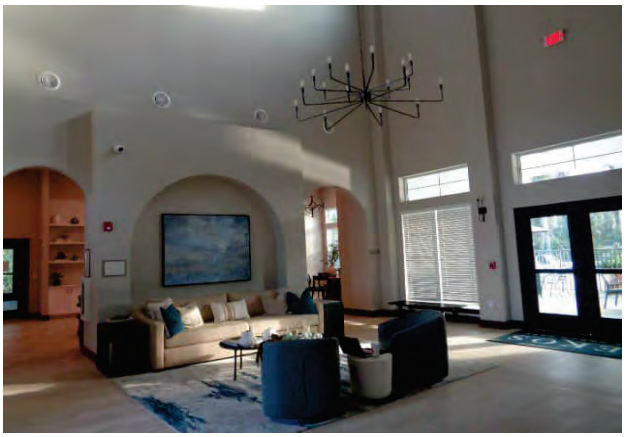
6



Description

Swimming Pool

7



Description

Community Center Clubhouse

8

Description

Picnic Area and outdoor grill

9

Description

Community Center Clubhouse

10

Description

Community Center Clubhouse, computer area

11

Description

Community Center Clubhouse

12

Description

Pool / Picnic Area

13

Description

Fitness Center

14

Description

Fitness Center

15

Description

Fitness Center

16

Description

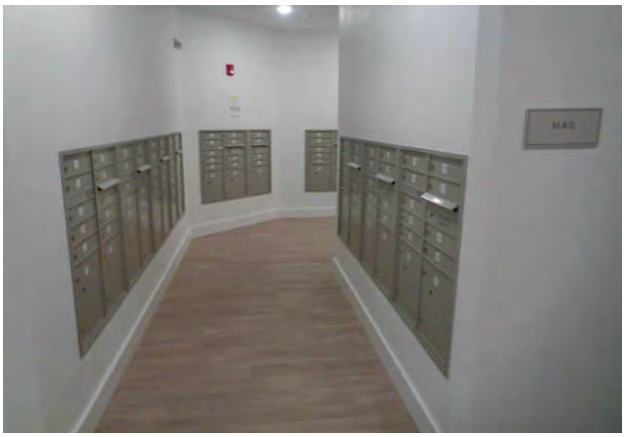
Community Generator

17

Description

one elevator per residential building provided

18



Description

Mail Kiosk

19

Description

20

Description

21

Description

22

Description

23

Description

24

Description

25

Description

26

Description

27

Description

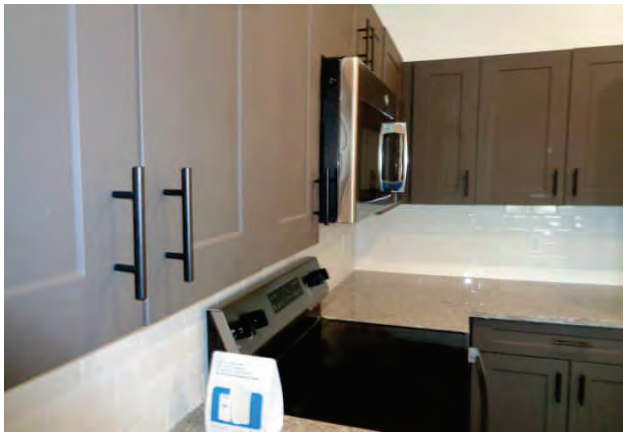
Adjustable shelving in master bedroom closets (must be adjustable by resident);

28

Description

In one of the kitchen's base cabinets, there shall be a large bottom drawer that opens beyond full extension, also referred to as an "over-travel feature.

29



Description

Cabinet drawer handles and cabinet door handles in kitchen shall be lever or D-pull type that operate easily using a single closed fist, in all units;

30

Description

cabinet door handles in bathroom shall be lever or D-pull type, All bathrooms in new construction units must have vanity cabinets with at least one roll-out shelf or drawer in bottom of cabinet.

31

Description

Lever handles on all bathroom faucets and kitchen sink faucets, in all units;

32

Description

Lever handles on all bathroom faucets and kitchen sink faucets, in all units;

33

Description

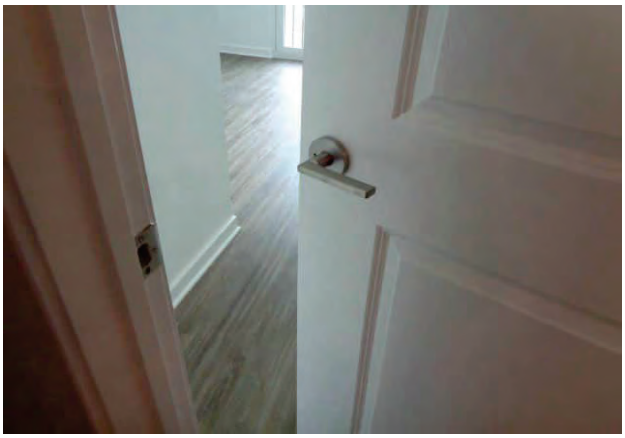
Energy Star certified ceiling fans with lighting fixtures in bedrooms.

34

Description

Window covering for each window and glass door inside each unit;

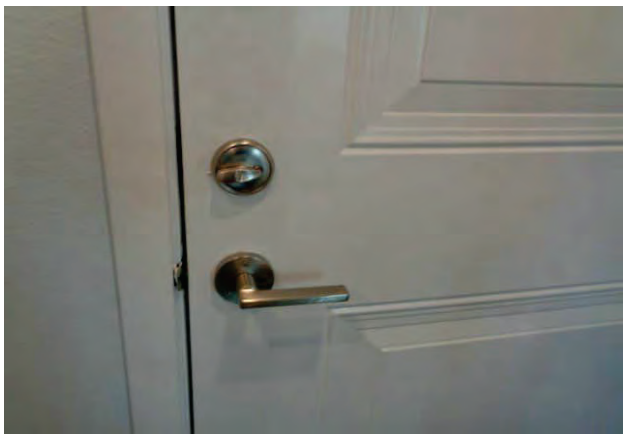
35



Description

All door handles on primary entrance door and interior doors must have lever handles, in all units;

36



Description

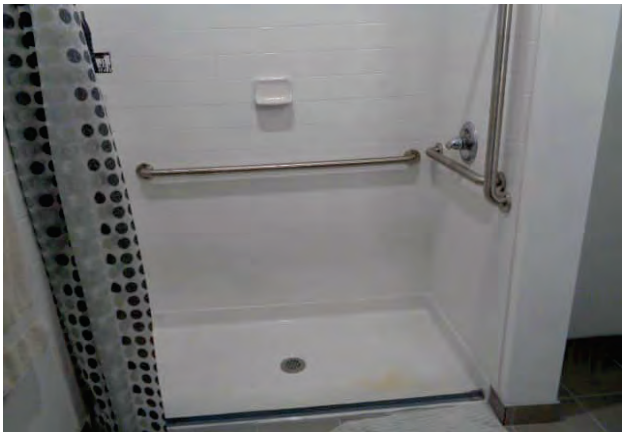
All door handles on primary entrance door and interior doors must have lever handles, in all units;

37

Description

Horizontal grab bars in place around each tub and/or shower,

38



Description

20 percent of the new construction units (28) must have roll-in showers

39

Description

5 percent (7 units) must meet accessiblity standards

40

Description

5 percent (7 units) must meet accessiblity standards

41

Description

2 percent (3 units) of the total units, must be accessible for persons with hearing or vision impairments.

42

Description

Washer and dryer hook ups in each of the Development's units

43

Description

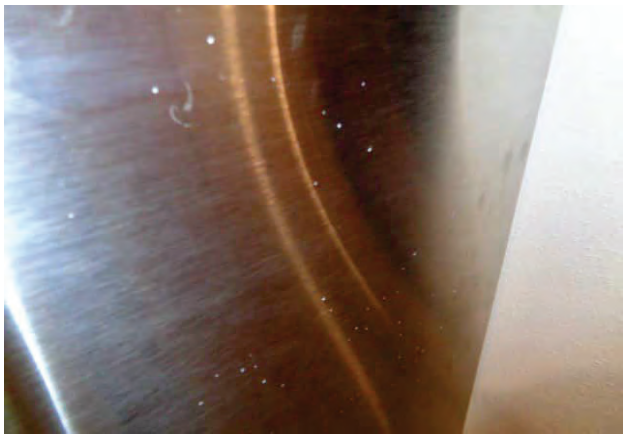
Accessible Unit front load washer and dryer hook ups in each of the Development's units

44

Description

Unit 112 Door cracked surface laminate

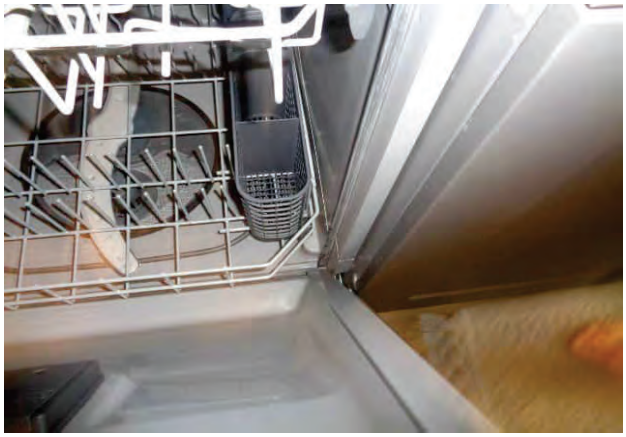
45



Description

Unit 112 Refrigerator door etched and damaged stainless surface

46



Description

Unit 319 dishwaster seal drips during usage, fitment of diswasher makes the door hard to close

47

Description

Unit 116 Refrigerator Ice box seal is creating frost and ice

48

Description

Unit 116 dishwaster seal drips during usage, resident photo of pan catching leak

FIRST HOUSING
SERVICE • FINANCE • COMPLIANCE

June 13, 2025

Christopher Shear, COO
McDowell Housing Partners
777 Brickell Avenue, Suite 1300
Miami, Florida 33131

Re: Closeout Letter
April 25, 2025 Annual Management Review
Notice of Noncompliance
Ekos on Santa Barbara fka Harmony on Santa Barbara
MMRB: 2021 Series P; CDBG-DR RFA 2019-102/2020-046BD

Dear Mr. Shear,

This letter serves as the official closeout for the Annual Management Review.

Please feel free to contact me if you have any questions.

Sincerely,

Yara Diaz Barrera
Compliance Officer

cc: Florida Housing Finance Corporation
Amy Parrish
Manager
Rafaela Monasterio
Charles Gumucio
Megan Dobbs
Aisha Price
Mario A. Sariol
Matthew Kesmodel
Vicki B. Bellamy

Home Office:
107 South Willow Avenue
Tampa, FL 33606-1945
(813) 289-9410
Fax (813) 289-5580
www.firsthousingfl.com

FIRST HOUSING
SERVICE • FINANCE • COMPLIANCE

May 24, 2024

Erin Green, VP of Asset Management
McDowell Housing Partners, LLC
777 Brickell Avenue, Suite 1300
Miami, FL 33131

Re: Closeout Letter
April 16, 2024 Annual Management Review
Notice of Noncompliance
Ekos on Santa Barbara fka Harmony on Santa Barbara
2021 Series P; CDBG-DR RFA 2019-102/2020-046BD

Dear Mr. Green:

This letter serves as the official closeout for the Annual Management Review.

Please feel free to contact me if you have any questions.

Sincerely,

Samantha Kiser
Compliance Specialist

cc: Florida Housing Finance Corporation
Amy Parrish
Manager
Rafaela Monasterio
Mario Sariol
Matthew Kesmodel
Vicki Bellamy

Home Office:
107 South Willow Avenue
Tampa, FL 33606-1945
(813) 289-9410
Fax (813) 289-5580
www.firsthousingfl.com

FIRST HOUSING
SERVICE • FINANCE • COMPLIANCE

May 16, 2024

Erin Green, VP of Asset Management
McDowell Housing Partners, LLC
777 Brickell Avenue, Suite 1300
Miami, FL 33131

Re: Management Review and Physical Inspection **Notice of Noncompliance**
3256 2021 Series P; CDBG-DR RFA 2019-102/2020-046BD
Ekos on Santa Barbara fka Harmony on Santa Barbara
April 16, 2024

Dear Mr. Green:

Enclosed is the above referenced Management Review and Physical Inspection. Please sign and date a copy and return it to **compliancereporting@firsthousingfl.com** , no later than **May 27, 2024**. A written response to the monitoring agent addressing each section of the report, stating how the discrepancies / comments have been corrected, is due no later than **June 17, 2024**, with a copy to Florida Housing Finance Corporation. Send supporting documentation to only the monitoring agent.

Samantha Kiser
Compliance Specialist
First Housing
compliancereporting@firsthousingfl.com

Compliance Monitoring Administrator
Florida Housing Finance Corporation
compliancereview@floridahousing.org

It was a pleasure visiting your property. Should you have questions or concerns regarding the Review and Inspection, please contact me.

Sincerely,

Samantha Kiser
Compliance Specialist

cc: Florida Housing Finance Corporation
Amy Parrish
Rafaela Monasterio
Manager

Mario Sariol
Matthew Kesmodel
Vicki Bellamy

Home Office:
107 South Willow Avenue
Tampa, FL 33606-1945
(813) 289-9410
Fax (813) 289-5580
www.firsthousingfl.com

Management Review and Physical Inspection Summary Sheet

Property Name and Address	Key #	Program ID Numbers	Date of Review
Harmony on Santa Barbara 4640 Santa Barbara Blvd Naples, FL 33928 leida.rodriguez@assetliving.com	3256	021 Series P; CDBG-DR RFA 2019-102/2020-046B	April 16, 2024

Management Agent Name and Address
Amy Parrish JMG Realty, LLC / Asset Living 262 Crystal Grove Blvd Lutz, FL 33548 amy.parrish@assetliving.com

Owner Contact Name and Address
Erin Green, VP of Asset Management McDowell Housing Partners, LLC 777 Brickell Avenue, Suite 1300 Miami, FL 33131 egreen@mcdhousing.com

Type of Review				FHFC Programs	
X	Initial		Annual		HC/TCEP/TCAP
					HOME
				X	MMRB
	Follow-Up		Triennial		SAIL/RRLP
				X	CDBG-DR
	Original Review Date	1	Review #		

Unit Quantity		Units Inspected		# Files Examined	% Files Examined
Total:	82	Total:	10	8	10%
Occupied:	82	Occupied:	10	# of Buildings	# of HC BINs
Vacant:	0	Vacant:	0	2	N/A

Set-Aside Requirement(s)

BOND
40% @ 60% (33 Units Minimum)
CDBG-DR
15.854% @ 30% (13 Units Minimum)
60.976% @ 60% (50 Units Mimimum)
23.170% @ 80% (19 Workforce Units Minimum)
50% ELI Units LINK SN (7 Units)

A. Examination of Records	S	U	Refer to Comments
1. Tenant Files and Records	X		
2. Applications and Processing	X		
3. Rent Limits and Utility Allowance	X		
4. Verifications of Income	X		
5. Income Certification/Recertification	X		
6. Leases	X		
7. Next Available Unit Documentation	X		
8. Tenant File Discrepancies	X		X
9. Link Referral Requirements	X		
10. Program Report/Rent Roll Comparison	X		
11. Regulatory Agreements (LURA / ELIHA)	X		

Required Features / Amenities / Programs	S	U	Refer to Comments
1. Broadband Infrastructure	X		
2. Termite Prevention & Pest Control	X		
3. Window Coverings Windows and Glass Door	X		
4. Cable or Satellite TV Hook-ups	X		
5. Washer/Dryers in units or an on-site facility with 6 washers/dryer	X		
6. Two Full Bathrooms in all 3 BR Units	X		
7. Bathtub w/Shower in 1 BA in 90% of Units	X		
8. Full size range/oven	X		
9. Door Handles Lever Action	X		
10. Lever Handles Bathrooom/Kitchen Faucets	X		
11. Mid-Point Light Switches/Thermostats no more than 48" above flo	X		
12. Cabinet Drawer/Door handles in bathrooms & kitchens lever or D	X		
13. Refrigerator	X		
14. Dishwasher	X		
15. Ventilation Fan in all Bathrooms	X		
16. Air Conditioning	X		
17. Tenant Programs & Services	X		
18.			
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B. Administrative Procedures	S	U	Refer to Comments
1. Tenant Selection and Orientation	X		
2. Maintenance Program	X		
3. Security Program	X		
4. Occupancy and Vacancy	X		
5. Organization and Supervision	X		
6. Staffing	X		
7. Office Hours	X		
8. Operating Procedures and Manuals	X		
9. Training	X		
10. Advertising	X		
11. Affirmative Fair Housing Marketing Plan	X		

C. Physical Inspection	S	U	Refer to Comments
Visual Inspection			
1. Occupied Unit Inspection	X		X
2. Vacant Unit Preparation	X		
3. General Physical Condition	X		
4. On-Site Office Administration	X		
5. Use of Community Space	X		
Unit Interior	S	U	Refer to Comments
1. Bathrooms	X		
2. Ceilings	X		
3. Doors	X		
4. Electrical	X		
5. Floors	X		
6. Hot water heater	X		
7. HVAC system	X		
8. Kitchen	X		
9. Lighting	X		
10. Outlets/switches	X		
11. Patio/porch/balcony	X		
12. Smoke detectors	X		
13. Stairs	X		
14. Walls	X		
15. Windows/screens	X		
Building Exterior	S	U	Refer to Comments
1. Doors	X		
2. Foundations	X		
3. Lighting	X		
4. Roofs	X		
5. Walls	X		
6. Windows	X		
Site	S	U	Refer to Comments
1. Fencing and retaining walls	X		
2. Grounds	X		
3. Lighting	X		
4. Mail boxes and property signs	X		
5. Market appeal	X		
6. Parking lot / driveways	X		
7. Play areas and equipment	X		
8. Refuse disposal	X		
9. Storm drainage	X		
10. Walkways and steps	X		

Property Name	Key #	Program ID Numbers	Date of Review
Ekos on Santa Barbara fka Harmony on Santa Barbara	3256	ries P; CDBG-DR RFA 2019-102/202	April 16, 2024

C. Physical Inspection, continued

Building Systems	S	U	Refer to Comments	Common Areas	S	U	Refer to Comments
1. Domestic water	X			1. Basement/garage/carport	N/A		
2. Electrical system	X			2. Closet/utility/mechanical	X		
3. Elevators	N/A			3. Community room	X		
4. Emergency power	X			4. Day care	N/A		
5. Exhaust system	X			5. Halls/corridors/stairs	X		
6. Fire protection	X			6. Kitchen	X		
7. HVAC system	X			7. Laundry room	X		
8. Sanitary system	X			8. Lobby	X		
Health and Safety	**S**	**U**	**Refer to Comments**	9. Office	X		
1. Air quality	X			10. Other community space	X		
2. Electrical hazards	X			11. Patio/porch/balcony	X		
3. Elevators	N/A			12. Pools and related structures		X	X
4. Emergency/fire exits	X			13. Restrooms	X		
5. Flammable materials	X			14. Storage	N/A		
6. Garbage and debris	X			15. Trash collection areas	X		
7. Hazards	X						
8. Infestation	X						

D. Ratings:

	S	U	See Comments
1. Examination of Records	X		
2. Administrative Procedures	X		
3. Physical Inspection		X	X

Property in Compliance:

	Yes
X	No
	Unknown

Follow-Up Review Required	**Yes**		**No**	X
Response Required	**Yes**	X	**No**	

Please acknowledge receipt by signing, dating and returning a copy of the review to the Monitoring Agent no later than: **May 27, 2024**

A written response addressing each section of the review stating how the discrepancies have been corrected is due to the Monitoring Agent, with a copy to Florida Housing Finance Corporation, no later than: **June 17, 2024**

Samantha Kiser
(Agent)

(Signature)

Samantha Kiser
(Name Printed or Typed)

Compliance Specialist
(Title)

May 16, 2024
(Date)

Ekos on Santa Barbara/McDowell Housing Partner, LLC
(Property/Company)

(Signature)

Chris Shear
(Name Printed or Typed)

Authorized Principal Representative
(Title)

5/20/24
(Date)

(Property/Company)

(Signature)

(Name Printed or Typed)

(Title)

(Date)

Item Number

The Housing Opportunity Through Modernization Act (HOTMA) of 2016 Final Rule was effective January 1, 2024.
Management is advised that program compliance using HOTMA Rules, will be monitored no later than January 1, 2025.
Property managers and staff should be trained on all aspects of HOTMA policies and tenant eligibility.

NONCOMPLIANCE TYPES SUMMARY
Ekos on Santa Barbara is considered to be in Noncompliance for the following:
Failure to meet Uniform Physical Condition Standards for Site

MANAGEMENT REVIEW SUMMARY

A **Examination of Records**

8 **Tenant File Discrepancies**
During the 2024 Initial Management Review, eight (8) files were examined in which zero (0) contained discrepancies.

C **Physical Inspection**

Visual Inspection

1 **Occupied Unit Inspection**

Of the ten (10) occupied units inspected, none had a deficiency.

Common Areas

12 **Pools and related structures**
The swimming pool was closed on the date of review by the Collier County Health Department due to a Safety Hazard and was not available for resident use. ***Noncompliance***

D. **Ratings**

3. **Physical Inspection**
Ekos on Santa Barbara is considered to be in Noncompliance for the following:
Failure to meet Uniform Physical Condition Standards for Site

Date: May 16, 2024

To: Compliance Monitoring Administrator
Florida Housing Finance Corporation

From: Samantha Kiser
First Housing

Re: Management Review and Physical Inspection
Ekos on Santa Barbara fka Harmony on Santa Barbara
3256
April 16, 2024

The following is a breakdown of the current rents as of the above Management Review. The utility allowance presently in use was effective as follows:

Utility Allowance Source	Effective Date	Utility Service Type
ECM	6/1/2023	Electric, Water, Sewer

COUNTY: **Collier County**

Unit Type								
Bedrms	Baths	Square Footage	QTY	Current Rents	Utility Allowance	Gross Rent	Rent Limit	AMI %
1	1	756	5	$461.00	$100.00	$561.00	$561.00	30%
1	1	756	14	$1,023.00	$100.00	$1,123.00	$1,123.00	60%
1	1	756	3	$1,397.00	$100.00	$1,497.00	$1,497.00	80%
2	2	997	7	$556.00	$118.00	$674.00	$674.00	30%
2	2	997	28	$1,230.00	$118.00	$1,348.00	$1,348.00	60%
2	2	997	13	$1,679.00	$118.00	$1,797.00	$1,797.00	80%
3	2	1332	1	$640.00	$138.00	$778.00	$778.00	30%
3	2	1332	8	$1,419.00	$138.00	$1,557.00	$1,557.00	60%
3	2	1332	3	$1,938	$138	$2,076.00	$2,076	80%
		Total	82					

If there are questions, please do not hesitate to contact our office.

Ekos on Santa Barbara fka Harmony on Santa Barbara

Development City/State Here

4/16/2024

1

Description

Property Sign

2

Description

Property Entrance

3

Description

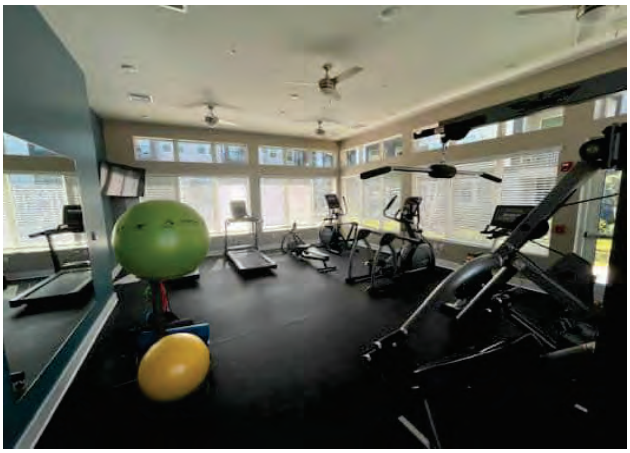
Community Room

4

Description

Building Exterior

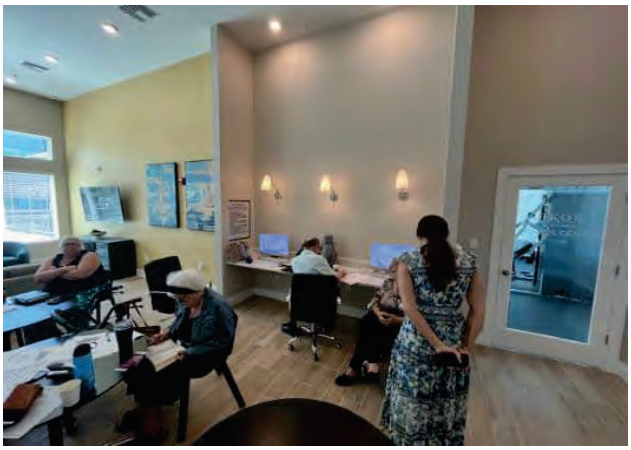
5



Description

Fitness Center

6



Description

Computer Lab

7

Description

Playground

8

Description

Swimming Pool

9

Description

Picnic Area

10

Description

Sitting Area

11

Description

Mail Kiosk

12

Description

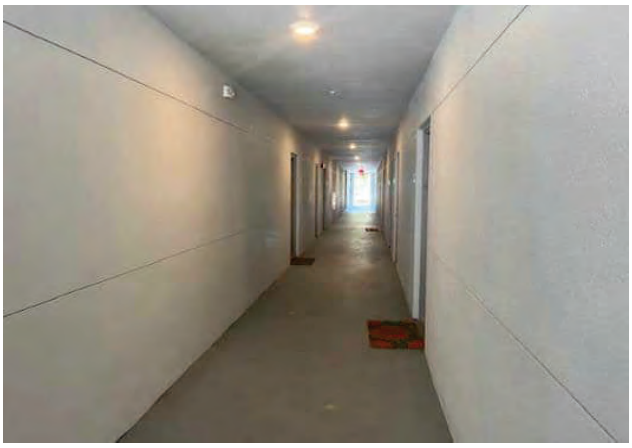
Fire Extinguisher December 2023

13

Description

Building Exterior

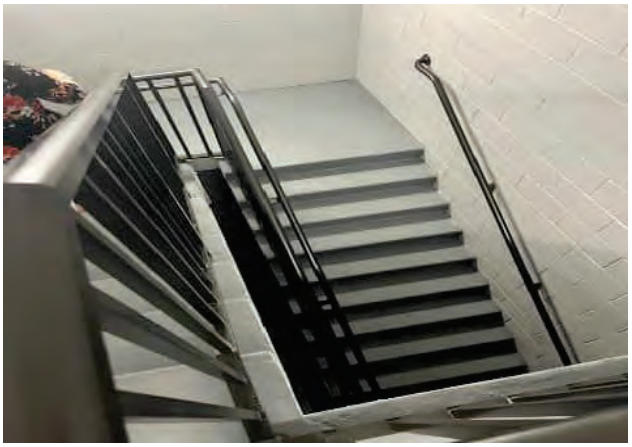
14



Description

Hallway

15



Description

Stairwell

16

Description

Trash Collection Area

17

Description

Swimming Pool Closed by the Collier County Health Department due to a Health and Safety Hazard. Noncompliance

18

Description

Local Government References

Ekos at Grande Park – Local Government References

Collier County
Cormac Giblin
Division Director - Economic Development & Housing
Economic Development & Housing
2800 North Horseshoe Dr.
Naples, FL 34104
239.252.2460
Cormac.Giblin@colliercountyfl.gov

Broward County
Ralph Stone
Director Housing Finance Division
Executive Director Housing Finance Authority
110 NE 3rd Street, Suite 300
Fort Lauderdale, FL 33301
954.357.4900
RStone@Broward.org

City of Tallahassee
Sherri Curtis, AICP
Community Redevelopment Coordinator
Community Redevelopment Agency
435 N. Macomb Street, Box A-17
Tallahassee, Florida 32301
850.891-8354
Sherri.Curtis@talgov.com

Pasco County
Chuck Lane
Director Community Development
Pasco County
8610 Galen Wilson Blvd.
Port Richey, FL 34668
727.834.3447
clane@pascocountyfl.net

Florida Housing Finance Corporation Local Government Verification Of Contribution Form

Name of Development: The Palms of Spring Hill

Development Location: 11323 County Line Road, Spring Hill, FL 34609, Hernando County

(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). If the Development consists of Scattered Sites, the Development Location stated above must reflect the Scattered Site where the Development Location Point is located.)

Information regarding the Contribution*

Type of the ONE contribution to be used as a source*	Face amount of ONE contribution*	Net present value amount, if applicable	Contribution amount (face amount minus net present value)
Fee Deferral	$ 0.00	$ 0.00	$ 0.00
Fee Waiver	$ 0.00	Not applicable	Not applicable
Grant	$ 50,000.00	Not applicable	Not applicable
Loan to be repaid	$ 0.00	$ 0.00	$ 0.00
Loan with forgiveness	$ 50,000.00	Not applicable	Not applicable

*Each form can be used for one type of funding contribution. Use multiple forms if contributing multiple types of funding sources to the same Development (e.g. a combination of loans and grants).

This contribution will not be considered Local Government Area of Opportunity funding. In certain RFAs, this contribution may make the Development eligible for points or other preferences in the selection process. There is no limit on the number of such contributions the Local Government stated above may make to Developments competing in the same RFA. Additionally, loans and grants will be eligible to be considered as a source of funding for the Development.

Certification

This amount is valid for 12 months from the date signed and may be used in any RFA in which the Applicant applies during that time unless a specific RFA is designated here: 2025-201. (Designate an RFA number here if the contribution is only valid in a specific RFA and not intended to be submitted in any other RFA.)

The city/county of Hernando County commits the contribution stated above for the Applicant for its use solely for assisting the proposed Development referenced above. I certify that the foregoing information is true and correct, and that this commitment is effective at least through the date required in the applicable RFA.

	Brian Hawkins
Signature	Print or Type Name
Chairman, Board of County Commissioners	
Print or Type Title	Date Signed

NOTE TO LOCAL GOVERNMENT OFFICIAL: Additional information is set forth in the applicable Request for Application under which the Applicant is applying for funding for the above referenced Development.

This certification must be signed by the chief appointed official (staff) responsible for such approvals, such as the Mayor, City Manager, County Manager/Administrator/Coordinator, Chairperson of the City Council/Commission or Chairperson of the Board of County Commissioners. If the contribution is from a Land Authority organized pursuant to Chapter 380.0663, Florida Statutes, this certification must be signed by the Chair of the Land Authority. One of the authorized persons as described above may sign this form for certification of state, federal or Local Government funds initially obtained by or derived from a Local Government that is directly administered by an intermediary such as a housing finance authority, a community reinvestment corporation, or a state-certified Community Housing Development Organization (CHDO). Other signatories are not acceptable. The Applicant will not receive credit for this contribution if the certification is improperly signed. The amount of the contribution stated on this form must be a precise dollar amount and cannot include words such as estimated, up to, maximum of, not to exceed, etc.

If there are alterations made to this form that change the meaning of the form, the form will not be accepted.

(Form Rev. 03-2025)

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
BY _____
County Attorney's Office

Florida Housing Finance Corporation Local Government Area Of Opportunity Funding Form

Name of Development: Ekos at Grand Park

Development Location: East Side of US 19, 2100 feet NE of the intersection of US 19 and Cortez Blvd, Hernando County, FL

(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). If the Development consists of Scattered Sites, the Development Location stated above must reflect the Scattered Site where the Development Location Point is located.)

The city/county of Hernando commits $_____ as a cash grant and/or commits $ 340,000.00 as a cash loan to the Applicant for its use solely for assisting the proposed Development referenced above.

Acknowledgements

The contribution is intended to be a Local Government Area of Opportunity Contribution for use in RFA 201, making this Development potentially eligible for the Local Government Area of Opportunity Goal.

The city/county stated above acknowledges that the RFA allows each city and county to contribute funding in the form of a cash loan and/or cash grant to a maximum of one Development. The city/county stated above has contributed Local Government Area of Opportunity funding only for the above-named Development and has not contributed Local Government Area of Opportunity to any other Development competing in this same RFA.

I have read and understand the Local Government Area of Opportunity qualifications of the above referenced RFA, which includes understanding that the city/county stated above may receive lower preference for the Local Government Area of Opportunity Goal in a future corresponding RFA for up to two years.

No consideration or promise of consideration has been given with respect to the loan or grant. For purposes of the foregoing, the promise of providing affordable housing does not constitute consideration. The commitment for this loan or grant must be effective as of the Application Deadline for the applicable RFA and is provided specifically with respect to the proposed Development.

Certification

The contribution stated above is for the Applicant's use and is solely for assisting the proposed Development referenced above. I certify that the foregoing information is true and correct, and that this commitment is effective at least through the date required in the applicable RFA.

_____	Brian Hawkins
Signature	Print or Type Name
Chaiman, Board of County Commissioners	_____
Print or Type Title	Date Signed - This form is valid for nine months from this date.

NOTE TO LOCAL GOVERNMENT OFFICIAL: Additional information is set forth in the applicable Request for Application under which the Applicant is applying for funding for the above referenced Development.

This certification must be signed by the chief appointed official (staff) responsible for such approvals, such as the Mayor, City Manager, County Manager /Administrator/Coordinator, Chairperson of the City Council/Commission or Chairperson of the Board of County Commissioners. If the contribution is from a Land Authority organized pursuant to Chapter 380.0663, Florida Statutes, this certification must be signed by the Chair of the Land Authority. One of the authorized persons, as described above may sign this form for certification of state, federal or Local Government funds initially obtained by or derived from a Local Government that is directly administered by an intermediary such as a housing finance authority, a community reinvestment corporation, or a state-certified Community Housing Development Organization (CHDO). Other signatories are not acceptable. The Applicant will not receive credit for this contribution if the certification is improperly signed. The amount of the contribution stated on this form must be a precise dollar amount and cannot include words such as estimated, up to, maximum of, not to exceed, etc.

If there are alterations made to this form that change the meaning of the form, the form will not be accepted.

(Form Rev. 03-2025)

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
BY _____
County Attorney's Office

Local Government Contribution for Florida Housing Finance Corporation Multifamily Affordable Rental Housing Development/Rehabilitation Application

A. Applicant Information

1. Applicant Name: Vesta FL AH Partners I, LLC

Must be a legally formed entity (i.e., limited partnership, corporation, etc.) qualified to do business in the State of Florida at the time of submission of application. Include a copy of the certificate of good standing from the Florida Secretary of State.

Address: 1921 Gallows Road, Suite 700, Vienna, VA 22182

Telephone: (703) 996-4134

Facsimile/email: kgeans@middleburg.com

2. If partnership, name of general partner(s):

Managing General Partner: Middleburg Vesta FL AH Partners I, LLC

General Partner: Newstar Vesta FL AH Partners I, Inc.

If corporation, name and title of executive officer: _____

_____

Address:_____

Telephone:_____

Facsimile/email:_____

3. Developer Entity: Newstar Development, LLC & Middleburg Communities, LLC

Relationship to Applicant: Newstar Development, a Tampa-based affordable housing developer, and Middleburg Communities have partnered to redevelop the subject parcel into a 84-unit, 100% affordable housing complex. The principals at Newstar and Middleburg are the principals of the Managing General Partner and General Partner of the Applicant.

Address of Developer: Middleburg: 1921 Gallows Road, Suite 700, Vienna, VA 22182

Newstar: 4144 N Armenia Ave, Suite 360, Tampa, FL 33607

Telephone: Middleburg: (703) 996-4134. Newstar: (813) 608-4144.

Facsimile/email: Middleburg: kgeans@middleburg.com. Newstar: brian@newstar-development.com.

Describe the Developer's involvement and ownership interest in this development: Newstar has extensive experience in the development of affordable housing properties in Florida utilizing the Low-Income Housing Tax Credit (LIHTC) program, in addition to sourcing funding from local and state programs. Middleburg has experience developing LIHTC properties outside of the State of Florida, and is eager to enter into the affordable housing development industry in Florida. Ownership interest in the development includes a .0049% interest by Newstar, a .0051% interest by Middleburg, and a 99.99% interest by a TBD limited partner that will be identified once the partnership is awarded tax credits. Please find an organizational chart included as Attachment #14, and resumes for both Newstar and Middleburg included as Attachment #16 which has information on developments Newstar has completed in nearby Pinellas County (St. Petersburg, Seminole, Tarpon Springs).

4. Years of Affordable Housing Development Experience: 25+ years

5. Designated contact person (person with decision –making authority with whom the County will correspond concerning the application and Development) for Applicant/ Borrowing Entity (not the consultant):
Brian Evjen

6. Relationship to Applicant: Brian is the President of Newstar and the Principal of the General Partner Entity with a .0049% ownership interest.

Address of Developer: 4144 N Armenia Ave, Suite 360, Tampa, FL 33607

Facsimile/email: brian@newstar-development.com

5. Is there a consultant: Yes: ____ No: X

Name: _____
Company Name: _____
Address: _____
_____
Telephone: _____
Facsimile/Email: _____

6. For Applicant and Developer entities, attach a list of all general and limited partners and the officers, directors and shareholders of each as of the date of this application: Please refer to the FHFC approved principal disclosure included as Attachment #13, and the organizational chart included as attachment #14 which contain all relevant applicant and developer entity information.

7. Applicant's Federal Taxpayer Identification Number: 99-4020159

8. Is the Applicant or its general partner incorporated as a non-profit organization pursuant to Chapter 617, Florida Statutes? Yes: ___ No: X

9. Is this a 501c (3) or 501c (4) non-profit organization pursuant to Section 42 of the Internal Revenue Code?
Yes: ____ No: X

If yes, provide the following:

a. Attach evidence of non-profit status.

b. Describe the role of the non-profit organization in the development.

c. Does the non-profit organization have an ownership interest, either directly or indirectly in the Development? Yes: ___ No: ___

d. Attach the names and address of the governing board of the non-profit organization.

e. Is the purpose of the non-profit organization, in part, to foster low-income housing? If so, provide a copy of the Articles of Incorporation.

f. Year non-profit organization was incorporated: _____

g. Is the non-profit affiliated with or controlled by a for-profit organization within the meaning of Section 42(h), Internal Revenue Code? Yes: ___ No: ___

If yes, name of For-Profit: _____

B. Development Information

1. Development Name: Vesta at Osowaw

2. Development location and street address (indicate street names, city and zip code): The parcel is currently vacant and does not have a formal street address, as confirmed by the Hernando County Property Appraiser. The parcel can be identified with parcel key number 01695419 or parcel number R29 223 17 2608 0000 0031.

****If scattered sites, attach an additional page with the address of each site.***

3. Manager/Employee Units: Are there one or more manager or employee units in the development? Yes: ____ No: X How Many? _____ Unit Type: _____
If so, will each unit be occupied by an income-eligible manager/employee and included in the number of units set-aside? Yes: ____ No: ____
Provide Unit Number(s): _____

4. Are there one or more model Units? Yes: ____ No: X If yes, identify by unit number and type: _____
_____

5. Utilities: Indicate which utilities are paid by the tenants.
Electric X Water X Sewer X Gas ____ Trash ____ Cable _____

6. Development Design:
Check the one design that best describes this development building style:
Garden X Duplexes ____ Quads ____ Single Family ____ Townhouses ____

7. Project Development Activity (check all applicable activity):
X Multi-Family Rental _____Supportive Housing
_____Single Room Occupancy _____Other (List): _____

8. Demographic Commitment per RFA:
X Family _____Elderly (if Elderly, what is minimum age?) _____

9. Identify acreage or lot size of entire Development: 13.6 acres

10. Name of local jurisdiction where Development is located:
Unincorporated Hernando County X City of Brooksville _____

11. Project Type: X New Construction _____Rehabilitation ____Other: _____

12. TOTAL Development/ Rehabilitation Costs: $28,929,754

13. Project Primary Target Market (Household Area Medium Income (AMI):
_X_Extremely Low (30% or less AMI) _X_Very Low (31% - 50% AMI)
_X_ Low (51%- 80% AMI) _____ Moderate 1 (81% AMI-120% AMI)

14. Amount of County Contribution Funds Requested: $340,000

14a Total Project Funding Sources

FUNDING SOURCE/CONTRIBUTOR	AMOUNT
Hernando County Contribution	$340,000
Low Income Housing Tax Credit Equity	$23,561,644
Permanent Financing	$5,000,000
Deferred Developer Fee	$28,110
TOTAL:	$28,929,754

15. Income Levels and Special Needs (Please complete table show actual number of units for the development occupants/beneficiaries.

Income Group	Number or Units
30% AMI or less AMI	13
31-50% AMI	
51-60% AMI	52
61-80% AMI	19
81-120% AMI	
TOTAL:	84

Special Needs Population Category	Number of Units
Elderly	
Disabled (NotElderly)	
Homeless	
Persons with HIV/AIDS	
Veterans	
LINK Units for Persons with Special Needs	7
TOTAL	7

C. Rental Assistance

1. Is rental assistance currently being provided for this development from other funding sources? Yes ____ No X

2. If yes, please indicate what source, number of units receiving assistance and number of years on rental assistance contract:

_____

_____

_____

D. Resident Programs

1. Tenant Programs for ALL Applicants: In order to enhance the development and the quality of life for residents, tenant programs are encouraged.

Check all that apply and describe how each program will be provided. Attach additional pages if necessary.

____ Day Care: _____

_____

____ Health Care: _____

_____

_____

____ Meals: _____

_____

_____

____ Private Transportation for the Development: _____

_____

_____

X Financial Counseling: Refer to attachment #15 for additional information on the social services program that will be implemented at the property.

_____

_____

2. Tenant Programs for Elderly Applicants:

____ Assistance with Light Housekeeping, Shopping and/or Laundry:

_____

_____

____ Manager on-call 24 hours per day: _____

_____

_____

3. Tenant Programs for Non-Elderly Applicants:

X Financial Incentive for assistance with purchasing a home: Refer to attachment #15 for additional information on the social services program that will be implemented at the property.

____ Supportive Housing: _____

4. Any other Tenant Programs not otherwise addressed:

Refer to attachment #15 for additional information on the social services program that will be implemented at the property.

E. Development Summary

1. Please provide a detailed narrative of proposed Development, including all amenities, total number of units (number of units per building, number of buildings in development), features and scope of work to be performed. Attach as an attachment.

2. Identify funding sought through FHFC, 9% tax credit, 4% tax Credit or other

3. Provide Documentation to support property ownership or site control (i.e. Warranty Deed, Trust, Deed, or Letter of Intent to Acquire Property).

4. Appraisal Report and/or Hernando County Property Appraisers Report for each identified project

5. To be considered complete, the application must include a map of the proposed project/development area showing the development's location. If applicable, include proximity to community services, medical facilities, schools, shopping, major businesses and employers.

6. Please provide Site Plan.

7. Please provide Development timeline.

8. Summary of how the project/development will be marketed, how the project will find tenants, and how the project will reach out to the local community.

9. Application packets must include the most recent 24 months audited financial statements and the current year approved budget.

10. Application packets must include the most recent 2 years Management Review and Physical Inspection Reports.

11. Please provide 3-5 References from Local Governments that provided funding to housing developments have been completed.

F. Certification (Original Signature Required)

The undersigned applicant certifies that the information in this application is true, correct and authentic. The applicant further certifies that (s)he is aware that if the County finds that the applicant or any of its affiliates has engaged in fraudulent actions or misrepresented facts on this application, this application will be disqualified and the applicant and its affiliates will be unable to participate in any County program for two (2) complete annual cycles inclusive of any interim cycles.

In applying for SHIP Program funds, the applicant has read, understands, and agrees to comply with 420.9071-420.9079 Florida Statutes and Rule 67-37 Florida Administrative Code, issued by the Florida Housing Finance Corporation. The applicant understands and agrees to abide by the provisions of the applicable Florida Statutes and County program rules and policies.

Official Signature of Applicant/Borrowing Entity

_____ Date: 6/20/25

Name and Title (typed or printed) Brian Evjen, President

Company Newstar Development, LLC

Signature Witness _____ **Date:** 6/20/25

Name and Title (typed or printed) James Kane, Development Manager

ATTACHMENT #1
DEVELOPMENT SUMMARY

VESTA AT OSOWAW DEVELOPMENT SUMMARY

Vesta at Osowaw will consist of 84 new construction family attainable and workforce housing units to be contained in two three-story garden apartment buildings. The units will consist of 68 one-bedroom units and 16 two-bedroom units. The one-bedroom units will be approximately 860 square feet and the two-bedroom units will be approximately 1,220 feet. All units will be set aside for residents earning at or below 80% of the area median income (AMI). The set-asides chosen for this development were chosen to not just meet the need for affordable housing for extremely low income (30% AMI) and low-income (60% AMI) residents, but to also supply the demand for workforce housing (80% AMI) in Hernando County. The income restrictions for each of the above-mentioned AMI set-aside levels are laid out in the below table.

Percentage AMI	Income Limit by Number of Persons in Household			
	1	2	3	4
30% AMI	$21,900	$25,020	$28,170	$31,290
60% AMI	$43,800	$50,040	$56,340	$62,580
80% AMI	$58,400	$66,720	$75,120	$83,440

Vesta at Osowaw will include an on-site clubhouse with leasing office, community room with kitchen and dining area, fitness center, computer lab, and training space. The development will also have a neighborhood park area with a playground, and all units will have a full appliance package with refrigerator, range, microwave, garbage disposal, and a washer and dryer in each unit. Units will also have programmable thermostats and ceiling fans in bedrooms and living space. Additional scope of work for the development includes the construction of a dedicated drainage and retention area and paving of parking stalls in accordance with the land development code + 10% holiday parking. Approximately 7.9 acres of the total 13.6-acre site will be rezoned to Conservation (CV) and will comply with all requirements and regulations for land designated CV set forth in Hernando County's Land Regulations.

On February 25th, 2025, Hernando County approved a resolution that confirmed the rezoning of Vesta at Osowaw with modified performance conditions. We have included this as Attachment #12 for your reference.

HERNANDO COUNTY REAL ESTATE TAXES

Newstar is projecting that upon completion, Vesta at Osowaw will paying approximately $78,000 in annual real estate taxes to Hernando County based on similar completed affordable housing developments in the County. This results from Newstar not having a public housing authority (PHA) partner as a co-developer, and that Vesta at Osowaw will be serving the family demographic. Affordable housing developments with PHA partners, or ones that serve the elderly demographic, are often eligible for 100% ad-valorem real estate tax exemptions.

ATTACHMENT #2
FHFC FUNDING SOURCES

FHFC Funding Sources

The only funding source that would come directly from the Florida Housing Finance Corporation for Vesta at Osowaw would be the 9% Low-Income Housing Tax Credit (LIHTC), and Newstar anticipates requesting a LIHTC allocation of $2,740,000. Vesta at Osowaw is located in a 2025 Geographical Area of Opportunity (GAO), which provides a 130% basis boost for the tax credits as well as improves our leveraging classification with FHFC. With projected tax credit pricing of $0.86, Newstar projects to receive $23,561,644 in LIHTC equity for the development.

FHFC has set a goal to fund one family development in a Medium County that is located in a GAO. Combining this GAO goal with the goal to fund three Medium County developments with LGAO gives Vesta at Osowaw a substantially higher chance of getting funded when compared to similar Medium County applications that apply with just LGAO.

Proposed LGAO Terms

In our current development model, Newstar assumes that the $340,000 LGAO commitment from Hernando County comes in the form of a loan that is paid back from available cash flow. Newstar is open to negotiating principal and interest payments with Hernando County if this is something the County would like to explore, so long as the loan does not mature prior to the 1st position permanent loan.

Please find a table that breaks down the funding sources for Vesta at Osowaw below, and the full sources and uses on the following page.

Source	Amount
9% Low Income Housing Tax Credit Equity	$23,561,644
Permanent Loan	$5,000,000
Deferred Developer Fee	$28,110
Hernando County LGAO	$340,000
Total	$28,929,754

Vesta at Osowaw - Sources & Uses

USES	
Land	$1,750,000
Soft Costs	$5,237,580
Site Preparation	$2,645,500
Construction	$14,151,727
Construction Contingency	$839,861
Developer Fees	$3,685,547
Working Capital	$160,000
Reserves	$459,538
TOTAL USES	**$28,929,754**
SOURCES	
Permanent Loan	$5,000,000
Federal Tax Credit Equity	$23,561,644
Hernando County LGAO	$340,000
Deferred Developer Fee	$28,110
TOTAL SOURCES	**$28,929,754**

ATTACHMENT #3
HERNANDO COUNTY PROPERTY APPRAISER CARD

HERNANDO COUNTY, FLORIDA
PROPERTY RECORD CARD

2024 FINAL TAX ROLL RECERTIFICATION AFTER V.A.B.

KEY #	01695419	PRINTED ON	06/10/25 PAGE 1
PARCEL #	R29 223 17 2608 0000 0031	SITUS	OSOWAW BLVD
OWNER(S)	RAYSOR VENTURES LLC A	PARCEL DESCRIPTION	HUNTLEY SUBDIVISION LOT 3 LESS THOSE PARCELS DES
MAILING ADDRESS UPDATED 08/10/23	19046 BRUCE B DOWNS BLVD PMB 308 TAMPA FL 33647-2434	UPDATED 01/01/08	IN ORB 2383 PG 257 & ORB 2502 PG 1706

MISCELLANEOUS PROPERTY INFORMATION

SQUARE FOOTAGE	592,416	
ACRES	13.60	
JURISDICTION	C	COUNTY
LEVY CODE	CWES	COUNTY WIDE EMS
NEIGHBORHOOD	C595	SHOAL LINE BLVD/OSOWAW BLVD
SUBDIVISION	2608	HUNTLEY SUBDIDISION
DOR LAND USE	99	ACREAGE NOT CLASSIFIED
NON-AD VALOREM DIST1	36	H.C. FIRE/RESCUE DISTRICT

January 2023 GIS AERIAL

2024-03-00 PROPERTY VALUES

		COUNTY	SCHOOL	SWFWMD	MUNICIPALITY
LAND		266,714	266,714	266,714	
BUILDINGS	+				
FEATURES AND OUT BUILDINGS	+				
JUST/MARKET VALUE	=	266,714	266,714	266,714	
VALUE PRIOR TO CAP		266,714	266,714	266,714	
ASSESSED VALUE		266,714	266,714	266,714	
EXEMPT VALUE	-				
TAXABLE VALUE	=	**266,714**	**266,714**	**266,714**	
CLASSIFIED LAND USE VALUE					

LAND INFORMATION

CODE	DESCRIPTION	AG	LAST UPDT	CAP YEAR	EXC CAP	GRADE	FRONTAGE	DEPTH	UNITS	MEASURE				ADJ RATE	VALUE
96	NON-PROD AC	N	2011		Y				8.70	ACRES				150.00	1,305
99	ACREAGE	N	2021		Y	2			4.90	ACRES				54,165.00	265,409

BUSINESSES ON PROPERTY

KEY #	BUSINESS NAME	NAICS	BUSINESS TYPE

ADDRESSES ON PROPERTY

SITUS
OSOWAW BLVD

PROPERTY SALES

SALE DATE	NEW OWNER	CODE	DESCRIPTION	VAC?	INST	OR BOOK	OR PAGE	SALEGRP	VALUE
08/10/23	RAYSOR VENTURES LLC A	Q	QUALIFIED	Y	WD	4332	0283		350,000
05/28/21	HUNTLEY HOLDINGS LLC	D	DISQUALIFIED	Y	SW	4006	0332		100
09/09/12	HUNTLEY PROPERTIES LLC	D	DISQUALIFIED	Y	WD	2936	1690		100
11/15/07	HUNTLEY HARDY H	S	SPLIT (REQUI	Y	WD	1434	0137		500,000

PROPERTY APPRAISER INSPECTIONS

INSP.DATE	ROLL	EMPL	CODE	REASON
01/11/24	2024	248	21	VACANT
04/15/20	2020	248	21	VACANT
12/17/15	2016	248	21	VACANT
09/06/11	2011	195	21	VACANT
12/19/06	2007	197	17	5 YEAR REVIEW

ATTACHMENT #4
SITE CONTROL – PURCHASE & SALE AGREEMENT

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is made and entered into as of this 23rd day of April, 2024 (the "Effective Date") by and between **MIDDLEBURG REAL ESTATE PARTNERS, LLC**, a Virginia limited liability company, or its assigns ("Purchaser"), and **RAYSOR VENTURES, LLC**, a Florida limited liability company ("Seller").

NOW THEREFORE, in consideration of the covenants and agreements of the parties hereinafter contained and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Purchaser and Seller, intending to be legally bound, hereby agree as follows:

1. **Property.** Subject to the terms and conditions set forth herein, Seller agrees to sell and Purchaser agrees to purchase approximately 4.6 acres of developable land located off Osowaw Blvd, Spring Hill, Florida 34607 (the "Property") consisting of a portion of that tract designated by Hernando County as Parcel I.D. R29-223-17-2608-0000-0031 (the exact location of which shall be reasonably agreed to by Purchaser and Seller on or before receipt of the LIHTC Award, as hereinafter defined), together with all and singular the rights and appurtenances pertaining to such Property, including any right, title and interest of Seller in and to any adjacent streets, alleys or rights-of-way and all development, density, air, and water rights attributable to or arising therefrom. Purchaser intends to develop the Property as an affordable housing project ("Purchaser's Intended Use").

2. **Purchase Price.** The purchase price for the Property shall be One Million Seven Hundred Fifty Thousand and No/100 Dollars ($1,750,000.00), subject to adjustments, credits and prorations as hereafter provided (the "Purchase Price"). The Purchase Price, as adjusted in accordance with the terms of this Agreement, shall be paid in full at the Closing (as defined in Section 8 below) by wire transfer or other immediately available funds, as directed by Escrow Agent (as defined in Section 4 below). This Agreement is effective as of the Effective Date.

3. **Intentionally Omitted.**

4. **Deposit.** Within three (3) business days of the Effective Date, Purchaser shall deliver to Terra Nova Title & Settlement Services, having offices at 1211 Connecticut Avenue, NW, Suite 401, Washington, D.C. 20036 (the "Escrow Agent") the amount of Twenty-Five Thousand and No/100 Dollars ($25,000.00) as earnest money (the "Initial Deposit"), which shall be held by Escrow Agent in accordance with the terms and conditions of this Agreement and applied to the Purchase Price at Closing if the purchase and sale contemplated hereunder is consummated. As used herein, the term "Deposit" shall collectively mean the Initial Deposit and the Extension Deposit, if made in accordance with Section 8 below. The Deposit shall be applied to the Purchase Price at Closing and shall be non-refundable, except as otherwise expressly set forth in this Agreement.

5. **Purchaser's Inspection Period.**

(a) During the period commencing on the Effective Date through 5:00 p.m. ET on that date which is sixty (60) days following Purchaser's receipt of the LIHTC Award (as defined

in Section 38 hereof) (the "Inspection Period"), and continuing thereafter through the Closing Date (as defined in Section 8 below), Purchaser may investigate all matters relating to the Property, including, without limitation, the suitability of the soil for construction, the feasibility of constructing the facility, the status of title, and may perform such other studies, tests, inspections and surveys of the Property as Purchaser may deem advisable in its sole discretion. Seller agrees to cooperate and assist Purchaser to the extent reasonably requested in connection with such investigations.

(b) Purchaser shall satisfy itself during the Inspection Period with respect to such matters as the availability and capacity of potable water and sewer services, installation of electricity and natural gas, and telecommunications services as well the amount of fees owed by Purchaser for such services, including but not limited to impact fees and tap-in fees to be paid by Purchaser.

(c) Purchaser shall have the right to terminate this Agreement for any or no reason by written notice to the Seller given on or before the expiration of the Inspection Period and to receive a full refund of the Deposit (less the Non-Refundable Deposit, as hereinafter defined, if applicable). Upon such termination and return of the Deposit, the parties shall not have any further liability or obligations to each other, except as to the Purchaser's indemnity obligations to Seller contained below in Section 5(d).

(d) Purchaser shall indemnify, defend and hold harmless Seller, its employees, officers, shareholders and directors from all claims, actual damages and losses (but not consequential, special, exemplary or punitive damages or losses) arising by reason of the actions of Purchaser, its agents and consultants on the Property. Purchaser agrees to promptly satisfy or cause the release of any mechanics' liens which arise by reason of Purchaser's actions and if requested by Seller, upon the termination of this Agreement. This indemnity shall not extend to, and Seller hereby releases Purchaser from liability for, any claims, damages or other liability resulting from or related to: (i) the acts or omissions of Seller, its employees, officers, shareholders, directors, agents, employees or contractors, (ii) any existing environmental condition with respect to the Property, or other deficiencies in the Property, that may be discovered by Purchaser as a result of its investigations under this section, or (iii) any disclosure of such matters by Purchaser or its consultants to a governmental agency that Purchaser reasonably believes may be required by applicable law. The obligation of Purchaser to indemnify and hold Seller, its employees, officers, shareholders and directors harmless as set forth in this section shall specifically survive termination of this Agreement for a period of one (1) year.

6. **Title.**

(a) During the Inspection Period, Seller shall obtain and deliver to Purchaser, at Seller's expense, a commitment for an owner's policy of title insurance on the standard form ALTA owner's policy in the amount of the Purchase Price (the "Title Report") from the Anne Pollack, Fletcher Fischer Pollack, PL, currently having offices at 433 Central Avenue, Suite 400, St. Petersburg, FL, 33701 (the "Title Company"). Purchaser may, at its option and sole cost, obtain an ALTA/ACSM Land Title Survey of the Property (the "ALTA Survey"). Purchaser shall have until the date that is ten (10) days prior to expiration of the Inspection Period to give Seller written notice of any objections to any matters reflected on the Title Report or the ALTA Survey. Within

five (5) days of the Effective Date, Seller agrees to provide Purchaser with a copy of its existing owners policy of insurance and existing survey for the Property, and Seller agrees to provide such other reasonable assistance as Purchaser may request relating to Seller's title to the Property. Purchaser agrees to give Seller a copy of the Title Report to assist Seller in the preparation of the Deed (as hereinafter defined). Notwithstanding any provision to the contrary contained in this Agreement, Seller agrees to satisfy or obtain releases for all mortgages, judgments, tax liens, mechanics' liens or other similar sum certain liens encumbering the Property at Closing.

(b) In the event that Purchaser shall object to any title matter or any matter reflected on the ALTA Survey during the Inspection Period and Seller shall fail or refuse to satisfy Purchaser's objections within ten (10) days of receipt of written notice of such objections, Purchaser shall have the option, exercisable on or before expiration of the Inspection Period, of accepting title subject to such matters (other than any encumbrances which can be satisfied by the payment of money and shall be satisfied or released pursuant to Section 6(a), above) or of receiving a return of the Deposit (less the Non-Refundable Deposit, if applicable) and terminating this Agreement without further liability of either party to the other, except for any liability or obligations which expressly survive the termination of this Agreement.

(c) Seller shall convey and Purchaser shall accept title to the Property by a special warranty deed (the "Deed"), subject only to such encumbrances or restrictions as are contained in the Title Report not objected to by Purchaser (other than any encumbrances which can be satisfied by the payment of money and shall be satisfied or released per Section 6(a), above, and standard exceptions which shall be deleted on Purchaser's final title policy pursuant to affidavits, certificates or other documents required to be furnished by Seller at Closing), or as may otherwise be described in this Agreement (collectively the "Permitted Encumbrances"). If requested by Purchaser, Seller shall also deliver a quit claim deed of the Property based on the legal description contained in the ALTA Survey.

7. **Permitting Period.**

(a) Purchaser shall use commercially reasonable efforts to obtain, at its sole cost and expense, all entitlements, zoning approvals, and final site plan approval from Hernando County Zoning Department (collectively, the "Zoning Approvals") to permit development of the Property for Purchaser's Intended Use. Seller shall reasonably cooperate with Purchaser to obtain the Zoning Approvals. The date upon which Purchaser has obtained the Zoning Approvals, with all appeal periods relating to such Zoning Approvals having expired, is hereinafter referred to as the "Zoning Approval Date". In the event Purchaser does not obtain the Zoning Approvals on or before the date that is two hundred forty (240) days after the Effective Date (the "Outside Zoning Approval Date"), then Purchaser shall have the right, exercisable in its sole and absolute discretion, to terminate this Agreement by written notice to Seller, in which event the Deposit shall be returned to Purchaser and neither party shall have any further liability to the other except as expressly set forth herein.

(b) Following expiration of the Inspection Period, Purchaser shall use commercially reasonable efforts to obtain, at its sole cost and expense, all permits with the applicable jurisdictions having authority over the Property (collectively, the "Project Permits") to enable development of the Property for Purchaser's Intended Use. Purchaser shall use

commercially reasonable efforts to obtain the Project Permits on or before the date that is two hundred seventy (270) days after expiration of the Inspection Period (the "Permitting Period"). In the event Purchaser does not obtain the Project Permits prior to expiration of the Permitting Period, then Purchaser shall have the right, exercisable in its sole and absolute discretion, to terminate this Agreement by written notice to Seller, in which event the Deposit shall be disbursed to Seller and neither party shall have any further liability to the other except as expressly set forth herein.

8. **Closing.**

(a) Subject to satisfaction of the closing conditions set forth in Section 9 below, the consummation of the transaction contemplated hereby (the "Closing") shall occur on or before the date which is thirty (30) days following the expiration of the Permitting Period (the "Closing Date"). Notwithstanding the foregoing to the contrary, Purchaser shall have one (1) option exercisable at Purchaser's sole discretion to extend the Closing Date for an additional period of forty-five (45) days upon written notice to Seller prior to the then scheduled Closing Date and the payment of an additional earnest money deposit of Twenty-Five Thousand and No/100 Dollars ($25,000.00) (the "Extension Deposit"). The Extension Deposit when made shall be held by the Escrow Agent and paid or applied in all instances in the same manner as the Initial Deposit is paid or applied hereunder. The Closing shall be held at the offices of Escrow Agent or such other location as the parties shall mutually designate. Notwithstanding the foregoing, in lieu of making a personal appearance at the place of Closing, either Seller or Purchaser may cause its documents and other deliveries to be delivered and tendered in escrow with the Title Company on or prior to the Closing.

(b) Notwithstanding the foregoing or anything to the contrary contained herein, Purchaser and Seller acknowledge and agree that, as of the date of this Agreement, the global novel coronavirus pandemic (sometimes referred to as COVID-19, and hereinafter "Coronavirus") and resulting government-mandated quarantines and shutdowns of governmental offices instrumental to commercial real estate transactions (such as recording offices) present serious operational, logistical and economic challenges to both parties, the extent and severity of which are not yet known or knowable. Given the potential for Purchaser to experience delays resulting from the Coronavirus (i) in conducting in-person investigations of the Property, (ii) obtaining third-party due diligence reports and lender approvals, and/or (iii) in being able record documents, the Coronavirus shall be included as an event of Force Majeure (as hereinafter defined) for all purposes of this Agreement. For purposes of this Agreement, "Force Majeure" shall mean a delay due to acts of God, governmental restrictions, stays, judgments, orders, decrees, enemy actions (including acts of terrorism), civil commotion, strikes, work stoppages, shortages of labor or materials, the Coronavirus or any other cause whatsoever beyond the reasonable control of Purchaser. Whenever a period of time is herein prescribed or allowed for the taking of any action by Purchaser, Purchaser shall not be liable or responsible for, and there shall be excluded from the computation of such period of time, any delays due to events of Force Majeure. For the avoidance of doubt, and not as a limitation on the foregoing, to the extent an event of Force Majeure reasonably impacts any periods, dates or milestones set forth in this Agreement which are, to at least some extent, tied to or dependent on (i) conducting in-person investigations of the Property, (ii) obtaining third-party due diligence reports and lender approvals, and/or (iii) recording documents in connection with the Closing, including, without limitation, the Project Permits and Closing Date, any such periods, dates or milestones shall be automatically extended by the number of days reasonably attributable

to the number of days of delay caused by any such event of Force Majeure. Once delays due to such event of Force Majeure have subsided or substantially subsided, the parties shall cooperate in good faith to determine the actual, reasonable and fair tolling period attributable thereto.

9. **Closing Conditions.** Notwithstanding any provision in this Agreement to the contrary, and without limiting other rights of Purchaser set forth herein, the obligations and liabilities of Purchaser hereunder shall in all respects be conditioned upon the satisfaction of each of the following conditions, any of which may be waived by written notice from Purchaser to Seller. If any of the conditions set forth below remain unsatisfied as of the Closing Date, then Purchaser may terminate this Agreement by written notice to Seller and receive an immediate return of the entire Deposit (including the Non-Refundable Deposit) and the parties shall not have any further liability or obligations to each other, except for any liability or obligations which expressly survive the termination of this Agreement. Purchaser's election not to terminate this Agreement if less than all such conditions are satisfied by such date shall not affect the validity of such conditions or limit Purchaser's rights with respect to such conditions as may be applicable pursuant to other provisions of this Agreement.

(a) Seller shall have complied with and otherwise performed each of the covenants and obligations of Seller set forth in this Agreement;

(b) All representations and warranties of Seller as set forth in this Agreement shall be in all respects true and correct as of the Closing Date;

(c) From the Effective Date through the Closing Date, there will have been no material, adverse change to the existing improvements, topography or landscaping (including, without limitation, trees) located upon the Property and no material waste shall have occurred thereon; to the extent controllable by Seller.

10. **Title; Deed Restrictions.** At Closing, Seller shall deliver good and marketable title to the Property as will enable the Title Company to issue to Purchaser an Owner's Policy of Title Insurance in the current ALTA form available in the State of Florida covering the Property in the full amount of the Purchase Price, free and clear of all liens, mortgages, security interests, charges, encumbrances, encroachments, easements, assessments, restrictions, reservations, covenants, agreements or restrains on transfer, other than the Permitted Encumbrances (as defined in Section 6(c) above).

11. **Seller's Knowledge.** The term "Seller's Knowledge" shall mean the actual, conscious knowledge of Michael D. Raysor (the "Designated Representative") and such term shall not imply any duty of inspection other than inspection of any relevant files and records in the possession or control of the Designated Representative and shall not imply a duty to make physical inspections or tests of the Property. Seller hereby represents that the Designated Representative is in the best position to have actual knowledge about the representations and warranties made by Seller in Section 12 hereof.

12. **Representations and Warranties of Seller.** To induce Purchaser to enter into this Agreement, Seller represents and warrants as of the Effective Date and as of the Closing Date with the same effect as if made on and as of the Closing Date as follows:

(a) Seller is a limited liability company duly organized and validly existing under the laws of the State of Florida, with full power and authority to conduct its business as now conducted, own its assets and enter into and perform its obligations under this Agreement. Seller's execution, delivery and performance of this Agreement and the sale to Purchaser of the Property have been or will be duly authorized by all requisite action on the part of Seller, and this Agreement constitutes, and all instruments and documents to be executed and delivered by Seller hereunder shall constitute, Seller's legal, valid and binding obligations, enforceable against Seller in accordance with their respective terms.

(b) The execution and delivery of this Agreement and the consummation of the transactions herein contemplated in compliance with the terms and conditions of this Agreement will not conflict with or, with the giving of notice or passage of time, result in the breach of any term or provision of or constitute a default under any instrument or agreement which Seller is a party or to which the assets of Seller are bound, or any judgment, order or decree of any court having jurisdiction over Seller or its properties.

(c) No authorization, consent, order, approval or license from, filing with, or other act by any governmental authority or other person is or will be necessary to permit the valid execution and delivery by Seller of this Agreement or the performance by Seller of the obligations to be performed by it under this Agreement.

(d) No labor has been performed or material furnished for the Property for which the Seller has not heretofore fully paid, or for which a mechanics' or materialmen's lien or liens, or any other lien, can be claimed by any other person, party or entity, other than the work contemplated to be performed by Seller in connection with this Agreement.

(e) To Seller's Knowledge, Seller has operated the Property so as to comply with, and the Property is in compliance with, all laws, statutes, regulations, rules and other requirements of any governmental authority applicable to it, the noncompliance with which or curing thereof would have a material adverse effect on Seller or the Property.

(f) Seller has not, at any time, caused or permitted any Hazardous Material to be used, stored, buried or otherwise located on or used in the operation of the Property or any property of Seller contiguous to the Property in violation of federal, state or local law. To Seller's Knowledge and except as may be set forth in the environmental reports, if any, to be furnished to Purchaser pursuant to Section 32 of this Agreement, there are no PCB's, underground storage tanks or asbestos on or in the Property, there are no Hazardous Materials, as hereinafter defined, used, stored, buried or otherwise located on or used in the operation of the Property in violation of federal, state or local law; the Property is, in all material respects, in compliance with all Environmental Laws, as hereinafter defined; there are no prior or pending investigations, inspections, audits or claims relating to compliance with Environmental Laws by Seller, or its predecessors' in title to the Property. As used herein, "**Hazardous Materials**" means any flammable explosives, radioactive materials, radon, asbestos, and any paints, solvents, chemicals, petroleum products, constituents or derivatives, polychlorinated biphenyls or other materials with hazardous or carcinogenic or toxic characteristics, including without limitation any substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "toxic substances" or "contaminants" under any applicable federal or state or local

laws, ordinances, rules or regulations. "Environmental Laws" means any applicable federal, state or local laws, ordinances, or regulations pertaining to Hazardous Materials, occupational safety, human health, occupational health, industrial hygiene, historic preservation or environmental conditions.

(g) Seller has not, nor to Seller's Knowledge has any prior owner of the Property, (1) made any commitments to any governmental agency or other third party relating to the Property that would impose any obligation on Purchaser to make contributions of money or land, or to install or maintain any improvements, or (2) executed or caused to be executed any document with or for the benefit of any governmental authority restricting the use, development or occupancy of the Property.

(h) There are no condemnation or eminent domain proceedings pending or, to Seller's Knowledge, contemplated against the Property, any part thereof or any existing access to the Property and Seller has received no notice of the desire of any public authority or other entity to use the Property or any part thereof.

(i) There are no claims, disputes, actions, suits, investigations, judgments, orders or any proceedings pending, or to Seller's Knowledge, threatened, relating to any of the Property, including any property boundary disputes.

(j) There are no leases, occupancy agreements or service, supply, maintenance, employment, or equipment contracts, or other contracts or leases, relating to the Property.

(k) To Seller's Knowledge, there are no unpaid assessments, fees or taxes which are presently due and owing relating to the Property.

(l) Seller is not a foreign person as defined in Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended. Seller will deliver to Purchaser at Closing a certificate of non-foreign status certifying the same (the "FIRPTA Certificate").

(m) Other than any mortgages that may be paid off or released at Closing, Seller has no material debt or obligations, secured or unsecured, the non-payment of which could potentially be used as the basis for an action of involuntary bankruptcy against Seller or of a claim of fraudulent transfer of the Property by Seller. Seller has made no general assignment for the benefit of creditors nor been adjudicated a bankrupt or insolvent, nor has a receiver, liquidator, or trustee for any of Seller's properties (including the Property) been appointed or a petition filed by or against Seller for bankruptcy, reorganization, or arrangement pursuant to the Federal Bankruptcy Act or any similar Federal or state statute, or any proceeding instituted for the dissolution or liquidation of Seller.

(n) There are no agreements or instruments in force and effect that will survive Closing, oral or written, that grant to any third party any right, title, interest or benefit in or to all or any part of the Property, including any rights to acquire all or any part of the Property or any rights relating to the use, operation, management, maintenance or repair of all or any part of the Property.

(o) From the Effective Date until Closing, Seller shall, at its expense, maintain commercial general liability insurance covering the Property in an amount not less than $1,000,000 per occurrence and $2,000,000 in the aggregate.

(p) The Due Diligence Deliveries (as defined in Section 32 below) are true and correct copies thereof. To Seller's Knowledge, no representation, warranty or covenant by Seller in this Agreement, or any statement, certificate, or schedule made, furnished, or to be furnished to Purchaser pursuant hereto or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact.

(q) From and after the Effective Date, Seller shall not enter into any lease, occupancy agreement, or service, supply, maintenance, employment, or equipment contracts, or other contracts or leases relating to the Property.

(r) Seller shall keep the Property at all times free and clear of any mechanic's or materialmen's liens.

Seller's representations and warranties contained in this Section 12 shall survive for a period of six (6) months from the Closing Date (the "Warranty Period"). Seller acknowledges that the Purchaser is relying upon all of Seller's representations and warranties in making its decision to enter into this Agreement and purchase the Property. Seller hereby agrees to indemnify and hold harmless Purchaser from and against any loss, cost, damage, liability or expense due to or arising out of the breach by Seller of any representation or warranty made as of the Effective Date contained in this Section 12 during the Warranty Period. Seller agrees immediately to notify Purchaser in writing of any event or condition which occurs prior to Closing hereunder, which causes a change in the facts related to, or the truth of, any of Seller's representations, and Purchaser shall have the right to terminate this Agreement in its sole discretion, by giving written notice of such termination to Seller and Escrow Agent, in which event Escrow Agent shall promptly refund the entire Deposit (including the Non-Refundable Deposit) to Purchaser and Purchaser and Seller shall have no further rights, obligations, or liabilities hereunder, except as may be expressly provided to the contrary herein.

13. **Covenants of Seller.** To induce Purchaser to enter into this Agreement, Seller covenants the following during the term of this Agreement:

(a) Seller shall cause each of the Closing conditions set forth in Section 9 hereof to be met.

(b) Seller shall operate the Property in substantially the same manner as the Property was operated immediately prior to the Effective Date.

(c) Seller shall reasonably cooperate with Purchaser's due diligence investigations hereunder.

(d) Seller shall (i) terminate all negotiations with other parties relating to the sale of the Property, (ii) not show or offer for sale the Property or any interest therein, (iii) not commit or permit any act which could affect or impair Purchaser's Intended Use and occupancy

of the Property, and (iv) not encumber the Property with any new easements, liens, or other encumbrances or otherwise take any action that would encumber or adversely affect the marketability of title to the Property or any interest therein.

14. **Representations, Warranties and Covenants of Purchaser.** To induce the Seller to enter into this Agreement, Purchaser represents, warrants and covenants as of the date of this Agreement and as of the Closing Date with the same effect as if made on and as of the Closing Date as follows:

(a) Purchaser is a Virginia limited liability company duly organized in the State of Virginia, with full power and authority to conduct its business as now conducted, own its assets and enter into and perform its obligations under this Agreement. Purchaser's execution, delivery and performance of this Agreement and the purchase from Seller of the Property have been or will be duly authorized by all requisite action on the part of Purchaser, and this Agreement constitutes, and all instruments and documents to be executed and delivered by Purchaser hereunder shall constitute, Purchaser's legal, valid and binding obligations, enforceable against Purchaser in accordance with their respective terms.

(b) The execution and delivery of this Agreement and the consummation of the transactions herein contemplated in compliance with the terms and conditions of this Agreement will not conflict with or, without the giving of notice or passage of time, result in the breach of any term or provision of or constitute a default under any instrument or agreement which Purchaser is a party or to which the assets of Purchaser are bound or any judgment, order or decree of any court having jurisdiction over Purchaser or its properties.

The Purchaser's representations and warranties contained in this section shall survive for a period of one (1) year from the Closing Date.

15. **Closing Documents.** The respective party shall deliver at Closing the following documents:

(a) **Special Warranty Deed.** Seller shall deliver the Deed, with full covenants and title, in recordable form duly executed by Seller and conveying to Purchaser title to the Property as set forth in Section 6 hereof.

(b) **Certificate of Representations and Warranties.** Seller shall deliver a certificate, dated as of the date of Closing and duly executed by Seller, stating that the representations and warranties of Seller contained in Section 12 of this Agreement are true and correct in all material respects as of the date of Closing (with appropriate modifications to reflect any changes therein including without limitation any changes disclosed to Purchaser in accordance with Section 12 hereof).

(c) **Title Affidavits.** Seller shall provide such affidavits of title as are customarily provided by sellers of commercial properties and which are required by Purchaser's title insurance company, including a mechanics' lien affidavit with standard gap indemnity, withholding affidavit, non-foreign person affidavit, and any other documentation as may be reasonably required by the Title Company to carry out the terms and conditions of this Agreement.

(d) **Other Required Documents.** Seller and Purchaser shall deliver such other documents as may be required by the provisions of this Agreement, including, without, limitation, the FIRPTA Certificate, and the Rollback Taxes Escrow Agreement (as defined in Section 16 below), duly executed by Seller and/or Purchaser, as applicable.

(e) **Authority of Seller.** Seller shall deliver such other documentation in form and substance reasonably satisfactory to Purchaser and to the Title Company evidencing the fact that Seller has the full and unrestricted lawful power to enter into and carry out the terms of this Agreement and execute and deliver the Deed and other documents described above.

(f) **Authority of Purchaser.** Purchaser shall deliver documentation in form and substance reasonably satisfactory to Seller evidencing the fact that Purchaser has the full and unrestricted lawful power to enter into and carry out the terms of this Agreement and execute and deliver the documents to be delivered by the Purchaser above.

(g) **Possession.** Seller shall deliver to Purchaser at Closing possession of the Property in substantially the same condition as it is on the Effective Date, free of any rights of other persons or entities to possession of the Property or any portion thereof.

16. **Taxes and Assessments.** Ad valorem taxes for the tax year in which the Closing occurs shall be pro-rated as of 11:59 p.m. on the Closing Date. Such proration of current ad valorem taxes shall be based on the most recent tax bill; provided, however, the proration of ad valorem taxes will be adjusted upon the final assessment and tax rates being determined. All other charges and fees customarily prorated and adjusted in similar transactions shall be prorated as of as of 11:59 p.m. on the Closing Date. Seller shall be responsible for all rollback taxes due in connection with the transaction contemplated hereby (the "Rollback Taxes"). Seller shall cause all Rollback Taxes for the Property to be assessed and made payable prior to Closing and paid by Seller at Closing. If Seller is not able to have the Rollback Taxes for the Property assessed for payment at Closing, the parties shall enter into an escrow agreement for the Rollback Taxes with Escrow Agent, in form mutually acceptable to Seller and Purchaser (the "Rollback Taxes Escrow Agreement"), pursuant to which, Seller shall escrow with Escrow Agent a reasonable estimate of the Rollback Taxes due through the Closing Date, as agreed upon by the parties, and Escrow Agent shall promptly pay such Rollback Taxes when provided a tax bill therefore, with any deficiency in the actual Rollback Taxes amount to be paid by Seller. The provisions of this Section 16 shall survive Closing.

17. **Costs of the Parties.** Seller shall be responsible for preparing the Deed, the costs of the Title Report and corresponding owner's policy of title insurance, all transfer taxes on the recording of the Deed, any lien releases and recording fees in connection with any title matters Seller has agreed or is obligated to cure, the Escrow Agent's fees, the Rollback Taxes and its own attorney fees. Other costs or expenses of performance of obligations hereunder and the consummation of the transactions contemplated herein which have not been specifically assumed by either party pursuant to the terms hereof shall be borne by the party incurring such cost or expense. Purchaser shall be responsible for the costs of the ALTA Survey and other customary closing costs paid by Purchaser in the State of Florida, as well as its own attorney fees.

18. **Real Estate Commission.** The parties represent and warrant to each other that neither has dealt with any brokers. Seller agrees to indemnify, hold harmless and defend the Purchaser from all claims for a commission from any brokers or agents arising by reason of Seller's actions. The Purchaser agrees to indemnify, hold harmless and defend Seller from all claims for a commission from any brokers or agents arising by reason of Purchaser's actions.

19. **Condemnation.** If prior to Closing the Property is condemned in whole or in part, then Purchaser shall have the right to terminate this Agreement, the entire Deposit (including the Non-Refundable Deposit) shall be returned to Purchaser, and thereupon the parties shall be released and discharged from any further obligations to each other. If Purchaser does not elect to so terminate this Agreement, the Closing shall proceed and Seller shall assign to Purchaser all the awards and compensation (or the rights thereto) for the taking by condemnation (or deed in lieu thereof), and Purchaser shall be entitled to receive and keep all awards and compensation for such taking (or deed in lieu thereof), without any change in the Purchase Price. Seller covenants that it will immediately notify Purchaser in writing upon receiving notice of condemnation or intent by the government authority to pursue condemnation of the Property or any portion thereof.

20. **Defaults.** In the event Purchaser fails to complete the Closing in breach of this Agreement, Seller shall have the right to terminate this Agreement and retain the Deposit as liquidated damages, as its sole and exclusive remedy. The parties agree that such liquidated damages are reasonable and would not constitute a penalty. In the event of default by Seller, Purchaser's sole remedy shall be to elect to either: (i) terminate this Agreement, in which case Purchaser shall be entitled to a return of the entire Deposit (including the Non-Refundable Deposit) and Seller shall reimburse Purchaser for all reasonable out-of-pocket expenses incurred by Purchaser, up to and including the date of such default, in connection with the transactions contemplated by this Agreement (including reasonable attorneys' fees); or (ii) specifically enforce Seller's performance and obligations hereunder. Except as otherwise expressly set forth herein, in no event shall the Purchaser be entitled to special, punitive, consequential or actual damages.

21. **Notices**. Any notices required or permitted to be given by this Agreement shall be mailed via certified mail, return receipt requested, postage prepaid, personally delivered, shipped via Federal Express or other "next day" courier delivery or sent by email or facsimile transmission, as follows:

If intended for Purchaser, addressed to:

Middleburg Real Estate Partners, LLC
Attn: Austin F. Knapp
103 East Park Avenue
Greenville, SC 29601
Telephone: 864-339-9877
Cell: 864-704-6336
aknapp@mdbgc.com

With copy to:

Middleburg Real Estate Partners, LLC

Attn: Rachel Noone
1921 Gallows Road, Suite 700
Vienna, Virginia 22182
Telephone: 703-291-6356
Fax: 703.291.6356
RNoone@mdbgc.com

and:

Grossberg, Yochelson, Fox & Beyda, LLP
Attn: Karl Gruss, Esq.
1200 New Hampshire Avenue, N.W., Suite 555
Washington, D.C. 20036
Telephone: (202) 296-9696
Email: gruss@gyfb.com

If intended for Seller, addressed to:

Raysor Ventures, LLC
Attn: Michael Raysor
19046 Bruce B. Downs Boulevard, #308
Tampa, Florida 33647
Telephone: (813) 625-1699
Email: mdr@raysor-transportation.com

With a copy to:

Fletcher Fischer Pollack, P.L.
Attn: Anne Q. Pollack
Saint Petersburg, Florida 33701
433 Central Avenue, Suite 401
Telephone: (727) 409-4371
Email: apollack@ffplegal.com

If intended for Escrow Agent, addressed to:

Terra Nova Title & Settlement Services
Attn: Chris Critcher
1211 Connecticut Avenue, NW, Suite 401
Washington, D.C. 20036
Telephone: (202) 331-0901
Email: ccritcher@tnovatitle.com

Notice duly delivered in the manner described above shall be deemed received: (i) three (3) business days following mailing via certified mail, return receipt requested, (ii) one (1) business day after timely deposit with a generally recognized overnight courier service for next business day delivery, (iii) on the date of delivery if sent by email or facsimile transmission, or (iv) upon

actual receipt of notice, whichever is earliest. The parties shall promptly give written notice to each other as provided in this section of any change of address, telephone number, facsimile number, or email address, and personal delivery, mailing, shipment to the addresses or facsimile transmission to the numbers set forth above or email to the address set forth above shall be deemed sufficient unless written notification of a change of address, facsimile number, or email address has been received. Any notice sent by facsimile or email shall also be sent via one of the other methods listed above in this section no later than the next business day after such notice was sent via facsimile or e-mail. Notwithstanding the provisions hereof to the contrary, legal counsel for either party may provide any notice required or permitted hereunder solely by direct communication from said party's legal counsel to legal counsel for the other party pursuant to the methods of notice permitted under this section.

22. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

23. **Escrow Agent**. If the Escrow Agent is in doubt as to its duties or liabilities under this Agreement, for any reason, it may, in its sole discretion, continue to hold the said Deposit, or so much thereof as it deems appropriate until: (a) Seller, Purchaser and Escrow Agent mutually agree to disbursement thereof; (b) an order or judgment of a court of competent jurisdiction determines the rights of the parties hereto; or (c) as an alternative, the Escrow Agent shall have the right to interplead such Deposit, and upon notifying both Purchaser and Seller of such action, all duties of the Escrow Agent under the terms of the Agreement shall terminate, except to the extent of accounting for such escrow funds. The Escrow Agent shall have no duties except as stated herein. The Escrow Agent shall not be liable for anything which it may do or refrain from doing in connection herewith provided that it acts in good faith, and without gross negligence, willful neglect or intentional breach of this Agreement. Unless a dispute shall arise relating to the Escrow Agent's duties, Seller shall be responsible for the Escrow Agent's fees. In the event that the Escrow Agent becomes involved in litigation relating to the Escrow, the non-prevailing party shall be responsible for the payment of the Escrow Agent's reasonable fees and expenses and for the reasonable attorney fees and costs of the prevailing party. The Deposit shall remain in the control of the Escrow Agent until consummation or termination of the sale transaction as contemplated in this Agreement, at which time the escrow funds will be disbursed in accordance with this Agreement subject to the terms of this section. Purchaser and Seller will indemnify and hold the Escrow Agent harmless from any claims by them relating to the actions taken by the Escrow Agent in good faith while acting as Escrow Agent under the terms of this Agreement.

24. **Entire Agreement.** This Agreement, together with the Exhibits attached hereto, all of which are incorporated by reference, represents the entire agreement between the parties.

25. **Waiver; Modification.** Failure by Purchaser or Seller to insist upon or enforce any of their rights shall not constitute a waiver thereof and nothing shall constitute a waiver of Purchaser's rights to insist upon strict compliance with the provisions hereof. Either party hereto may waive the benefit of any provision or condition for its benefit contained in this Agreement; provided, however, no oral modification hereof shall be binding upon the parties, and any modification shall be in writing and signed by the parties.

26. **Attorney Fees.** In the event that any party hereto shall bring an action to enforce the terms hereof or to declare rights hereunder, the prevailing party in any such action, shall be entitled to its court costs and reasonable attorneys' fees to be paid by the non-prevailing party as fixed by the court of appropriate jurisdiction, including, but not limited to, attorney's fees and court costs incurred in courts of original jurisdiction, bankruptcy courts, or appellate courts.

27. **Governing Law.** This Agreement shall be governed by and construed under the laws of the State of Florida.

28. **Subsequent Documentation.** Each party agrees that it will, at any time, prior to, at or after Closing, duly execute and deliver to the other party any additional documents or instruments which are necessary in connection with the consummation of the purchase and sale contemplated herein, and the failure of a party to demand such documents or instruments at or before the Closing shall not alleviate the obligation of the other party to execute and deliver the same at any time upon reasonable demand of by such requesting party.

29. **Interpretation Presumption.** This Agreement has been negotiated by the parties hereto and by the respective attorneys for each party. The parties represent and warrant to one another that each has, by counsel or otherwise, actively participated in the finalization of this Agreement, and in the event of a dispute concerning the interpretation of this Agreement, each party hereby waives the doctrine that an ambiguity should be interpreted against the party which has drafted the document.

30. **Counterparts and Facsimiles.** This Agreement may be executed in multiple counterparts, each of which will be deemed an original and all of which when taken together shall constitute one and the same agreement. The parties agree that the delivery of a party's signature by facsimile or electronic format transmittal (i.e. .PDF format) shall have the same legal effect as the delivery of such party's original signature and the parties may rely upon the binding and enforceable effect of such delivery.

31. **Seller Reports.** Purchaser agrees that all reports, inspections and any and all other documents obtained by Purchaser from Seller in its inspection of the Property will, in the event that this Agreement is terminated for any reason other than Seller's default, be returned to Seller.

32. **Due Diligence Deliveries.** Within five (5) days after the Effective Date, Seller shall deliver to Purchaser a copy of all documents and reports relating to the Property to the extent in Seller's possession or control, including, without limitation, any owner policies or loan policies of title insurance; any and all soil, topographical, environmental, or hazardous substance studies, tests or reports; any engineering plans; any annexation agreements; any property condition reports, wetlands delineation studies, geotechnical reports, development agreements, tree studies, drainage studies and surveys that Seller may have in its possession or control (collectively, the "Due Diligence Deliveries").

33. **Severability.** If any provision of this Agreement or application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those as to which it is so determined invalid or

unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

34. **Captions**. The captions in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the scope or content of any of its provisions.

35. **Marketing of Property**. From and after the expiration of the Inspection Period through Closing or earlier termination of the Agreement as provided herein (the "Post-Inspection Period"), Purchaser shall have the right to market the Property and Purchaser's planned development thereof to prospective residents, investors and lenders and to issue press releases in connection therewith. Purchaser shall further have the right during the Post-Inspection Period to install a sign on the Property in a location mutually agreeable to Purchaser and Seller (such agreement not to be unreasonably withheld, conditioned or delayed) at Purchaser's sole cost and expense advertising Purchaser's proposed development of the Property. Such sign shall comply with all laws and governmental rules and regulations applicable to the Property, and Purchaser shall promptly remove any such signage upon the termination of this Agreement. The provisions of this Section 35 shall survive the termination of this Agreement.

36. **Intentionally Omitted.**

37. **Publicity and Confidentiality**. Subject in all events to the provisions of Section 35 above, unless and until Closing occurs hereunder, neither Purchaser nor Seller will make, or permit anyone to make on their behalf, any public statement or public comment with respect to this Agreement or the transactions contemplated hereby that is intended for public distribution or made to any newspaper, trade publication, or other print or other media, without the approval by the other party (which approval may be withheld in such party's sole and absolute discretion) as to such disclosure and the information to be disclosed. Unless and until Closing occurs hereunder, Purchaser, Seller and their respective agents and representatives shall maintain the confidentiality of all documents, instruments and information obtained by such party hereunder or otherwise in connection with the proposed acquisition of the Property and shall not, without the other party's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, disclose any of such information to any other person or use any of such information for any purpose other than as contemplated herein. Notwithstanding the foregoing, Purchaser and Seller may disclose any of such information to its proposed investors and lenders and its officers, directors, employees, agents, attorneys, accountants, consultants and other professionals to whom such disclosure is reasonably necessary for the consummation of the transactions contemplated hereby, provided that each such person maintains such information in a confidential manner.

38. **Low-Income Housing Tax Credits**. Seller expressly recognizes that Purchaser intends to (i) seek an award of Low-Income Housing Tax Credits under the Housing Credit Financing for Affordable Housing Developments Located in Large, Medium and Small Counties program ("HC Financing") offered by the Florida Housing Finance Corporation (the "FHFC") in connection with Purchaser's Intended Use and (ii) apply for SAIL Financing of Affordable Multifamily Housing Developments from the FHFC ("SAIL Financing") in connection with Purchaser's Intended Use (HC Financing and Sail Financing collectively being hereinafter referred

to as "LIHTC"). Purchaser shall have the right, in its sole and absolute discretion, (i) to apply on or before July 31, 2024, for an allocation of HC Financing from the FHFC and (ii) to apply on or before August 31, 2024, for SAIL Financing from the FHFC. To the extent Purchaser timely applies for the LIHTC allocation as set forth above, Purchaser shall thereafter use commercially reasonable efforts to obtain the LIHTC allocation. The LIHTC allocation shall be deemed to be obtained when Purchaser receives a final, non-appealable allocation of LIHTC in an amount sufficient, in Purchaser's sole and absolute discretion, to complete construction of the Purchaser's Intended Use, evidenced by the issuance of an Invitation to Credit Underwriting from FHFC (such allocation received, the "LIHTC Award"). Purchaser shall notify Seller promptly following receipt of the LIHTC Award. In the event Purchaser fails to obtain the LIHTC Award on or before December 31, 2024, then Purchaser shall have the option to elect to either (x) terminate this Agreement, in which event the entire Deposit shall be returned to Purchaser and neither party shall have any further liability to the other except as expressly set forth herein or (y) re-apply for an award of Low-Income Housing Tax Credits under programs that are identical or, if not offered by FHFC, similar to the LIHTC set forth above (i.e., HC Financing and Sail Financing) and offered by FHFC during the 2025 Low-Income Housing Tax Credits financing application period of FHFC. In the event that Purchaser elects option (y) above, a portion of the Deposit in the amount of Five Thousand and No/100 Dollars ($5,000.00) (the "Non-Refundable Deposit") shall be deemed non-refundable to Purchaser as of April 1, 2025, except as otherwise expressly set forth herein. In addition, in the event that Purchaser elects option (y) above and Purchaser fails to obtain the LIHTC Award on or before December 31, 2025, then this Agreement shall automatically terminate as of such date, in which event the entire Deposit (less the Non-Refundable Deposit) shall be returned to Purchaser and neither party shall have any further liability to the other except as expressly set forth herein.

39. **Time**. If any deadline or expiration date under this Agreement falls on a day which is not a business day, such deadline or expiration date shall be extended to end at midnight on the next business day. For purposes of this Agreement, the term "business day" shall mean any day excluding Saturday, Sunday and any day which is a federal holiday or a day on which banking institutions are authorized by law or by other governmental actions to close.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have set their hands on the day and year as hereinafter provided.

WITNESSES:

_____

_____

SELLER:

RAYSOR VENTURES, LLC,
a Florida limited liability company

By: _____
Name: Michael Raysor
Its: Manager

Date: 4-12-24

PURCHASER:

MIDDLEBURG REAL ESTATE PARTNERS, LLC,
a Virginia limited liability company

_____

_____

By: Reece W. Kimsey
Name: Reece W. Kimsey
Its: Authorized Signatory

Date: 4/23/24

ESCROW AGENT:

Terra Nova Title & Settlement Services

_____

_____

By: _____
Name: _____
Its: _____

Date: _____

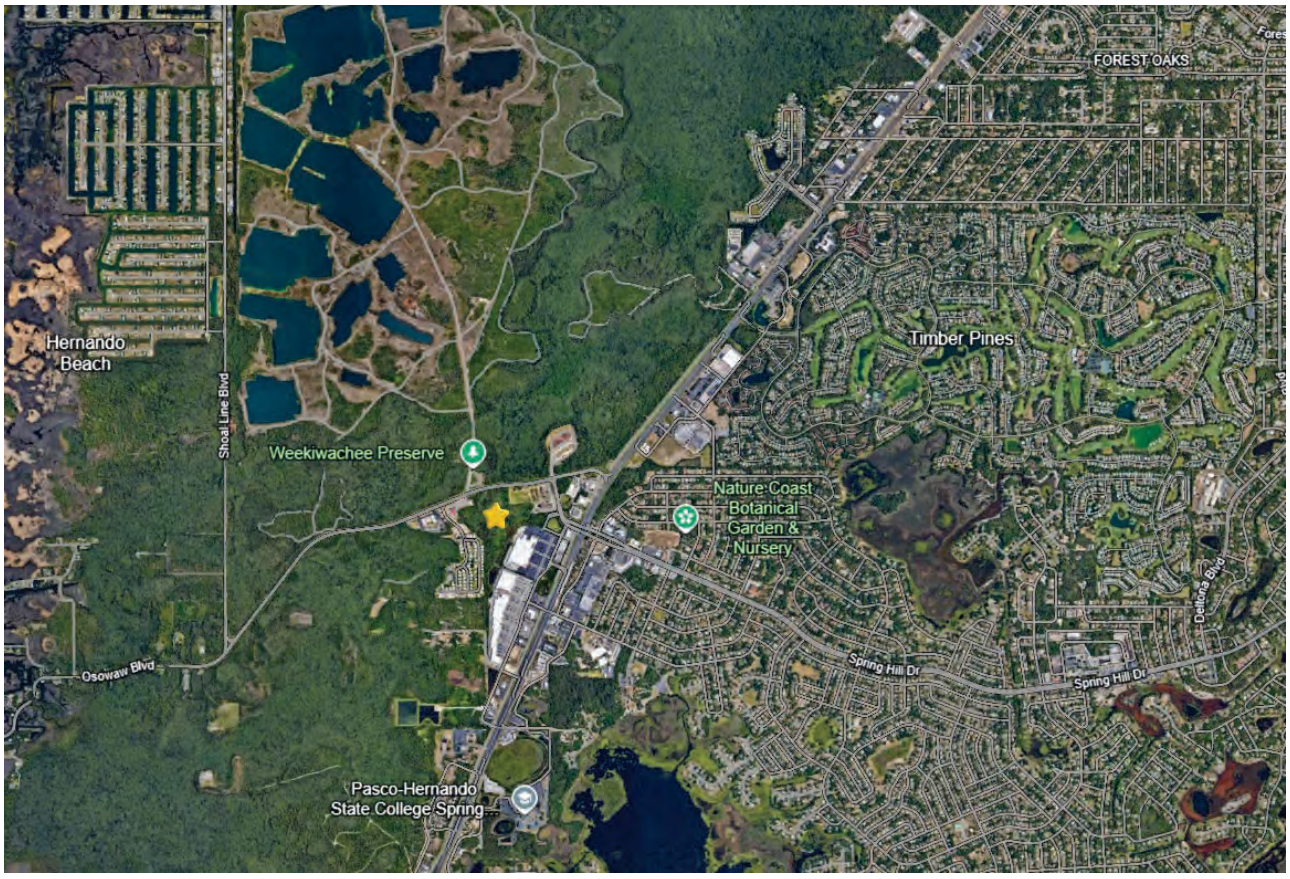
EXHIBIT A

Intentionally Omitted

ATTACHMENT #5
DEVELOPMENT LOCATION

MICRO LOCATION

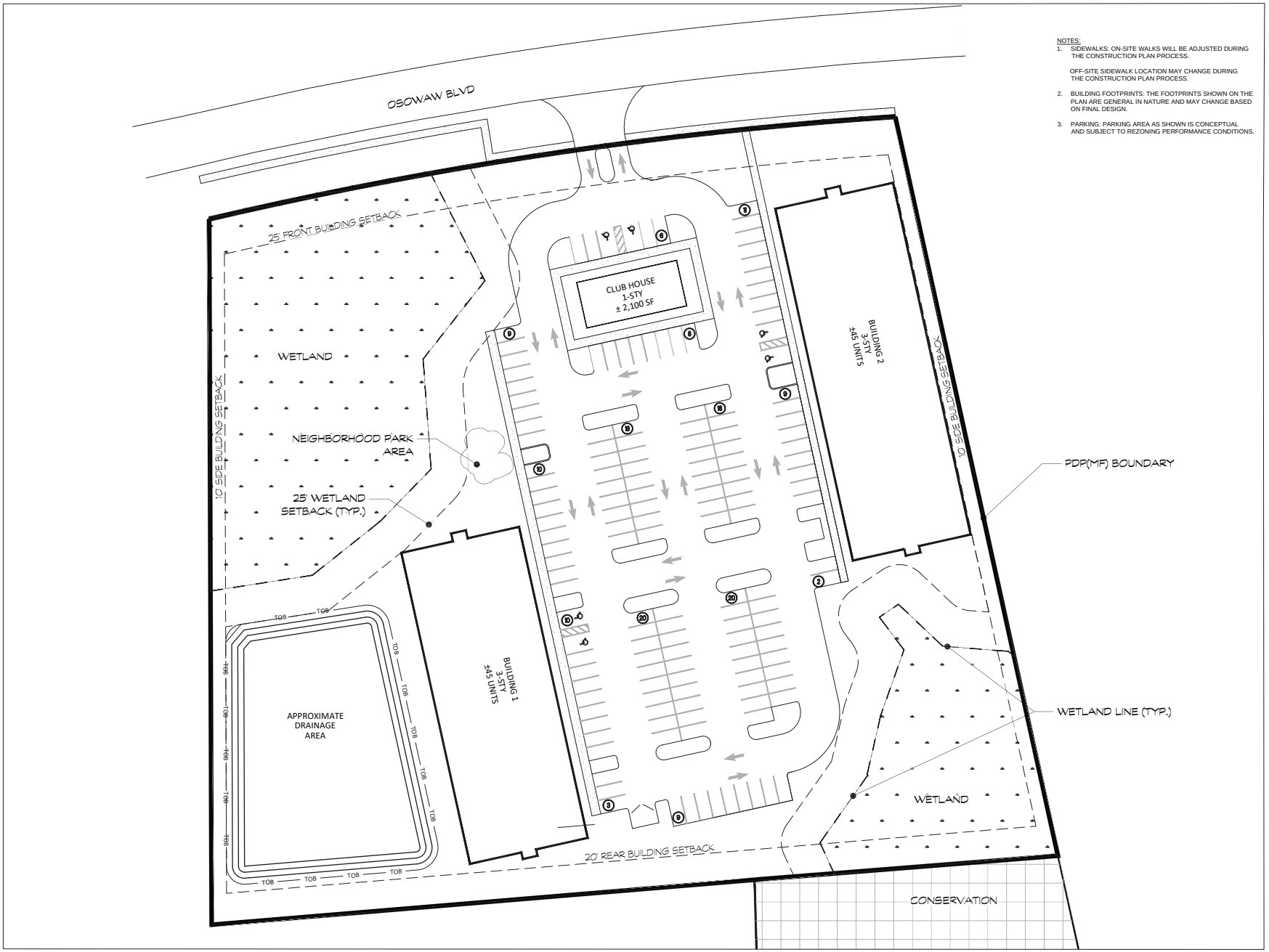
MACRO LOCATION



DISTANCE TO COMMUNITY SERVICES

Grocery Anchored Retail Centers	
Nature Coast Commons (Walmart Supercenter)	.24 miles
Hernando West (Publix Super Market)	.50 miles
Spring Hill Plaza (Save A Lot)	2.30 miles
Medical Facilities	
Access Health Care Physicians	.54 miles
Sun Country Pediatrics	2.88 miles
Tampa General Hospital - Spring Hill	5.88 miles
Pharmacies	
Walmart Pharmacy	.24 miles
CVS Pharmacy	.31 miles
Public Pharmacy	.50 miles
Public Schools	
Westside Elementary School	.70 miles
Fox Chapel Middle School	5.35 miles
Frank W. Springstead High School	5.63 miles
Bus Stops	
Transfer Point (3 routes): US 19 @ Walmart	.24 miles
Spring Hill Drive & Pinehurst Dr Eastbound	.50 miles
Spring Hill Drive & Pinehurst Dr Westbound	.57 miles
Major Employers	
Tampa General Hospital - Spring Hill	5.83 miles
HCA Florida Oak Hill Hospital	7.88 miles
Brooksville Regional Airport & Surrounding Offices	9.45 miles

ATTACHMENT #6
SITE PLAN



NOTES:

1. SIDEWALKS: ON-SITE WALKS WILL BE ADJUSTED DURING THE CONSTRUCTION PLAN PROCESS.

   OFF-SITE SIDEWALK LOCATION MAY CHANGE DURING THE CONSTRUCTION PLAN PROCESS.

2. BUILDING FOOTPRINTS: THE FOOTPRINTS SHOWN ON THE PLAN ARE GENERAL IN NATURE AND MAY CHANGE BASED ON FINAL DESIGN.

3. PARKING: PARKING AREA AS SHOWN IS CONCEPTUAL AND SUBJECT TO REZONING PERFORMANCE CONDITIONS.

TITLE

OSOWAW ROAD

PDP(MF) MASTER PLAN
RESOLUTION NO. 2025-39

LOCATION

HERNANDO COUNTY, FLORIDA

PREPARED FOR

RV RAYSOR Ventures LLC
19046 BRUCE B. DOWNS BOULEVARD | #308
TAMPA | FLORIDA | 33647 | (813) 625-4699

SITE DATA

PDP(MF) SITE DATA:

PDP(MF) AREA =	± 5.7AC
UPLAND =	± 4.5 AC
WETLAND=	± 1.2 AC

BUILDING DATA:

(2) ± 45 UNIT (50 UNIT MAX. PER BUILDING)
BUILDING HEIGHT= 3 STORY/ 45' MAX.
UNIT MIX = 3 BEDROOM (15 % MAX.)*
2 BEDROOM (45 % MAX.)
1 BEDROOM (100% MAX)

* 3 BEDROOM MAY BE CONVERTED TO 2 BEDROOM AND NOT COUNT TOWARD 45% MAX.

(1) CLUBHOUSE - ± 1,200 SF
BUILDING HEIGHT= 1 STORY/ 25' MAX.

BUILDING COVERAGE= 45% MAX.

PARKING:

PARKING SHALL BE PROVIDED IN ACCORDANCE WITH THE LAND DEVELOPMENT CODE PLUS 10%.

PREPARED BY

Forward Planning & Design

0 30 60 90
SCALE:

DATE: 4/30/25

1931

ATTACHMENT 7
DEVELOPMENT TIMELINE

Development Timeline for the Project

Project Start-Up	
Property Acquisition – Purchase & Sale Agreement	4/23/2024
Environmental Reviews Completed	6/24/2024
Zoning Approvals Completed	2/25/2025
Final Bid Specifications Completed	6/1/2026
Detailed Program Design Completed	6/1/2026
Site Plan Approval/Building Permits Obtained	9/1/2026
Financing Sources Obtained	
Construction Loan Commitment	9/1/2025
Permanent Loan Commitment	9/1/2025
Govt Grants/Loans	9/1/2025
Submit Application to FHFC in RFA 2025-201	11/18/2025
Receive Preliminary Award from FHFC	1/5/2026
Receive Invitation to Credit Underwriting (after bid protest period estimated to take 2 month)	3/5/2026
Construction/Implementation	
Construction Start	9/15/2026
Begin Marketing of Units	9/1/2027
Complete Construction	12/1/2027
Full Occupancy	4/1/2028
Stabilization (3 Mo. Full Occupancy & Debt Service)	7/1/2028

ATTACHMENT #8
MARKETING PLAN

MARKETING PLAN

Norstar Accolade Property Management ("NAPM") is the affiliate property manager for all properties developed by Newstar. Virtually all the units NAPM manages are affordable with ELI/special needs unit set asides. NAPM hires local property management and leasing staff, and typically compiles waiting lists that exceed the number of available units in a new development by the time the buildings receive their certificates of occupancy. NAPM has also developed special screening, application, and tenant selection processes to help remove barriers that would typically prevent special needs applicants, including those that face economic barriers, from leasing quality, safe, affordable housing. Since 2008, NAPM has helped more than 3,700 families and individuals lease affordable apartment homes, and over 1,100 of these residents were ELI/special needs applicants.

For Vesta at Osowaw, NAPM will utilize its standard marketing approach with newspaper, online, and on-site advertising. NAPM will also develop partnerships with local referral agencies to contact prospective tenants already on waiting lists. We anticipate that NAPM will have no issues leasing up the Vesta at Osowaw development within 2-3 months of construction completion.

ATTACHMENT #9
NEWSTAR DEVELOPMENT - 2023, 2024 & 2025 YEAR-TO-DATE FINANCIALS
MIDDLEBURG COMMUNITIES – 2023 & 2024 FINANCIALS, 2025 BUDGET

NEWSTAR DEVELOPMENT, LLC

Financial Statements
(with Supplemental Information)
And Independent Auditor's Report

December 31, 2024 and 2023

TIDWELL group

1937

Newstar Development, LLC

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TIDWELL group

INDEPENDENT AUDITOR'S REPORT

To the Members
Newstar Development, LLC

Opinion

We have audited the accompanying financial statements of Newstar Development, LLC, which comprise the balance sheet as of December 31, 2024, and the related statement of operations and changes in owner's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Newstar Development, LLC as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Newstar Development, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The 2023 financial statements were reviewed by us and our report thereon, dated July 18, 2024, stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Newstar Development, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement due to fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Newstar Development, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Newstar Development, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Columbus, Ohio

April 24, 2024

Newstar Development, LLC
Balance Sheets
December 31, 2024 and 2023

Assets

	2024	2023
Current Assets		
Cash and cash equivalents	$ 324,089	$ 629,043
Accounts receivable	941	-
Prepaid expenses	93	-
Due from affiliate	-	104,906
Total Current Assets	325,123	733,949
Property and Equipment		
Furniture and fixtures	51,136	-
Equipment	35,688	5,459
	86,824	5,459
Less accumulated depreciation	(8,349)	(637)
Total Property and Equipment	78,475	4,822
Other Assets		
Projects under investigation	3,236,730	653,923
Development fee receivable	1,402,581	105,508
Security deposits	9,181	9,181
Right-of-use asset - office space	61,709	78,537
Total Other Assets	4,710,201	847,149
Total Assets	$ 5,113,799	$ 1,585,920

See Notes to Financial Statements.

Liabilities and Members' Equity (Deficit)

	2024	2023
Current Liabilities		
Accounts payable	$ 269,918	$ 47,243
Reimbursement obligations	668,747	-
Advances from affiliate	416,519	236,535
Total Current Liabilities	1,355,184	283,778
Long-Term Liabilities		
Lease liability - office space	62,170	78,537
Total Liabilities	1,417,354	362,315
Members' Equity (Deficit)	3,696,445	1,223,605
Total Liabilities and Members' Equity (Deficit)	$ 5,113,799	$ 1,585,920

See Notes to Financial Statements.

Newstar Development, LLC
Statements of Operations
Years ended December 31, 2024 and 2023

	2024	2023
Revenue		
Development fee revenue	$ 1,787,856	$ 608,824
Interest income	6,472	2,323
Other income	-	14,882
Total Revenue	1,794,328	626,029
Expenses		
Salaries and employee benefits	515,522	249,148
Administrative expenses	72,510	54,218
Lease expense	29,638	27,542
Professional fees	95,231	37,448
Insurance	463	285
Unrecoverable project costs	129,066	-
Depreciation	7,712	637
Interest expense	-	100,097
Total Expenses	850,142	469,375
Net Income	$ 944,186	$ 156,654

See Notes to Financial Statements.

Newstar Development, LLC
Statements of Changes in Equity (Deficit)
Years ended December 31, 2024 and 2023

	Anise Development, LLC	Corder Development, LLC	Norstar Development USA, LP	Richard L. Higgins	Total
Balance at December 31, 2022	$ 83,913	$ 35,327	$ -	$ -	$ 119,240
Distributions	(25,573)	(26,716)	-	-	(52,289)
Contributions	-	-	-	1,000,000	1,000,000
Net income - January 1 to September 5	62,662	31,331	10,444	-	104,437
Partnership interest transfer	-	-	(10,444)	10,444	-
Net income - September 6 to December 31	26,109	13,054	-	13,054	52,217
Balance at December 31, 2023	147,111	52,996	-	1,023,498	1,223,605
Distributions	(18,500)	(8,846)	-	-	(27,346)
Contributions	204,000	102,000	-	1,250,000	1,556,000
Net income	432,720	275,419	-	236,047	944,186
Balance at December 31, 2024	$ 765,331	$ 421,569	$ -	$ 2,509,545	$ 3,696,445

See Notes to Financial Statements.

Newstar Development, LLC
Statememts of Cash Flow
Years ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Net income	$ 944,186	$ 156,654
Adjustments to Reconcile Net Income to Net Cash used in Operating Activities		
Depreciation	7,712	637
Changes in:		
Development fee receivable	(1,297,073)	(105,508)
Accounts receivable	(941)	-
Prepaid expenses	(93)	3,751
Projects under investigation	(2,582,807)	(52,800)
Right-of-use asset - office space	16,828	-
Accounts payable	222,675	44,086
Lease liability - office space	(16,367)	-
Security deposits	-	(9,181)
Reimbursement obligations	668,747	-
Net Cash Used in Operating Activities	(2,037,133)	37,639
Cash Flows from Investing Activities		
Expenditures on property and equipment	(81,365)	(5,459)
Net Cash Used in Investing Activities	(81,365)	(5,459)
Cash Flows from Financing Activities		
Collection of amounts owed from affiliates	104,906	-
Proceeds from (repayment of) affiliate advances	179,984	(611,018)
Contributions	1,556,000	1,000,000
Distributions	(27,346)	(52,289)
Net Cash Provided by Financing Activities	1,813,544	336,693
Net (Decrease) Increase in Cash	(304,954)	368,873
Cash - Beginning of the Year	629,043	260,170
Cash - End of the Year	$ 324,089	$ 629,043
Significant Non-Cash Investing and Financing Activities:		
Right-of-use assets acquired by long term lease		$ 78,537
Lease liability incurred releated to right-of-use asset		$ 78,537

See Notes to Financial Statements.

Newstar Development, LLC

Balance Sheet

As of June 16,2025

Assets

Current Assets	
Cash & Cash Equivalents	1,884,508.91
Account Receivable	1,415,335.95
Other Current Assets	2,142,416.93
Total Current Assets	**5,442,261.79**
Property, Plant and Equipment	78,475.34
Total Assets	**5,520,737.13**

Liabilities

Current Liabilities	
Accounts Payable	171.00
Other Current liabilities	273,843.45
Total Current Liabilities	**274,014.45**
Long-term Debt	478,688.64
Total Liabilities	**752,703.09**
Shareholders' Equity	
Share Capital	2,295,604.89
Retained Earnings - Loss carry-forward	1,100,811.59
Net Income / (Loss)	1,371,617.56
Total Shareholders' Equity	**4,768,034.04**
Total Liabilities & Shareholders' Equity	**5,520,737.13**

Newstar Development, LLC

Profit & Loss

As of June 16, 2025

	PTD	YTD
Income		
Developer Fee - Norstar		103,956.04
Developer Fee - Palm Lake Urban Sanctuary	1,001,288.95	1,001,288.95
Developer Fee - Ridgecrest Oaks		608,620.00
Profit Sharing - Norstar	-75,000.00	25,000.00
Interest Income		84.27
Total Income	**926,288.95**	**1,738,949.26**
Gross Profit	**926,288.95**	**1,738,949.26**
Salaries	31,820.95	291,759.02
Other Expenses	-1,528.73	19,513.03
Bank Expenses		150.00
Office and Supplies	8,821.61	32,133.61
Professional Expenses	2,109.16	21,912.77
Travel		1,863.27
Total Operating Expenses	**41,222.99**	**367,331.70**
EBITDA	**885,065.96**	**1,371,617.56**
EBIT	**885,065.96**	**1,371,617.56**
Net Income (Loss)	**885,065.96**	**1,371,617.56**

Middleburg Communities, LLC and Subsidiaries

Consolidated Financial Report
(Reviewed)
December 31, 2023

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RSM US LLP

Independent Auditor's Review Report

Board of Members
Middleburg Communities, LLC

We have reviewed the accompanying consolidated financial statements of Middleburg Communities, LLC and subsidiaries (the Company), which comprise the consolidated balance sheet as of December 31, 2023, the related consolidated statements of operations, changes in members' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements). A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

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

Accountant's Responsibility
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Basis for Qualified Conclusion
As disclosed in Note 1 to these financial statements, accounting principles generally accepted in the United States of America require that that all intercompany balances and transactions are eliminated in their entirety. The Company has a carried interest asset of $3.6 million on the consolidated balance sheet and a corresponding amount in the controlling members' equity, and $3.4 million of which is recognized in the consolidated statement of operations as unrealized decrease in carried interest in the current year. These amounts should be eliminated against the underlying consolidated variable interest entities which will ultimately owe the carried interest to the controlling member as carried interest.

THE POWER OF BEING UNDERSTOOD
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Qualified Conclusion
Based on our review, except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

McLean, Virginia
June 10, 2024

Middleburg Communities, LLC and Subsidiaries

Consolidated Balance Sheet
December 31, 2023
See Independent Auditor's Review Report

Assets	
Current assets:	
Cash	$ 9,777,041
Restricted cash	7,596,355
Contract assets and accounts receivable, net	36,409,207
Due from related party	2,382,074
Other current assets	668,047
Total current assets	56,832,724
Investments—member interests	1,612,484
Interest rate cap	1,519,739
Investments—real estate investments at fair value (cost of $8,509,507) (Note 2)	23,270,312
Operating lease right-of-use asset	5,866,746
Carried interest asset	3,647,849
Note receivable—related parties	625,403
Land	35,203,321
Buildings and improvements, net	263,563,362
Construction in progress	56,381,116
Property and equipment, net	3,982,649
Total assets	$ 452,505,705
Liabilities and Members' Equity	
Current liabilities:	
Accounts payable and accrued expenses	$ 33,629,598
Operating lease liability—current portion	1,185,709
Retainage payable	12,331,019
Notes payable, current	41,385,713
Total current liabilities	88,532,039
Other liabilities	650,200
Operating lease liability, net of current portion	5,141,182
Notes payable, net	187,731,558
Total liabilities	282,054,979
Commitments and contingencies	
Members' equity:	
Middleburg Communities, LLC's interest	17,643,584
Non-controlling interest	152,807,142
Total members' equity	170,450,726
Total liabilities and members' equity	$ 452,505,705

See notes to consolidated financial statements.

Middleburg Communities, LLC and Subsidiaries

Consolidated Statement of Operations
Year Ended December 31, 2023
See Independent Auditor's Review Report

Income:	
Contract revenue	$ 136,245,438
Development fees	6,808,182
Asset and property management fees	2,915,561
Rental income	19,838,313
Total income	165,807,494
Expense:	
Costs of contract revenue	136,487,149
Rental expenses	3,904,983
Real estate and other taxes	3,182,565
Salaries and related expenses	15,710,755
Selling, general and administrative expenses	8,898,144
Depreciation and amortization	10,412,737
Total expense	178,596,333
Operating loss	(12,788,839)
Other income (expense):	
Other income	413,161
Unrealized decrease in carried interest	(3,439,942)
Interest income	20,045
Interest expense	(9,243,359)
Unrealized gain on fair value of Fund Investments (Note 2)	14,760,803
Unrealized gain—member interests	797,403
Unrealized loss on derivative	(1,566,766)
Total other income, net	1,741,345
Net loss	(11,047,494)
Less net loss attributed to noncontrolling interest	(11,054,069)
Net income attributed to Middleburg Communities, LLC	$ 6,575

See notes to consolidated financial statements.

Middleburg Communities, LLC and Subsidiaries

Consolidated Statement of Changes in Members' Equity
Year Ended December 31, 2023
See Independent Auditor's Review Report

	Members' Equity				
	Contributions	Distributions	Retained Earnings (deficit)	Note Receivable From Member	Total Members' Equity
Balance at December 31, 2022	$ 17,547,889	$ (5,209,245)	$ (5,319,919)	$ (3,000,000)	$ 4,018,725
Contributions	13,618,284	-	-	-	13,618,284
Net income for the year ended December 31, 2023	-	-	6,575	-	6,575
Balance at December 31, 2023	$ 31,166,173	$ (5,209,245)	$ (5,313,344)	$ (3,000,000)	$ 17,643,584

	Noncontrolling Interest			
	Contributions	Distributions	Retained Earnings (deficit)	Total
Balance at December 31, 2022	$ 211,699,122	$ (998,569)	$ (5,047,008)	$ 205,653,545
Contributions	9,288,264	-	-	9,288,264
Deconsolidation—Fund assignment	(34,672,013)	-	-	(34,672,013)
Distributions	-	(16,408,585)	-	(16,408,585)
Net loss for the year ended December 31, 2023	-	-	(11,054,069)	(11,054,069)
Balance at December 31, 2023	$ 186,315,373	$ (17,407,154)	$ (16,101,077)	$ 152,807,142

See notes to consolidated financial statements.

Middleburg Communities, LLC and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended December 31, 2023
See Independent Auditor's Review Report

Cash flows from operating activities:	
Net loss	$ (11,047,494)
Adjustments to reconcile net loss to net cash used in operating activities:	
Unrealized carried interest	3,439,942
Unrealized appreciation of member investments	(797,403)
Unrealized appreciation of the Fund	(14,760,803)
Contributions of the Fund to real estate investments	(5,229,980)
Depreciation and amortization	9,764,824
Amortization of deferred debt costs	647,913
Change in interest rate cap	1,566,766
Noncash lease expense—operating lease	489,003
Changes in operating assets and liabilities:	
Contract assets and accounts receivables	(18,800,464)
Due from related party	(1,568,139)
Other current assets	(56,152)
Accounts payable and accrued expenses	6,697,146
Operating lease liability	(382,621)
Other liabilities	100,554
Net cash used in operating activities	(29,936,908)
Cash flows from investing activities:	
Asset acquisition and major improvements	(44,283,040)
Net cash used in investing activities	(44,283,040)
Cash flows from financing activities:	
Purchase of interest rate cap	(710,354)
Member loan repayments	(1,900,000)
Member loan proceeds	3,370,000
Borrowings from notes payable	83,707,230
Repayment of notes payable	(8,325,161)
Deferred debt costs	(19,268)
Contributions from members	500,121
Contributions—non-controlling interest	9,288,264
Distributions—non-controlling interest	(16,408,585)
Net cash provided by financing activities	69,502,247
Net decrease in cash and restricted cash	(4,717,701)
Cash and restricted cash:	
Beginning	22,091,097
End	$ 17,373,396

(Continued)

Middleburg Communities, LLC and Subsidiaries

Consolidated Statement of Cash Flows (Continued)
Year Ended December 31, 2023
See Independent Auditor's Review Report

Reconciliation of cash and restricted cash reported in the consolidated:	
Cash	$ 9,777,041
Restricted cash	7,596,355
Total cash and restricted cash shown in the consolidated statement of cash flows	$ 17,373,396
Supplemental disclosure of cash flow information:	
Cash paid for interest	$ 9,243,359
Supplemental schedules of noncash investing and financing activities:	
Assignment of investments to Investment—member interests	$ 627,766
Assignment of investments to the Fund	$ 3,581,032
Deconsolidation of assets contributed to the Fund	$ (38,880,811)
Deconsolidation—Fund assignment	$ 34,672,013
Retainage payable	$ 9,131,499
Member loans transferred to members equity as contribution	$ 13,118,163
Operating lease right-of-use asset and lease liability	$ 2,344,367

See notes to consolidated financial statements.

Middleburg Communities, LLC and Subsidiaries

Consolidated Financial Statements
and Independent Accountant's Review Report

December 31, 2024

CohnReznick

Middleburg Communities, LLC and Subsidiaries

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Independent Accountant's Review

Board of Members
Middleburg Communities, LLC and Subsidiaries

We have reviewed the accompanying consolidated financial statements of Middleburg Communities, LLC and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Middleburg Communities, LLC and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Basis for Qualified Conclusion

As disclosed in Note 1 to these consolidated financial statements, accounting principles generally accepted in the Unites States of America require that all intercompany balances and transactions are eliminated in their entirety. The Company has a carried interest asset of $2.6 million on the consolidated balance sheet and a corresponding amount in the controlling members' equity, $1.3 million of which is recognized in the consolidated statement of operations as unrealized decrease in carried interest in the current year. These amounts should be eliminated against the underlying consolidated variable interest entities which will ultimately owe the carried interest to the controlling member.

Accountant's Conclusion

Based on our review, except for the effect of the matter described in the *Basis for Qualified Conclusion* paragraph, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

CohnReznick LLP

Baltimore, Maryland
May 30, 2025

Middleburg Communities, LLC and Subsidiaries

Consolidated Balance Sheet
December 31, 2024

Assets

Current assets	
Cash	$ 20,882,024
Restricted cash	7,788,687
Contract assets and accounts receivable, net	47,686,741
Due from affiliate	278,090
Other current assets	886,714
Total current assets	77,522,256
Investments - member interests	999,796
Interest rate cap	1,161,295
Investments - real estate investments at fair value (cost of $23,451,870)	34,527,703
Operating lease right-of-use asset	4,690,735
Carried interest asset	2,675,188
Note receivable - related parties	631,657
Land	35,203,321
Buildings and improvements, net	294,632,959
Construction in progress	26,291,789
Property and equipment, net	4,333,639
Total assets	$ 482,670,338

Liabilities and Members' Equity

Current liabilities	
Accounts payable and accrued expenses	$ 45,464,457
Operating lease liability - current portion	1,144,649
Retainage payable	26,748,968
Notes payable, current	53,511,498
Total current liabilities	126,869,572
Other liabilities	936,954
Operating lease liabilities, net of current portion	3,985,348
Notes payable, net	191,792,977
Total liabilities	323,584,851
Commitments and contingencies	
Members' equity	
Middleburg Communities, LLC's interest	8,804,983
Non-controlling interest	150,280,504
Total members' equity	159,085,487
Total liabilities and equity	$ 482,670,338

See Independent Accountant's Review Report and Notes to Consolidated Financial Statements.

Middleburg Communities, LLC and Subsidiaries

Consolidated Statement of Operations
Year Ended December 31, 2024

Income	
Contract revenue	$ 312,792,348
Development fees	8,746,584
Asset and property management fees	2,152,528
Rental income	25,497,946
Total income	349,189,406
Expense	
Costs of contract revenue	304,783,944
Rental expenses	6,070,483
Real estate and other taxes	3,636,098
Salaries and related expenses	16,017,099
Selling, general and administrative expenses	7,870,201
Total expense	338,377,825
Operating income	10,811,581
Other income (expense)	
Other income	284,394
Other expense	(1,263,197)
Unrealized decrease in carried interest	(1,328,458)
Realized carried interest	414,307
Interest income	50,993
Interest expense	(14,438,890)
Depreciation and amortization	(11,636,375)
Unrealized loss on fair value of real estate investments	(3,684,971)
Unrealized loss - member interests	(404,019)
Unrealized loss on derivative	(1,546,484)
Total other income (expense)	(33,552,700)
Net loss	(22,741,119)
Net loss attributable to noncontrolling interest	(16,102,518)
Net income attributable to Middleburg Communities, LLC	$ (6,638,601)

See Independent Accountant's Review Report and Notes to Consolidated Financial Statements.

Middleburg Communities, LLC and Subsidiaries

Consolidated Statement of Changes in Members' Equity
Year Ended December 31, 2024

	Members' equity						
	Contributions	Distributions	Retained earnings (deficit)	Note receivable from member	Total	Noncontrolling interest	Total
Balance, December 31, 2023	$ 31,166,173	$ (5,209,245)	$ (5,313,344)	$ (3,000,000)	$ 17,643,584	$ 152,807,142	$ 170,450,726
Contributions	-	-	-	-	-	31,921,091	31,921,091
Deconsolidation of subsidiary	-	-	-	-	-	(6,547,063)	(6,547,063)
Distributions	-	(2,200,000)	-	-	(2,200,000)	(11,798,148)	(13,998,148)
Net loss	-	-	(6,638,601)	-	(6,638,601)	(16,102,518)	(22,741,119)
Balance, December 31, 2024	$ 31,166,173	$ (7,409,245)	$ (11,951,945)	$ (3,000,000)	$ 8,804,983	$ 150,280,504	$ 159,085,487

	Noncontrolling interest			
	Contributions	Distributions	Retained earnings (deficit)	Total
Balance, December 31, 2023	$ 186,315,373	$ (17,407,154)	$ (16,101,077)	$ 152,807,142
Contributions	31,921,091	-	-	31,921,091
Deconsolidation of subsidiary	(6,547,063)	-	-	(6,547,063)
Distributions	-	(11,798,148)	-	(11,798,148)
Net loss	-	-	(16,102,518)	(16,102,518)
Balance, December 31, 2024	$ 211,689,401	$ (29,205,302)	$ (32,203,595)	$ 150,280,504

See Independent Accountant's Review Report and Notes to Consolidated Financial Statements.

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Middleburg Communities, LLC and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended December 31, 2024

Cash flows from operating activities	
Net loss	$ (22,741,119)
Adjustments to reconcile net loss to net cash used in operating activities	
Unrealized carried interest	972,661
Unrealized appreciation of member investments	404,019
Unrealized loss on investment in real estate carried at fair value	3,684,971
Contributions to real estate investments	(14,942,362)
Distributions from real estate investments	208,669
Depreciation and amortization	11,636,375
Amortization of deferred debt costs	726,426
Change in interest rate cap	1,546,484
Noncash lease expense - operating lease	1,176,011
Changes in operating assets and liabilities	
Contract assets and accounts receivable	(11,277,534)
Due from related party	2,103,984
Other current assets	(218,667)
Accounts payable and accrued expenses	11,834,859
Operating lease liability	(1,196,894)
Other liabilities	286,754
Net cash used in operating activities	(15,795,363)
Cash flows from investing activities	
Notes receivable - related party	(6,254)
Asset acquisition and major improvements	(5,096,749)
Net cash used in investing activities	(5,103,003)
Cash flows from financing activities	
Borrowings from notes payable	108,857,363
Repayment of notes payable	(92,386,747)
Deferred debt costs	(1,009,838)
Interest rate cap fees	(1,188,040)
Distributions to members	(2,200,000)
Contributions - non-controlling interest	31,921,091
Distributions - non-controlling interest	(11,798,148)
Net cash provided by financing activities	32,195,681
Net increase in cash and restricted cash	11,297,315
Cash beginning	17,373,396
Cash end	$ 28,670,711
Reconciliation of cash and restricted cash	
Cash	$ 20,882,024
Restricted cash	7,788,687
	$ 28,670,711
Supplemental disclosure of cash flow information	
Cash paid for interest	$ 387,723
Supplemental disclosure of noncash investing and financing activities	
Deconsolidation of assets	$ 6,547,063

See Independent Accountant's Review Report and Notes to Consolidated Financial Statements.

Middleburg Communities-Consolidated
2025 Consolidated Budget

Account Name	GL Account	Budget Jan-25	Budget Feb-25	Budget Mar-25	Budget Apr-25	Budget May-25	Budget Jun-25	Budget Jul-25	Budget Aug-25	Budget Sep-25	Budget Oct-25	Budget Nov-25	Budget Dec-25	Total 2025
Income														
Project Revenue														
Const Revenue - General Condition	4851.000	1,581,127	1,561,352	1,924,988	1,890,434	1,626,120	2,075,808	1,945,321	2,060,321	2,452,404	2,170,207	2,670,207	2,569,651	24,527,941
Const Revenue - Overhead Fee	4852.000	450,612	478,080	523,534	605,205	628,488	628,189	687,368	725,719	736,173	809,332	809,332	882,928	7,964,958
Const Revenue - Fee	4853.000	694,428	735,630	803,811	926,317	970,639	960,637	1,030,679	1,088,204	1,104,261	1,213,999	1,213,999	1,324,392	12,066,994
		2,726,167	**2,775,061**	**3,252,334**	**3,421,956**	**3,225,246**	**3,664,634**	**3,663,368**	**3,874,243**	**4,292,838**	**4,193,538**	**4,693,538**	**4,776,971**	**44,559,893**
Other Income														
Interest Income	4645.000	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Other Commission	4625.000	-	15,000	-	-	-	-	-	-	-	-	-	-	15,000
Development Fees	4801.000	928,851	977,530	464,891	756,916	464,891	1,228,219	1,077,951	1,773,853	1,652,472	744,220	1,753,495	1,284,639	13,107,928
Construction Management Fee	4825.000	-	-	10,000	-	-	10,000	-	-	10,000	-	-	10,000	40,000
Acquistion Fee/Origination Fee	4800.000	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Management Fee	4822.000	121,787	137,472	137,551	147,589	147,668	147,741	181,789	169,457	169,548	182,142	182,376	182,528	1,907,647
Property Management Fee	4820.000	180,545	205,857	209,351	215,334	221,370	226,858	233,540	240,482	232,459	239,247	245,907	250,204	2,701,154
Misc Reimbursement	4890.000	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
Sublet Income	4003.000	13,667	13,667	13,667	13,667	13,667	13,667	-	-	-	-	-	-	82,002
Other Income	4690.000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	216,000
Deposit Forfeiture	4520.000	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt Write Off	4040.000	-	-	-	-	-	-	-	-	-	-	-	-	-
Due Diligence	4802.000	-	-	-	-	-	-	-	-	-	-	-	-	-
Indirect Investments AMF	4821.000	-	-	-	-	-	-	-	-	-	-	-	-	-
Promote	4960.000	-	-	-	-	-	-	-	-	-	-	-	-	-
Services Group Reimbursement Income	4823.000	143,692	143,692	143,692	149,614	149,987	149,987	149,987	149,987	149,987	149,987	149,987	276,609	1,907,208
Total Income		**4,136,708**	**4,290,279**	**4,253,486**	**4,727,076**	**4,244,830**	**5,463,105**	**5,328,634**	**6,230,022**	**6,529,304**	**5,531,134**	**7,047,303**	**6,802,952**	**64,584,832**

Middleburg Communities-Consolidated
2025 Consolidated Budget

Account Name	GL Account	Budget Jan-25	Budget Feb-25	Budget Mar-25	Budget Apr-25	Budget May-25	Budget Jun-25	Budget Jul-25	Budget Aug-25	Budget Sep-25	Budget Oct-25	Budget Nov-25	Budget Dec-25	Total 2025
Expenses														
Direct Project Costs - General Conditions (excluding personnel)														
General Conditions (excluding payroll)	5250.000	495,000	820,000	575,000	615,000	615,000	655,000	655,000	945,000	775,000	775,000	855,000	855,000	8,635,000
Total Direct Project Costs - General Conditions (excluding personnel)		**495,000**	**820,000**	**575,000**	**615,000**	**615,000**	**655,000**	**655,000**	**945,000**	**775,000**	**775,000**	**855,000**	**855,000**	**8,635,000**
Payroll and Benefits														
Salaries	5001.000	1,477,504	1,502,758	1,646,665	1,693,296	1,709,130	1,735,796	1,812,880	1,829,546	1,847,046	1,880,380	1,880,380	1,880,380	20,895,763
Bonus	5006.000	-	-	-	-	-	600,000	-	-	-	-	-	3,763,035	4,363,035
Payroll Taxes/Burden	5025.000	116,534	115,577	118,287	120,448	120,448	155,448	125,015	126,290	120,216	114,289	109,137	237,724	1,579,414
Group Insurance - ER Portion	5040.000	115,747	120,747	125,747	129,626	131,626	135,626	143,626	143,626	145,626	148,626	148,626	168,856	1,658,106
401K Match	5030.000	35,675	36,129	38,132	38,888	39,173	50,453	41,040	41,457	41,772	42,372	42,372	101,718	549,178
Employee Relocation	5031.000	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000
Auto Allowance	5044.000	31,350	31,850	31,350	31,850	31,850	31,850	34,850	34,850	34,850	35,350	35,350	35,350	400,700
Phone Allowance	5041.000	5,325	5,400	5,325	5,400	5,400	5,400	5,850	5,850	5,850	5,925	5,925	5,925	67,575
Workers Compensation	5035.000	5,940	5,940	5,940	5,967	5,967	5,967	5,967	5,967	5,967	5,967	5,967	6,330	71,883
Other Employee Benefit	5043.000	-	-	250	-	-	250	-	-	250	-	-	250	1,000
	5050.000	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Data Processing	5750.000	4,252	4,252	4,252	4,304	4,304	4,304	4,304	4,304	4,304	4,304	4,304	4,908	52,094
Payroll Reimbursement	5047.000	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(18,000)
Total Payroll & Benefits		**1,795,826**	**1,821,153**	**1,974,448**	**2,028,279**	**2,046,397**	**2,723,594**	**2,172,032**	**2,190,390**	**2,204,381**	**2,235,713**	**2,230,560**	**6,202,976**	**29,625,749**
Marketing Expenses														
Other Marketing	5690.000	16,100	16,100	16,100	16,100	16,100	16,100	16,100	16,100	16,100	16,100	16,100	16,100	193,200
Total Marketing Expense		**16,100**	**16,100**	**16,100**	**16,100**	**16,100**	**16,100**	**16,100**	**16,100**	**16,100**	**16,100**	**16,100**	**16,100**	**193,200**
														-

Middleburg Communities-Consolidated
2025 Consolidated Budget

Account Name	GL Account	Budget Jan-25	Budget Feb-25	Budget Mar-25	Budget Apr-25	Budget May-25	Budget Jun-25	Budget Jul-25	Budget Aug-25	Budget Sep-25	Budget Oct-25	Budget Nov-25	Budget Dec-25	Total 2025
Office and G&A														
Internet	5530.000	1,163	1,163	1,163	1,163	1,163	1,163	1,163	1,163	1,163	1,163	1,163	1,163	13,952
Office Repairs	5301.000	-	-	-	-	-	-	-	-	-	-	-	-	-
Copier Lease/Supplies/Maintenance	5705.000	165	165	165	165	165	165	165	165	165	165	165	165	1,980
Printing Expense	5720.000	475	475	475	475	475	475	475	475	475	475	475	475	5,700
Office Rent	5722.000	123,467	115,347	116,657	116,657	117,932	118,819	99,736	99,736	99,736	99,736	99,736	100,078	1,307,634
Office Supplies	5730.000	2,915	2,915	2,915	2,915	2,915	2,915	2,915	2,915	2,915	2,915	2,915	2,915	34,980
Postage & Deliveries	5735.000	1,935	1,935	1,935	1,935	1,935	1,935	1,935	1,935	1,935	1,935	1,935	1,935	23,220
Telephone Expense - Local/Base	5740.000	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	36,664
Payment processing fees	5755.000	115	115	115	115	115	115	115	115	115	115	115	115	1,380
Other Office Expenses	5770.000	425	425	425	425	425	425	425	425	425	425	425	425	5,100
Alarm	5524.000	352	352	352	352	352	352	352	352	352	352	352	352	4,224
Cable TV	5510.000	359	359	359	359	359	359	359	359	359	359	359	359	4,312
Dues and Subscription	5801.000	5,415	5,415	9,915	5,415	5,415	9,415	5,415	5,415	9,915	5,415	6,415	8,415	81,980
Bank Fees	5810.000	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Software Licenses	5816.000	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	45,000
Research Data	5817.000	7,444	7,444	7,444	7,444	7,444	7,433	7,375	7,375	7,375	7,375	7,375	7,375	88,900
IT Help Desk - Email Hosting	5818.000	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	102,000
Software Expense/Annual Subscription	5819.000	51,657	25,560	33,021	22,812	20,783	32,491	31,927	29,952	81,403	27,287	22,705	25,250	404,849
Employee Recruitment	5820.000	-	-	-	146,000	-	-	30,000	-	-	-	-	-	176,000
Website / Email	5821.000	130	130	130	130	130	130	130	130	130	130	130	130	1,560
Payment processing fees	5775.000	115	115	115	115	115	115	115	115	115	115	115	115	1,380
License, Fees, Permits	5835.000	3,950	4,100	3,950	10,100	3,950	4,100	3,950	4,100	3,950	4,100	3,950	4,100	54,300
Legal Fees	5841.000	10,500	7,000	10,500	7,000	10,500	7,000	10,500	7,000	10,500	7,000	10,500	7,000	105,000
Professional Fee	5840.000	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
Consulting Fee	5842.000	30,864	29,711	26,802	18,987	20,777	20,777	20,777	20,777	20,777	20,777	20,777	20,777	272,580
Seminar and Training	5845.000	13,800	10,500	12,000	10,500	19,000	27,000	12,000	25,500	25,500	303,000	40,500	20,500	519,800
Asset Management Fee	6005.000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Charitable Donations	5860.000	13,200	2,500	5,750	-	-	-	-	-	5,000	-	-	-	26,450
Computer Supplies	5815.000	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Cleaning Services	5315.000	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous General & Admin	5890.000	24,400	24,400	24,400	24,400	24,400	24,400	24,400	24,400	24,400	24,400	24,400	24,400	292,800
Penalties and Settlement	5895.000	-	-	-	-	-	-	-	-	-	-	-	-	-
Electric - Common	5846.000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	6,000
Service Group Expense	5891.000	143,692	143,692	143,692	149,614	149,987	149,987	149,987	149,987	149,987	149,987	149,987	276,609	1,907,208
Total Office & G&A		**457,793**	**406,073**	**423,535**	**549,332**	**409,593**	**431,825**	**425,471**	**404,646**	**467,947**	**679,481**	**415,749**	**524,908**	**5,596,353**

Middleburg Communities-Consolidated
2025 Consolidated Budget

Account Name	GL Account	Budget Jan-25	Budget Feb-25	Budget Mar-25	Budget Apr-25	Budget May-25	Budget Jun-25	Budget Jul-25	Budget Aug-25	Budget Sep-25	Budget Oct-25	Budget Nov-25	Budget Dec-25	Total 2025
Travel & Entertainment														
Auto Mileage Reimbursement	5805.000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Meals / Entertainment	5825.000	29,600	17,600	16,600	15,600	17,600	16,600	19,600	16,600	19,600	22,600	20,600	20,600	233,200
Travel - Airfare	5830.000	74,500	74,500	74,500	74,500	74,500	74,500	74,500	74,500	74,500	74,500	74,500	74,500	894,000
Meals / Entertainment	5833.000	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel - Hotel	5831.000	15,250	14,500	15,250	14,500	15,250	14,500	15,250	14,500	15,250	14,500	18,500	14,500	181,750
Travel - Ground Transportation	5832.000	8,500	8,500	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	8,500	8,500	90,000
Total Travel & Entertainment		**128,850**	**116,100**	**114,350**	**112,600**	**115,350**	**113,600**	**117,350**	**113,600**	**117,350**	**119,600**	**123,100**	**119,100**	**1,410,950**
TOTAL OPERATING EXPENSES		**2,893,569**	**3,179,426**	**3,103,433**	**3,321,312**	**3,202,440**	**3,940,120**	**3,385,953**	**3,669,736**	**3,580,778**	**3,825,894**	**3,640,509**	**7,718,084**	**45,461,252**
NET OPERATING INCOME (LOSS)		**1,243,139**	**1,110,853**	**1,150,054**	**1,405,764**	**1,042,390**	**1,522,986**	**1,942,681**	**2,560,285**	**2,948,526**	**1,705,240**	**3,406,794**	**(915,132)**	**19,123,580**
Non-Operating Expenses														
Accounting & Tax Prep Fee	8301.000	30,000	-	-	-	-	30,000	-	20,000	-	-	-	60,000	140,000
Interest	8425.000	16,000	14,500	13,000	11,500	10,000	8,500	7,000	5,500	4,000	2,500	1,000	35,000	128,500
Depreciation	8505.000	3,541	3,541	3,541	3,541	3,541	3,541	3,541	3,541	3,541	3,541	3,541	3,541	42,488
Partnership Exp - Legal	8320.000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Liability Insurance	6205.000	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	162,000
Insurance D&O	8312.000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Insurance Other	6237.000	-	-	-	-	-	-	-	-	-	-	-	-	-
Misc Partnership Exp	8390.000	2,050	1,800	2,050	1,800	2,050	1,800	2,050	1,800	2,050	1,800	2,050	1,800	23,100
Dead Deal	8080.000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Total Non-Operating Expenses		**87,091**	**55,341**	**54,091**	**52,341**	**51,091**	**79,341**	**48,091**	**66,341**	**45,091**	**43,341**	**42,091**	**135,841**	**760,088**
Net Income (Loss) After FA		**1,156,049**	**1,055,512**	**1,095,963**	**1,353,424**	**991,299**	**1,443,645**	**1,894,590**	**2,493,945**	**2,903,436**	**1,661,899**	**3,364,703**	**(1,050,972)**	**18,363,493**

ATTACHMENT #10
MANAGEMENT REVIEW & PHYSICAL INSPECTION REPORTS

MANAGEMENT REVIEW & PHYSICAL INSPECTION REPORTS

Vesta at Osowaw will be developed on a currently vacant property. Because there is no existing development, we are unable to provide a management review or physical inspection reports. We have included the current portfolio and brochure for Norstar Accolade Property Management, our affiliate property manager, on the following pages.

Norstar Accolade Property Management

CORPORATE OVERVIEW

Norstar Accolade Property Management. is a real estate management firm headquartered in Irving, Texas with extensive property management experience across all product types. Norstar Accolade Property Management's Principals believe that local market expertise and knowledge coupled with our proven management practices will result in the maximization of the returns on the investment. Founded in 2002, Norstar Accolade Property Management was formed to provide third party clients with superior, results oriented management. Norstar Accolade's clients include developers, partnerships, individual investors, and financial institutions.

Norstar Accolade Property Management specializes in the management of multifamily assets. The team of professionals at Norstar Accolade has produced superior results on all asset types. Whether a Class A+ in lease up or a Class C distressed asset, Norstar Accolade understands the dynamics of the marketplace and the factors that effect the correct positioning of an asset. Norstar Accolade embraces every asset individually and designs a business plan to maximize the value of the asset.

Norstar Accolade Property Management

CORPORATE BACKGROUND

Formed in 2002 by one its Principals, Norstar Accolade Property Management is a joint venture to take advantage of an ever changing real estate market. Norstar Accolade Property Management became a firm dedicated to its success by ensuring the success of its clients' investments. Ms. Stephanie Baker, managing partner, knew that her breadth of knowledge, marketing savvy and hands on experience with assets primarily in Florida, Texas and New Mexico could create an organization strictly focused on superior property management services. The genesis of the firm commenced by Ms. Baker hand picking Norstar Accolade's Key Management. Norstar Accolade's success is lead by professionals with extensive experience in Real Estate Management with over 150 years combined management expertise. The joint venture became registered in Florida to conduct business in 2007 as the demand for their superior services continued to grow.

Over the years the management team at Norstar Accolade has been effective in the management of low income/affordable assets with bond programs and other land use restrictions, assets that required significant physical rehabilitation and new Class A+ developments with construction management and specialized marketing needs.

Norstar Accolade Property Management Portfolio

Asset	Location	Years Managed	Unit Count	Year Built	Type	Occupancy
Alton Plaza	Longview,TX	3	48	2020	LIHTC 30/50/60 AMI	100%
Amberwood Place	Longview,TX	8	78	2014	LIHTC 30/50/60 AMI	100%
Aria Grand	Austin, TX	3	70	2020	LIHTC 30/50/60 AMI with 811	98%
Art at Bratton's Edge	Austin, TX	6	76	2017	LIHTC 30/50/60 AMI	100%
Ash Lane	Euless,TX	21	250	1997	LIHTC-40/60	98%
Barron's Branch I & II	Waco, TX	8	168	2015	LIHTC 30/50/60 AMI	99%
Canova Palms	Irving, TX	3	58	2020	LIHTC 30/50/60 AMI	100%
Cielo Place	Ft. Worth, TX	2	91	2021	LIHTC 30/50/60 AMI Lease Up-3 mos.	100%
Colonial Commons	Ft. Myers, FL	8	332	2015	Market Rate	98%
Columbus Square	Montgomery, AL	4	160	2017/2019	LIHTC 30/50/60 AMI Lease Up	92%
Eagle Ridge	Tarpon Springs,FL	2	71	2021	Acq.Rehab LIHTC, RAD conversion	100%
Edgewood	Longview,TX	3	74	2020	LIHTC 30/50/60 AMI-Lease Up	100%
Elysium Grand	Austin, TX	3	90	2020	LIHTC 30/50/60 AMI with 811-Lease Up	95%
Everly Plaza	Fort Worth, TX	2	88	2021	LIHTC 30/50/60 AMI-Lease Up-Senior	99%
Fountains of Rosemead	Dallas, TX	21	382	1997	LIHTC-40/60	97%
Gateway Commons	Tampa, FL	1	280	2023	Market Rate Lease Up	0%
Gulf Breeze	PuntaGorda,FL	15	171	2008	ACC/LIHTC-SHIP, BOND, RRLP	99%
Kaia Pointe	Georgetown, TX	5	102	2018	LIHTC-40/60-Lease Up	98%
Kestrel on Cooper	Arlington, TX	1	90	2022	LIHTC-40/60 with Market Lease Up	100%
Kiva East	Dallas, TX	1	87	2023	LIHTC-40/60 with Market Lease Up	30%
Lakes of Eldorado	McKinney, TX	21	220	1997	LIHTC-40/60	98%
La Madrid	Austin, TX	6	95	2017	LIHTC 30/50/60 AMI with 811	97%
Laurel Flats	Tyler, TX	1	89	2022	LIHTC 30/50/60 AMI	100%
La Ventana	Abilene, TX	8	84	2014	LIHTC -40/60	98%
Lincoln Village	Bradenton, FL	2	50	2021	LIHTC 30/50/60 AMI-Lease Up	0%
Liberty Pass	Selma, TX	8	104	2015	LIHTC -40/60	100%
Mistletoe Station	Fort Worth, TX	3	110	2020	LIHTC 30/50/60 AMI with Market	99%
Oakridge Estates	Tarpon Springs,FL	13	62	2011	ACC/LIHTC	100%
Palms of Pinellas	Largo, FL	5	92	2018	Market Rate	99%
Parkridge Place	Abilene, TX	31	170	1982	Market Rate-Under Rehab	96%
Pinnacle at North Chase	Tyler, TX	8	120	2012	LIHTC-40/60	98%
Prairie Gardens	Abilene, TX	1	48	2021	LIHTC-40/60	99%
Residence at Ridgehill	Kerrville, TX	1	43	2023	LIHTC 30/50/60 AMI-Lease Up Senior	60%
Roxton	Denton, TX	8	126	2013	LIHTC -40/60	95%
Saige Meadows	Tyler, TX	8	92	2015	LIHTC -30/50/60/Market	100%
Summit Parque	Dallas, TX	8	100	2015	LIHTC 30/50/60 AMI Market	97%
Sunrise Park	Lake Wales, FL	12	72	2011	ACC/LIHTC	100%
Sunset at Fash Place	Fort Worth, TX	1	66	2022	LIHTC Senior Lease Up	100%
The Abali	Austin, TX	1	56	2022	LIHTC 30/50/60 AMI-Lease Up	100%
Tylor Grand	Abilene, TX	8	120	2012	LIHTC-40/60	100%
Venetian Walk	Venice, FL	9	61	2014	ACC/ LIHTC Lease Up Senior	100%
Venetian Walk II	Venice, FL	3	52	2020	ACC/ LIHTC Lease Up Family	100%
Verandas I & II	PuntaGorda,FL	6	120	2017	ACC/LIHTC Lease Up Senior	100%
Vi Collina	Austin, TX	1	170	2022	LIHTC-40/60 with Market Lease Up	95%
Villages at Tarpon Springs	Tarpon Springs,FL	8	95	2015	Acq.Rehab LIHTC, RAD conversion-Senior	100%
Vistas at Eastwood	Ft. Myers, FL	3	360	2020	Market Rate Lease UP	100%
TOTAL			**5543**			

ATTACHMENT #11
LOCAL GOVERNMENT REFERENCES

LOCAL GOVERNMENT REFERENCES

Colleen Turner
Senior Manager and SHIP Administrator
Charlotte County Human Services
colleen.turner@charlottecountyfl.gov
(941) 833-6502

Stephanie Rayman
Affordable Housing Development Manager
Pinellas County Housing & Community Development
srayman@pinellas.gov
(727) 464-5697

Mark Van Lue
Assistant Director
City of St Petersburg Housing & Community Development
mark.vanlue@stpete.org
(727) 892-5967

ATTACHMENT #12
APPROVED HERNANDO COUNTY RESOLUTION

RESOLUTION NO. 2025-061

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, AMENDING RESOLUTION NO. 2025-39 ADOPTED ON FEBRURY 25, 2025 TO CORRECT A SCRIVENER'S ERROR; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on February 25, 2025, the Board of County Commissioners (the "Board of Hernando County, Florida (the "County") voted 3-2 to adopt Resolution No. 2025-39 (the "Resolution") approving the Mediated Settlement Agreement, executed by Hernando County Staff and Raysor Ventures, LLC, and attached to the Resolution as **EXHIBIT A,** with modified performance conditions; and

WHEREAS, after the Resolution was signed by the Chairman of the Board, it was noted that the Resolution contained a scrivener's error and did not include the Staff report with the modified performance conditions.

NOW THEREFORE, BE IT RESOLVED, BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, AS FOLLOWS:

Section 1. Amendment to the Resolution. That Section 1 of Resolution No. 2025-39 is hereby amended as follows: (Deletions are reflected with strikethrough text and corrective text is depicted with underscored text)

Section 1. The Mediated Settlement Agreement attached hereto as EXHIBIT A is hereby approved <u>with modified performance conditions as specified in Exhibit B and attached hereto and incorporated herein by reference</u>.

Section 2. Resolution to Continue in Force. Except as herein expressly provided, the Resolution and all the terms and provisions thereof are and shall remain in full force and effect.

Section 3. Effective Date. This Resolution shall take effect immediately upon adoption.

ADOPTED IN REGULAR SESSION THE 8th DAY OF April 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

Attest: Heidi Prause, Deputy Clerk
for **Douglas A. Chorvat, Jr.**
Clerk of Circuit Court & Comptroller

By: _____
Brian Hawkins
Chairman

(SEAL)

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

By: Victoria Anderson
County Attorney's Office

INSTR #2025017500 BK: 4533 PG: 898 Page 1 of 31
FILED & RECORDED 3/14/2025 11:02 AM ALD Deputy Clk
Doug Chorvat, Jr., HERNANDO County Clerk of the Circuit Court
Rec Fees: $265.00

RESOLUTION NO. 2025 - 039

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, APPROVING A SETTLEMENT AGREEMENT WITH RAYSOR VENTURES, LLC PURSUANT TO THE FLORIDA LAND USE AND ENVIRONMENTAL DISPUTE RESOLUTION ACT; APPROVING A REZONING FROM AG (AGRICULTURAL) TO PDP(MF)/PLANNED DEVELOPMENT PROJECT (MULTIFAMILY) WITH MODIFIED PERFORMANCE CONDITIONS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Raysor Ventures, LLC applied for relief under the Florida Land Use and Environmental Dispute Resolution Act, Section 70.51, Florida Statutes, regarding denial of application H-24-27; and

WHEREAS, Hernando County staff and Raysor Ventures, LLC attended mediation on the above Dispute on December 19, 2024, and then prepared the Mediated Settlement Agreement fully executed on January10, 2025, attached hereto as **EXHIBIT A**; and

WHEREAS, the Hernando County Board of County Commissioners finds that the Settlement Agreement attached hereto as **EXHIBIT A**, is in the best interest of the County to protect the public's health, safety, and welfare.

NOW THEREFORE, BE IT RESOLVED, BY THE BOARD OF COUNTY COMMISSIONERS OF HERNANDO COUNTY, FLORIDA, AS FOLLOWS:

Section 1. The Mediated Settlement Agreement attached hereto as **EXHIBIT A** is hereby approved.

Section 2. The Rezoning from AG (Agricultural) to PDP(MF)/Planned Development Project (Multifamily), (Parcel Key # 1695419) is hereby approved, pursuant to the Settlement Agreement attached hereto as **EXHIBITA.**

Section 3. This Resolution shall take effect immediately upon adoption.

ADOPTED IN REGULAR SESSION THE 25th DAY OF February 2025.

BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA

Attest: Heidi Kruger, Deputy Clerk
for **Douglas A. Chorvat, Jr.**
Clerk of Circuit Court & Comptroller

By: _____
Brian Hawkins
Chairman

(SEAL) BOARD OF COUNTY COMMISSIONERS SEAL HERNANDO COUNTY, FLORIDA

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

By: Victoria Anderson
County Attorney's Office

EXHIBIT A

IN AND BEFORE A SPECIAL MAGISTRATE
PURSUANT TO LAND USE AND ENVIRONMENTAL DISPUTE
RESOLUTION ACT, SECTION 70.51, FLORIDA STATUTES
HERNANDO COUNTY, FLORIDA

RAYSOR VENTURES, LLC,
a Florida limited liability company

Petitioners,

vs.

HERNANDO COUNTY, FLORIDA,
a political subdivision of the State of Florida

Respondent.
_____/

Rezoning File: H-24-27
Parcel Key: 1695419

MEDIATED SETTLEMENT AGREEMENT &
RECOMMENDATION OF THE SPECIAL MAGISTRATE

This Mediated Settlement Agreement (the "Agreement") is entered into by and among the Petitioner, RAYSOR VENTURES, LLC ("Petitioner"); and the Respondent, HERNANDO COUNTY, FLORIDA ("County"). The undersigned parties who have signed this Agreement (collectively "Parties" and individually "Party"), have entered into this Agreement following a mediation held on December 19, 2024 pursuant to Section 70.51, *Florida Statutes*. In accordance with Section 70.51, *Florida Statutes*, the mediation session was noticed and attended by one interested member of the public, Mr. Skip Irwin, who participated and provided comments.

BACKGROUND

Petitioner applied to rezone a 13.6 acre property on Osowaw Boulevard with Parcel Key 1695419 (the "Property") from Agricultural ("AG") to Multi-Family Planned Development District ("PDP (MF)") with two deviations. On June 10, 2024, the Planning and Zoning Commission voted 4-1 to recommend the Board of County Commissioners adopt a resolution approving the application to rezone the Property. On June 28, 2024, the County denied the rezoning

application by a 5-0 vote. On July 25, 2024, Petitioner submitted a Request for Relief under the Florida Land Use and Environmental Dispute Resolution Act ("FLUEDRA"). On October 22, 2024, the County approved Resolution No. 2024-219 memorializing the denial of the rezoning. On November 15, 2024, the County filed its Response to the Request for Relief.

The purpose of the FLUEDRA process is to "facilitate a resolution of the conflict between the owner and governmental entities" by negotiating an adjustment of the development to create a mutually acceptable solution. § 70.51(17(a), *Florida Statutes*. Such solutions and settlement agreements shall not be deemed an admission of any fact, issue or liability in this case. The Parties agree that this Agreement is intended as a comprehensive settlement of all outstanding issues raised in Petitioner's Request for Relief, including but not limited to an appeal by petition for writ of certiorari and a State and Federal Fair Housing Act violation.

SETTLEMENT PROPOSAL

The Parties agree to the following:

1. The proposed resolution to be presented to the Board of County Commissioners with a recommendation of approval along with or subsequent to this Agreement and include the following:

    a. A revised application to rezone ± 7.9 acres of the Property to Conservation (CV) and limit the PDP (MF) zoning to ± 5.7 acres of the Property.

    b. A Revised Master Plan, attached as **Exhibit "A"**, and incorporated herein;

    c. As pertaining to the area to be zoned PDP (MF), all conditions in the Staff Report to Planning and Zoning Board for H-24-27, attached to this Agreement as **Exhibit "B"**, and incorporated herein, with the following modifications:

1. Maximum number of dwelling units allowed: 100 [reduction from 125]

2. Maximum number of dwelling units per building: 50 (deviation from 12) [reduction from 60]

3. Maximum building height: 45' / 3 stories [reduction from 60' / 4 stories]

4. North buffer (along Osowaw Boulevard): 25' [increase from 20']

d. Additionally, the following performance conditions shall be applied to the area to be zoned PDP (MF):

1. A boulevard entry feature, which entails a landscaped median that separates opposing traffic flows on the vehicular access point to the Property, must be provided;

2. A clubhouse must be located at or near the vehicular entrance to the Property to: (1) provide a shield from the majority of the parking area visible from Osowaw Boulevard; and (2) improve vehicular circulation within the parking area for emergency services and solid waste and recycling.

3. A neighborhood park, including a playground, must be provided for the residents.

4. The building orientation shall be substantially similar to the building orientation shown on the Revised Master Plan, attached as **Exhibit "A".**

e. The area zoned CV (Conservation) must comply with all regulations and requirements set forth in Appendix A, Article IV, Section 10 of the Land Use Regulations Hernando County, Florida.

2. This Agreement shall be considered and approved or rejected by the Board of County Commissioners pursuant to Section 70.51, *Florida Statutes*.

3. If approved by the Board of County Commissioners, the amendment to or replacement of Resolution No. 2024-219 shall be considered by the Board of County Commissioners, as

a continuation of Rezoning Case H-24-27. Such public hearing shall be advertised and comply with all *Florida Statutes* and County code provisions regarding the adoption of ordinances.

4. **Extension of Time**. The parties agreed to extend the deadlines set forth in Section 70.51, *Florida Statutes*, and agree to extend the time for the procedure established by Section 70.51(23), *Florida Statutes*, beyond One Hundred-Sixty-Five (165) days.

5. **Entire Agreement**. Subject to approval by the Board of County Commissioners pursuant to Section 70.51(21) and (22), *Florida Statutes*, this Agreement sets forth the entire and complete settlement agreement between the Parties relative to this matter and may not be modified or amended except by written agreement executed by all the Parties set forth below. This Agreement may not be modified by oral discussions prior to or after its execution.

6. **No Admissions**. This Agreement is made as a settlement and compromise of highly contested, disputed claims. No party to it admits any liability or wrongdoing as a result of the execution of this Agreement.

7. **Approval by Board of County Commissioners**. Pursuant to Section 70.51(21) and (22), *Florida Statutes*, this Agreement shall be considered by the Board of County Commissioners within 45 days of execution of this Agreement. Disposition of this Agreement shall be pursuant to the terms of Section 70.51(21) and (22), *Florida Statutes*. Approval of this Agreement by the Board of County Commissioners shall serve as final disposition of all potential claims arising from the denial of the rezoning application for the Property (H-24-27), and the parties shall be bound by its terms.

8. **Counterparts**. This Agreement may be executed by two (2) or more original, photocopy and/or facsimile counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.

CONCLUSION AND RECOMMENDATION

Pursuant to Section 70.51, *Florida Statutes*, the first responsibility of the Special Magistrate is to facilitate the resolution of matters in disagreement. To that end, the mediation session was informal in nature and directed towards both a full and complete discussion of the issues and concerns raised by County Commissioners and members of the public during the rezoning public hearing and concerns raised by the public during mediation. The mutually acceptable settlement proposal addresses all concerns and has been agreed to by County staff and Petitioner and satisfies the requirements of Section 70.51, *Florida Statutes*.

The Special Magistrate recommends the County Commission approve this mediated settlement proposal and adopt a resolution approving Petitioner's request for a Rezoning from AG (Agricultural) to PDP(MF)/ Planned Development Project (Multi-Family) on ± 5.7 acres and Conservation on ± 7.9 acres, to resolve all potential claims arising from the prior denial of the rezoning, including, but not limited to an appeal by petition for writ of certiorari and a State and Federal Fair Housing Act violation. It is in the Parties interest to resolve this matter.

RESPECTFULLY SUBMITTED January 10, 2025.

Derek A. Schroth, Special Magistrate
Florida Bar Certified Expert in Business Litigation and Local Government Law

[Signatures to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on this 10th day of January, 2025.

PETITIONER
Raysor Ventures, LLC

Michael Raysor, President

RESPONDENT
Hernando County, Florida

Omar DePablo
By: Omar DePablo
Development Services Director

Approved As To Form
And Legal Sufficiency

By Victoria Anderson
County Attorney's Office

#13365903 v4

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on this 10th day of January, 2025.

PETITIONER
Raysor Ventures, LLC

Michael Raysor, President

RESPONDENT
Hernando County, Florida

By: Omar DePablo
Development Services Director

#13365903 v4

Exhibit A

OSOWAW ROAD
CONCEPT PLAN

HERNANDO COUNTY, FLORIDA

RAYSOR Ventures LLC

SITE DATA

SITE DATA:
TOTAL SITE = ± 13.0 AC
UPLAND = ± 4.0 AC
WETLAND = ± 9.0 AC

BUILDING DATA:
(2) 50 UNIT
3 STORY BUILDINGS= 100 DU

PARKING
9' X 18 8' PARKING SPACES= 180 SP

CONCEPT PLAN DISCLAIMER

THIS PLAN IS CONCEPTUAL AND WAS CREATED USING VARIOUS AVAILABLE INFORMATION SOURCES. THE FINAL YIELD AND LOCATION OF DESIGN ELEMENTS SHOWN ON THIS PLAN MAY CHANGE WITH FINAL ENGINEERING AND THROUGHOUT THE APPROVAL PROCESS. FORWARD PLANNING AND DESIGN DOES NOT WARRANT THIS PLAN

PREPARED BY:

Forward
Planning & Design

SCALE

DATE: 12/18/24

Exhibit B

REZONING CASE H-24-27
STAFF REPORT

RECOMMENDATIONS/ACTIONS
STAFF RECOMMENDATION TO PLANNING & ZONING COMMISSION
JUNE 3, 2024

It is recommended that the Planning and Zoning Commission recommend the Board of County Commissioners adopt a resolution approving the petitioner's request for a Rezoning from AG (Agricultural) to PDP(MF)/ Planned Development Project (Multi-Family) with deviations listed in **Appendix A** of this Staff Report.

PLANNING AND ZONING COMMISSION ACTION
June 10, 2024

On June 10, 2024, the Planning and Zoning Commission voted 4-1 to recommend the Board of County Commissioners adopt a resolution approving the petitioner's request for a Rezoning from AG (Agricultural) to PDP(MF)/ Planned Development Project (Multi-Family) with deviations and modified performance conditions listed in **Appendix B** of the staff report.

BOARD OF COUNTY COMMISSION ACTION
June 28, 2024

On June 28, 2024, the Board of County Commission voted 5-0 to adopt a resolution denying the petitioner's request for a rezoning from AG (Agricultural) to PDP(MF)/ Planned Development Project (Multi-Family) with deviations and modified performance conditions listed in **Appendix C** of the staff report.

STAFF REPORT

HEARINGS:	Planning & Zoning Commission: June 10, 2024 Board of County Commissioners: June 28, 2024
APPLICANT:	Raysor Ventures, LLC
FILE NUMBER:	H-24-27
REQUEST:	Rezoning from AG (Agricultural) to PDP(MF)/ Planned Development Project (Multi-Family) with deviations
GENERAL LOCATION:	South side of Osowaw Boulevard, approximately 980' northeast of its intersection with Buccaneer Boulevard
PARCEL KEY NUMBER(S):	1695419

APPLICANT'S REQUEST

The petitioner requests the rezoning of the subject parcel for the purpose of constructing a 125 dwelling unit multi-family residential complex on a 13.6-acre parcel, which equals a density of 9.19 dwelling units per acre. The subject parcel is unique in that nine (9) of the 13.6 acres are wetland, leaving 4.6 acres of developable upland. The petitioner intends for this development to cater exclusively to workforce housing and provide bicycle and pedestrian connectivity, a clubhouse with amenities, and open space that exceeds the requirements put forth in the Land Development Regulations.

Requested Deviations

1. A deviation from the maximum number of dwelling units per building, increasing it 48 units, from 12 to 60. *(Appendix A, Article IV, Section 2(G)(4)(K))*

2. A deviation from the maximum building height, increasing it 20', from 45' to 65'. *(Appendix A, Article IV, Section 2(G)(4)(I))*

SITE CHARACTERISTICS

Total Site Size:	13.6 acres	
Surrounding Zoning & Land Use:	North:	CV (Conservation); Weeki Wachee Preserve
	South:	PDP(GC)/ Planned Development Project (General Commercial), PDP(SU)/Planned Development Project (Special Use); Walmart Shopping Center

East: PDP(GC)/ Planned Development Project (General Commercial) & AG (Agricultural); Walmart Shopping Center, County Utilities

West: PDP(GHC)/ Planned Development Project (General Highway Commercial), & PDP(MH)/ Planned Development Project (Mobile Home); Mobile Home Park, Church

Current Zoning: AG (Agricultural)

Future Land Use Map Designation: Residential

ENVIRONMENTAL REVIEW

Soil Type: Tavares Fine Sand, Myakka Fine Sand

Comments: A faunal (wildlife) survey shall be prepared by a qualified professional at the time of conditional plat. The petitioner is required to comply with all applicable FWC regulations and permitting.

Water Quality: The proposed development is within the Weeki Wachee River Basin Management Action Plan, the Weeki Wachee Primary Focus Area (PFA), and the Weeki Wachee Outstanding Florida Springs (OFS) Group.

Comments: The petitioner must meet the minimum requirements of Florida Friendly Landscaping™ publications and the Florida Yards and Neighborhoods Program for required plantings and buffers, as applicable.

Protection Features: There are no protection features (Wellhead Protection Areas (WHPAs) present on this parcel.

Hydrologic Features: There is a Class 3 wetland along the northeast portion of the site; however, there are no Special Protection Areas (SPAs) present on this parcel.

Comments: Drainage should be designed to prevent runoff from going into the wetlands.

UTILITIES REVIEW

The Hernando County Utilities Department (HCUD) reviewed the petitioner's request and provided the following comments:

- HCUD does not currently supply water or sewer service to this parcel.
- There is an existing 12-inch water main that runs along the north side of Osowaw Boulevard.
- There is an existing 10-inch sewer force main that runs along the north side of Osowaw Boulevard, and an existing 4-inch sewer force main that runs on the south side of Osowaw Boulevard approximately 270 feet to the west of the parcel.
- HCUD has no objection to the request, subject to a utility capacity analysis and connection to the central water and sewer systems at time of vertical construction.

Please note: Availability of existing water, sewer, and reclaimed water capacity is dependent on the engineer's estimated flows for the proposed development. Existing utility infrastructure may require upgrades to supply service to the proposed development. Complete a Utilities Capacity Request form located on HCUD's Engineering website and submit with a proposed site plan for capacity inquiries.

Utility location does not guarantee capacity

ENGINEERING REVIEW

The County Engineer reviewed the petitioner's request and provided the following comments:

- The petitioner shall obtain all applicable permits from Hernando County and other applicable permitting agencies including, but not limited to, Southwest Florida Water Management District, Florida Dept. of Environmental Resources, Florida Dept. of Wildlife, in addition to meeting the Hernando County permitting requirements.
- This site is adjacent to the "Nature Coast Commons" project and across the discharge path of the outfall from that project. The discharge flow path must be addressed in any development of the site. Development was after the detailed watershed study.
- A Traffic Access Analysis shall be performed and provided to the Conty during the development process. The Traffic Access Analysis shall include a queuing analysis.
- Any improvements identified by the Traffic Analysis shall be the responsibility of the developer to install.
- A sidewalk shall be constructed along Osowaw Boulevard for the entire length of the parcel.

LAND USE REVIEW

The proposed use of the property as residential is appropriate. There is public transit route which travels on Osowaw Boulevard and stop on the adjacent commercial property. There is a single access point proposed for the development, which is not

ideal, however only one access point can be provided due to the preservation of the wetlands which occupy a majority of the parcel frontage.

Workforce housing is commonly targeted at "essential workers" in a community i.e. police officers, firemen, teachers, nurses, medical personnel and government employees. 2021 Florida Statute 420.5095 states "The Legislature finds and declares that recent rapid increases in the median purchase price of a home and the cost of rental housing have far outstripped the increases in median income in the state, creating the need for innovative solutions for the provision of housing opportunities." This situation has gotten much worse since 2021.

According to the National Low Income Housing Coalition[1] in 2024 a person working for minimum wage ($11 an hour) must work 90 hours a week to afford a studio apartment in Hernando County. To afford a one (1) bedroom rental the same worker must work 97 hours a week, and to afford a two-bedroom apartment, the worker must work 111 hours a week. There are 168 hours in one week, thus this level of effort is unsustainable if not impossible.

It is common practice to use thirty percent (30%) of the monthly income of an individual to calculate what is deemed "affordable" to that individual. Rental costs have increased so that 50% and 60% of the monthly income of an individual is regularly being used for housing costs. Hernando County recently increased the wages of the lowest paid employee to $15. Before taxes, that generates a monthly income of $1,200; thirty percent of $1,200 is $360. The National Low Income Housing Coalition estimates the fair market rent for a studio apartment in Hernando County is $1,291. For a one-bedroom rental, the fair market value is $1,381. The fair market value of a studio apartment is more than an employee making $15 an hour makes, before taxes, in one month.

Comment: The petitioner should work with TheBus and the County Engineer to see if a transit stop can be installed on or near the development to provide access to alternate forms of transportation for the residents.

Perimeter Setbacks

The perimeter setbacks for a residential use in a PDP are:

- North Osowaw Boulevard): 25'
- South (wetlands): 20'
- East (drainage retention): 10'
- West (wetlands): 10'

Buffers

The petitioner proposes the following perimeter buffers:

- North (Osowaw Boulevard): 20' landscaped Buffer

[1] https://nlihc.org/oor/state/FL

- South (wetlands): 5' preserved natural vegetated buffer
- East (drainage retention): 5' preserved Natural vegetated buffer
- West (wetlands): 5' preserved Natural vegetated buffer

Comment: These buffers are consistent with the buffers required for a residential Planned Development Project adjacent to non-residential land uses. Jurisdictional wetland lines shall be established and shown on all plans submitted for this project. A buffer around the wetlands, with an average of 20', with no portion of the buffer being less than 15' wide, shall be shown all plans submitted for this project.

COMPREHENSIVE PLAN REVIEW

Future Land Use Map, Residential

The Residential Category accommodates residential growth clustered in and around urbanized areas and those areas that maximize the efficient use of infrastructure contained in long-range facilities plans of the County.

Objective 1.04B: The Residential Category allows primarily single family, duplex, resort and multi-family housing and associated ancillary uses such as recreational and institutional. Office and certain commercial uses may be allowed subject to the locational criteria and performance standards of this Plan. Residential density shall not exceed 22 dwelling units per gross acre.

Strategy 1.04B(2): Future residential development will be planned to locate where the Residential Category predominates on the Future Land Use Map as determined by the availability of facilities and services, the need to accommodate future growth, the strategies to discourage the proliferation of urban sprawl, and the impacts to natural resources, including groundwater.

Multi-Family Housing

Strategy 1.04B(4): The Residential Category includes zoning for multi-family housing generally averaging 7.5 dwelling units per gross acre up to 22 dwelling units per gross acre in order to provide for a diversity of housing choices. Multifamily housing should be located within, or in close proximity to urban areas shown on the Adjusted Urbanized Area Map, or near shopping and employment centers or within Planned Development Projects.

Strategy 1.04B(5): High density zonings are intended for locations in the more intensely developed sections of the County. New residential development of high density housing shall utilize the Planned Development Project (PDP) process. Regulatory criteria shall

include standards that evaluate and address suitability of the location including:

a. proximity to existing or designated commercial areas, corridors, or employment centers;

b. direct or limited local access to arterial or collector roadways;

c. availability of appropriate infrastructure and services capacity at the site including police, fire, emergency medical services, potable water utility supply, sewer utility supply, and primary and secondary school facilities;

d. protection of high quality environmentally sensitive resources or historic and archaeological resources;

e. the character and density of existing and approved residential development in the surrounding area.

Strategy 1.04B(7): All multi-family developments shall be located such that the integrity of nearby established single family neighborhoods is preserved:

a. multi-family development may serve as a density transition located on the periphery of single family neighborhoods and connecting to higher intensity uses;
b. multi-family developments at a density incompatible with surrounding land uses should not access arterial or collector roadway systems through established single-family neighborhoods.

Comments: The proposed development is consistent with the future land use of the parcel and is located in a n appropriate location for the proposed density.

FINDING OF FACTS

1. The proposed development is consistent with the future land use of the property.

2. The requested deviation to increase the maximum dwelling unit per building to 60 is reasonable, considering the presence of wetlands and the limited upland area in which all development on the property will be located.

3. The requested deviation in height, increasing it from 45' to 65' is reasonable considering the presence of wetlands and the limited upland area in which all development on the property will be located.

NOTICE OF APPLICANT RESPONSIBILITY

The rezoning process is a land use determination and does not constitute a permit for either construction on, or use of, the property, or a Certificate of Concurrency. Prior to

use of, or construction on, the property, the petitioner must receive approval from the appropriate County department(s) for the proposed use.

The granting of this land use determination does not protect the owner from civil liability for recorded deed restrictions which may exceed any county land use ordinances. Homeowner associations or architectural review committees require submission of plans for review and approval. The applicant for this land use request should contact the local association or the Public Records for all restrictions applicable to this property.

The applicant, property owner, or developer is responsible for ensuring the performance conditions established herein are provided to all contractors performing work for this project. All applications submitted for development activity on this project are expected to comply with the performance conditions established herein.

APPENDIX A

STAFF RECOMMENDATIONS

FOR THE PLANNING AND ZONING COMMISSION

STAFF RECOMMENDATION

It is recommended that the Planning and Zoning Commission recommend the Board of County Commissioners adopt a resolution approving the petitioner's request for a Rezoning from AG (Agricultural) to PDP(MF)/ Planned Development Project (Multi-Family) with deviations and the following performance conditions:

1. The petitioner must obtain all permits from Hernando County and other applicable agencies and meet all applicable land development regulations, for either construction or use of the property, and complete all applicable development review processes.

2. Planning

   A. Allowed Uses in this PDP: Multifamily complex and associated accessory uses.

   B. Maximum number of Dwelling Units Allowed: 125

   C. Maximum number of dwelling units per building: 60 (Deviation from 12)

   D. Maximum Building Coverage: 45%

   E. Minimum Building Separation: 15'

   F. Minimum dwelling unit square footage: 600 square feet

   G. Maximum Building Height: 65' / 4 stories (deviation from 45' / 3 stories)

   H. The petitioner should work with TheBus and the County Engineer to see if a transit stop can be installed on or near the development to provide access to alternate forms of transportation for the residents.

   I. Setbacks (inclusive of the vegetated buffer)

   - North: 25'
   - South: 20'
   - East: 10'
   - West: 10'

3. **Buffers and Permanent Screening:**

   A buffer shall be required between a Planned Development Project land use which is multifamily or non-*residential* and a land use, external to the PDP, which is *residential, agricultural-residential, or agricultural.* The buffer shall consist of a minimum five-foot landscaped separation distance. The multifamily or nonresidential use located on such lot shall be permanently screened from the adjoining and contiguous properties by a wall, fence, and/or approved enclosures. Such screening shall have a minimum height of five (5) [feet] and a maximum height of eight (8) feet, or an evergreen hedge with a minimum

height of five (5) feet at the time of planting (*Appendix A, Article VIII, Section 1(C)).*

- North: 20'
- South: 5'
- East: 5'
- West: 5'

*Buffer fencing – the required greenery shall be installed on the side of the fence or wall that faces the adjacent property.

A. Natural vegetation is to be retained in the buffers and enhanced with trees and vegetation to meet 80% opacity requirement within 12 months.

B. Vegetated buffers shall remain undisturbed, with the exception of the removal of invasive species or dead trees (without the use of large machinery that would level the buffer). Buffers may not include any stormwater management facilities, utility easements or drainage retention areas.

4. **Environmental:**

A. **A comprehensive floral and faunal (wildlife) survey** shall be prepared by a qualified professional and submitted as part of the Conditional Plat application stage of development. The petitioner is required to comply with all applicable FWC regulations and permitting. Jurisdictional wetland lines shall be established and shown on all plans submitted for this project. A buffer around the wetlands, with an average of 20', with no portion of the buffer being less than 15' wide, shall be shown all plans submitted for this project.

B. Required Open Space: 2.04 acres

The petitioner shall preserve the minimum seven percent (15%) natural vegetation as required by the County's Land Development Regulations. The required natural vegetation may be included as part of the required open space.

Multifamily Development *(Appendix A, Article VIII, Section 1 (H)(1)(e))* Minimum open space required for multifamily developments containing twelve (12) or more units: A minimum of fifteen (15) percent of the gross site must be maintained in open space. A minimum of fifty (50) percent of the required open space shall be in areas at least five hundred (500) square feet in size with no horizontal dimension less than fifteen (15) feet.

The designated open space shall be at least 500 square feet with no areas less than 15' in width.

C. Required Natural Vegetation: 29,621 square feet

Article II, Section 10-28 (2). Preserved natural vegetation and/or planted native vegetation shall be provided per the following standard. The county administrator or designee may grant deviations to this standard if changes in elevation or other conditions preclude meeting this standard.

D. Landscaping:

A minimum of fifteen (15) trees per acre shall be either preserved or installed. At least five (5) of those trees shall be shade trees. Unless otherwise approved for removal, specimen and majestic trees shall be preserved.

E. Invasive plant species if present are to be removed during the development process.

F. The petitioner must meet the minimum requirements of Florida Friendly Landscaping™ publications and the Florida Yards and Neighborhoods Program for required plantings and buffers, as applicable.

The Builder/Developer shall provide new property owners with Florida-Friendly Landscaping™ Program information and encourage the use of the principles, techniques, and landscaping recommendations. Information on the County's Fertilizer Ordinance and fertilizer use is to be included. Educational information is available through Hernando County Utilities Department.

5. Engineering:

A. The petitioner shall obtain all applicable permits from Hernando County and other applicable permitting agencies including, but not limited to, Southwest Florida Water Management District, Florida Dept. of Environmental Resources, Florida Dept. of Wildlife, in addition to meeting the Hernando County permitting requirements.

B. This site is adjacent to the "Nature Coast Commons" project and across the discharge path of the outfall from that project. The discharge flow path must be addressed in any development of the site. Development was after the detailed watershed study.

C. A Traffic Access Analysis shall be performed and provided to the Conty during the development process. The Traffic Access Analysis shall include a queuing analysis.

D. Any improvements identified by the Traffic Analysis shall be the responsibility of the developer to install.

E. A sidewalk shall be constructed along Osowaw Boulevard for the entire length of the parcel.

6. Utilities: HCUD has no objection to the request, subject to a utility capacity analysis and connection to the central water and sewer systems at time of vertical construction.

7. Schools:

   The petitioner must apply for and receive a "Finding of School Capacity" from the School District prior to the approval of the conditional plat or the functional equivalent. The County will only issue a certificate of concurrency for schools upon the School District's written determination that adequate school capacity will be in place or under actual construction within three (3) years after the issuance of subdivision approval or site plan approval (or functional equivalent) for each level of school without mitigation, or with the execution of a legally binding proportionate share mitigation agreement between the applicant, the School District and the County.

   Without Conditional Plat or the functional equivalent in place, the School Districts finding of school capacity expires within 1 year of issuance.

8. The petitioner shall remove any barbed wire and/or electric fencing from the subject parcel(s) prior to the issuance of any Certificate of Occupancy being issued. This includes any areas designated as Buffers and Drainage Retention Areas designated as PDP(Special Use) on plats.

9. Prior to the issuance of an approved set of construction plans, the developer shall provide the Department of Public Works and The Planning Department with a contact list of any known contractors and professionals that will be working on the site as well as designating a primary contact should issues arise.

10. The petitioner shall provide a revised plan in compliance with all the performance conditions within 30 calendar days of BCC approval. Failure to submit the revised plan will result in no further development permits being issued.

APPENDIX B

PLANNING & ZONING COMMISSION

ACTION

APPENDIX B –PLANNING & ZONING COMMISSION ACTION:

On June 10, 2024, the Planning and Zoning Commission voted 4-1 to recommend the Board of County Commissioners adopt a resolution approving the petitioner's request for a Rezoning from AG (Agricultural) to PDP(MF)/ Planned Development Project (Multi-Family) with deviations and the following modified performance conditions:

1. The petitioner must obtain all permits from Hernando County and other applicable agencies and meet all applicable land development regulations, for either construction or use of the property, and complete all applicable development review processes.

2. Planning

   A. Allowed Uses in this PDP: Multifamily complex and associated accessory uses.

   B. Maximum number of Dwelling Units Allowed: 125

   C. Maximum number of dwelling units per building: 60 (Deviation from 12)

   D. Maximum Building Coverage: 45%

   E. Minimum Building Separation: 15'

   F. Minimum dwelling unit square footage: 600 square feet

   G. Maximum Building Height: ~~65' / 4 stories (deviation from~~ 45' / 3 stories~~)~~

   H. The petitioner should work with TheBus and the County Engineer to see if a transit stop can be installed on or near the development to provide access to alternate forms of transportation for the residents.

   I. Setbacks (inclusive of the vegetated buffer)

   - North: 25'
   - South: 20'
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   - West: 10'

3. **Buffers and Permanent Screening:**

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height of five (5) feet at the time of planting (*Appendix A, Article VIII, Section 1(C)).*

- North: 20' (natural vegetative buffer supplemented where necessary)
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A. Natural vegetation is to be retained in the buffers and enhanced with trees and vegetation to meet 80% opacity requirement within 12 months.

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B. This site is adjacent to the "Nature Coast Commons" project and across the discharge path of the outfall from that project. The discharge flow path must be addressed in any development of the site. Development was after the detailed watershed study.

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   The petitioner must apply for and receive a "Finding of School Capacity" from the School District prior to the approval of the conditional plat or the functional equivalent. The County will only issue a certificate of concurrency for schools upon the School District's written determination that adequate school capacity will be in place or under actual construction within three (3) years after the issuance of subdivision approval or site plan approval (or functional equivalent) for each level of school without mitigation, or with the execution of a legally binding proportionate share mitigation agreement between the applicant, the School District and the County.

   Without Conditional Plat or the functional equivalent in place, the School Districts finding of school capacity expires within 1 year of issuance.

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9. Prior to the issuance of an approved set of construction plans, the developer shall provide the Department of Public Works and The Planning Department with a contact list of any known contractors and professionals that will be working on the site as well as designating a primary contact should issues arise.

10. The petitioner shall provide a revised plan in compliance with all the performance conditions within 30 calendar days of BCC approval. Failure to submit the revised plan will result in no further development permits being issued.

APPENDIX C

BOARD OF COUNTY COMMISSION

ACTION

APPENDIX C – BOARD OF COUNTY COMMISSION ACTION:

On June 28, 2024, the Board of County Commission voted 5-0 to adopt a resolution denying the petitioner's request for a rezoning from AG (Agricultural) to PDP(MF)/ Planned Development Project (Multi-Family) with deviations. The Board of County Commissioners determined that the request was too intense for the subject site and incompatible with the area.

Exhibit "B"

BRIEF OVERVIEW:

On July 25, 2024, Raysor Ventures, LLC filed its Request for Relief under the Florida Land Use and Environmental Dispute Resolution Act ("FLUEDRA").

On December 19, 2024, Hernando County staff and Raysor Ventures, LLC attended mediation on the dispute and then prepared the Mediated Settlement Agreement.

On January 10, 2025, the Mediated Settlement Agreement was fully executed and is presented here for consideration by the Board.

BOARD OF COUNTY COMMISSION ACTION:

On February 25, 2025, the Board of County Commission voted 3-2 to adopt a resolution approving the Mediated Settlement Agreement for a rezoning from AG (Agricultural) to +/- 5.7 acres of PDP(MF)/Planned Development Project (Multi-family) and +/- 7.9 acres of CV/Conservation with modified performance conditions:

1. The petitioner must obtain all permits from Hernando County and other applicable agencies and meet all applicable land development regulations, for either construction or use of the property, and complete all applicable development review processes.

2. Planning

   A. Allowed Uses in this PDP: Multifamily complex and associated accessory uses.

   B. Maximum number of Dwelling Units Allowed: ~~125~~ 90

   C. Maximum number of dwelling units per building: ~~60~~ 50

   D. Maximum Building Coverage: 45%

   E. Minimum Building Separation: 15'

   F. Minimum dwelling unit square footage: 600 square feet

   G. Maximum Building Height: 45' / 3 stories

   H. The petitioner should work with TheBus and the County Engineer on sidewalks to see if a transit stop can be installed on or near the development to provide access to alternate forms of transportation for the residents.

   I. Setbacks (inclusive of the vegetated buffer)

   - North: 25'
   - South: 20'
   - East: 10'
   - West: 10'

3. **Buffers and Permanent Screening:**

A buffer shall be required between a Planned Development Project land use which is multifamily or non-*residential* and a land use, external to the PDP, which is *residential, agricultural-residential, or agricultural.* The buffer shall consist of a minimum five-foot landscaped separation distance. The multifamily or nonresidential use located on such lot shall be permanently screened from the adjoining and contiguous properties by a wall, fence, and/or approved enclosures. Such screening shall have a minimum height of five (5) [feet] and a maximum height of eight (8) feet, or an evergreen hedge with a minimum height of five (5) feet at the time of planting (*Appendix A, Article VIII, Section 1(C)).*

- North: ~~20'~~ 25' (natural vegetative buffer supplemented where necessary)
- South: 5'
- East: 5'
- West: 5'

*Buffer fencing – the required greenery shall be installed on the side of the fence or wall that faces the adjacent property.

A. Natural vegetation is to be retained in the buffers and enhanced with trees and vegetation to meet 80% opacity requirement within 12 months.

B. Vegetated buffers shall remain undisturbed, with the exception of the removal of invasive species or dead trees (without the use of large machinery that would level the buffer). Buffers may not include any stormwater management facilities, utility easements or drainage retention areas.

4. **Environmental:**

A. A **comprehensive floral and faunal (wildlife) survey** shall be prepared by a qualified professional and submitted as part of the Conditional Plat application stage of development. The petitioner is required to comply with all applicable FWC regulations and permitting. Jurisdictional wetland lines shall be established and shown on all plans submitted for this project. A buffer around the wetlands, with an average of 20', with no portion of the buffer being less than 15' wide, shall be shown all plans submitted for this project.

B. Required Open Space: 2.04 acres

The petitioner shall preserve the minimum seven percent (15%) natural vegetation as required by the County's Land Development Regulations. The required natural vegetation may be included as part of the required open space.

Multifamily Development *(Appendix A, Article VIII, Section 1 (H)(1)(e))* Minimum open space required for multifamily developments containing

twelve (12) or more units: A minimum of fifteen (15) percent of the gross site must be maintained in open space. A minimum of fifty (50) percent of the required open space shall be in areas at least five hundred (500) square feet in size with no horizontal dimension less than fifteen (15) feet.

The designated open space shall be at least 500 square feet with no areas less than 15' in width.

C. Required Natural Vegetation: 29,621 square feet

Article II, Section 10-28 (2). Preserved natural vegetation and/or planted native vegetation shall be provided per the following standard. The county administrator or designee may grant deviations to this standard if changes in elevation or other conditions preclude meeting this standard.

D. Landscaping:

A minimum of fifteen (15) trees per acre shall be either preserved or installed. At least five (5) of those trees shall be shade trees. Unless otherwise approved for removal, specimen and majestic trees shall be preserved.

E. Invasive plant species if present are to be removed during the development process.

F. The petitioner must meet the minimum requirements of Florida Friendly Landscaping™ publications and the Florida Yards and Neighborhoods Program for required plantings and buffers, as applicable.

The Builder/Developer shall provide new property owners with Florida-Friendly Landscaping™ Program information and encourage the use of the principles, techniques, and landscaping recommendations. Information on the County's Fertilizer Ordinance and fertilizer use is to be included. Educational information is available through Hernando County Utilities Department.

5. Engineering:

F. The petitioner shall obtain all applicable permits from Hernando County and other applicable permitting agencies including, but not limited to, Southwest Florida Water Management District, Florida Dept. of Environmental Resources, Florida Dept. of Wildlife, in addition to meeting the Hernando County permitting requirements.

G. This site is adjacent to the "Nature Coast Commons" project and across the discharge path of the outfall from that project. The discharge flow path must be addressed in any development of the site. Development was after the detailed watershed study.

H. A Traffic Access Analysis shall be performed and provided to the Conty during the development process. The Traffic Access Analysis shall include a queuing analysis.

I. Any improvements identified by the Traffic Analysis shall be the responsibility of the developer to install.

J. A sidewalk shall be constructed along Osowaw Boulevard for the entire length of the parcel.

6. Utilities:

HCUD has no objection to the request, subject to a utility capacity analysis and connection to the central water and sewer systems at time of vertical construction.

7. Schools:

The petitioner must apply for and receive a "Finding of School Capacity" from the School District prior to the approval of the conditional plat or the functional equivalent. The County will only issue a certificate of concurrency for schools upon the School District's written determination that adequate school capacity will be in place or under actual construction within three (3) years after the issuance of subdivision approval or site plan approval (or functional equivalent) for each level of school without mitigation, or with the execution of a legally binding proportionate share mitigation agreement between the applicant, the School District and the County.

Without Conditional Plat or the functional equivalent in place, the School Districts finding of school capacity expires within 1 year of issuance.

8. The petitioner shall remove any barbed wire and/or electric fencing from the subject parcel(s) prior to the issuance of any Certificate of Occupancy being issued. This includes any areas designated as Buffers and Drainage Retention Areas designated as PDP(Special Use) on plats.

9. Prior to the issuance of an approved set of construction plans, the developer shall provide the Department of Public Works and The Planning Department with a contact list of any known contractors and professionals that will be working on the site as well as designating a primary contact should issues arise.

10. A boulevard entry feature, which entails a landscaped median that separates opposing traffic flows on the vehicular access point to the property must be provided.

11. A clubhouse must be located at or near the vehicular entrance to the property to: (1) provide a shield from the majority of the parking area visible from Osowaw Boulevard; and (2) improve vehicular circulation within the parking area for emergency services and solid waste and recycling.

12. A neighborhood park, including a playground, shall be provided for the residents.

13. The building orientation shall be substantially similar to the building orientation shown on the Revised Master Plan.

14. The balance of the undeveloped subject site (+/- 7.9 acres) shall be rezoned and deemed Conservation. The area CV (Conservation) must comply with all regulations and requirements set forth in Appendix A, Article IV, Section 10 of the Land Use Regulations of Hernando County, Florida.

15. Project tenancy shall consist of a maximum of 15% 3 bedrooms, 45% 2 bedrooms and unlimited 1 bedroom units.

16. Project shall provide 10% holiday parking.

17. No fence shall be required along the project's perimeter.

18. The petitioner to provide a revised plan ~~shall provide a revised plan~~ in compliance with all the performance conditions within 30 calendar days of BCC approval. Failure to submit the revised plan will result in no further development permits being issued.

ATTACHMENT #13
APPROVED FHFC PRINCIPAL DISCLOSURE

Principal Disclosures for the Applicant

APPROVED for HOUSING CREDITS
FHFC Advance Review
Received 6.18.2024; Approved 6.19.2024

Select the organizational structure for the Applicant entity:

The Applicant is a: Limited Liability Company

Provide the name of the Applicant Limited Liability Company:

Vesta FL AH Partners I, LLC

First Principal Disclosure Level:

Click here for Assistance with Completing the Entries for the First Level Principal Disclosure for the Applicant

First Level Entity #	Select Type of Principal of Applicant	Enter Name of First Level Principal	Select organizational structure of First Level Principal identified
1.	Manager	Middleburg Vesta FL AH Partners I, LLC	Limited Liability Company
2.	Non-Investor Member	Newstar Vesta FL AH Partners I, Inc.	For-Profit Corporation
3.	Non-Investor Member	Middleburg Vesta FL AH Partners I, LLC	Limited Liability Company
4.	Investor Member	Middleburg Vesta FL AH Partners I, LLC	Limited Liability Company

Second Principal Disclosure Level:

Vesta FL AH Partners I, LLC

Click here for Assistance with Completing the Entries for the Second Level Principal Disclosure for the Applicant

Select the corresponding First Level Principal Entity # from above for which the Second Level Principal is being identified	Second Level Entity #	Select the type of Principal being associated with the corresponding First Level Principal Entity	Enter Name of Second Level Principal	Select organizational structure of Second Level Principal identified
1. (Middleburg Vesta FL AH Partner	1.A.	Manager	Middleburg AH Holdings, LLC	Limited Liability Company
1. (Middleburg Vesta FL AH Partner	1.B.	Sole Member	Middleburg AH Holdings, LLC	Limited Liability Company
2. (Newstar Vesta FL AH Partners I,	2.A.	Executive Director	Evjen, Brian	Natural Person
2. (Newstar Vesta FL AH Partners I,	2.B.	Officer/Director	Corder, Justin	Natural Person
2. (Newstar Vesta FL AH Partners I,	2.C.	Officer/Director	Evjen, Brian	Natural Person
2. (Newstar Vesta FL AH Partners I,	2.D.	Shareholder	Newstar Holdings, LLC	Limited Liability Company
3. (Middleburg Vesta FL AH Partner	3.A.	Manager	Middleburg AH Holdings, LLC	Limited Liability Company
3. (Middleburg Vesta FL AH Partner	3.B.	Sole Member	Middleburg AH Holdings, LLC	Limited Liability Company

Third Principal Disclosure Level:

Vesta FL AH Partners I, LLC

Click here for Assistance with Completing the Entries for the Third Level Principal Disclosure for the Applicant

Select the corresponding Second Level Principal Entity # from above for which the Third Level Principal is being identified	Third Level Entity #	Select the type of Principal being associated with the corresponding Second Level Principal Entity	Enter Name of Third Level Principal who must be either a Natural Person or a Trust	The organizational structure of Third Level Principal identified Must be either a Natural Person or a Trust
1.A. (Middleburg AH Holdings, LLC)	1.A.(1)	Manager	Finlay, Christopher	Natural Person
1.A. (Middleburg AH Holdings, LLC)	1.A.(2)	Member	Finlay, Christopher	Natural Person
1.A. (Middleburg AH Holdings, LLC)	1.A.(3)	Member	Geans, Kory	Natural Person
1.B. (Middleburg AH Holdings, LLC)	1.B.(1)	Manager	Finlay, Christopher	Natural Person
1.B. (Middleburg AH Holdings, LLC)	1.B.(2)	Member	Finlay, Christopher	Natural Person
1.B. (Middleburg AH Holdings, LLC)	1.B.(3)	Member	Geans, Kory	Natural Person
2.D. (Newstar Holdings, LLC)	2.D.(1)	Manager	Evjen, Brian	Natural Person
2.D. (Newstar Holdings, LLC)	2.D.(2)	Manager	Corder, Justin	Natural Person
2.D. (Newstar Holdings, LLC)	2.D.(3)	Member	Evjen, Brian	Natural Person
2.D. (Newstar Holdings, LLC)	2.D.(4)	Member	Corder, Justin	Natural Person
3.A. (Middleburg AH Holdings, LLC)	3.A.(1)	Manager	Finlay, Christopher	Natural Person
3.A. (Middleburg AH Holdings, LLC)	3.A.(2)	Member	Finlay, Christopher	Natural Person
3.A. (Middleburg AH Holdings, LLC)	3.A.(3)	Member	Geans, Kory	Natural Person
3.B. (Middleburg AH Holdings, LLC)	3.B.(1)	Manager	Finlay, Christopher	Natural Person
3.B. (Middleburg AH Holdings, LLC)	3.B.(2)	Member	Finlay, Christopher	Natural Person
3.B. (Middleburg AH Holdings, LLC)	3.B.(3)	Member	Geans, Kory	Natural Person

Principal Disclosures for the two Developers

APPROVED for HOUSING CREDITS
FHFC Advance Review
Received 6.18.2024; Approved 6.19.2024

How many Developers are part of this Application structure? (Please complete the Principal Disclosures for each of the two Co-Developers below.)

2

Select the organizational structure for the first Co-Developer entity:

The first Co-Developer is a: Limited Liability Company

Provide the name of the Developer Limited Liability Company:

Middleburg Communities, LLC

First Principal Disclosure Level:

Middleburg Communities, LLC

Click here for Assistance with Completing the Entries for the First Level Principal Disclosure for a Developer

First Level Entity #	Select Type of Principal of Developer	Enter Name of First Level Principal	Select organizational structure of First Level Principal identified
1.	Member	Thistle Investments, LLC	Limited Liability Company
2.	Member	Geans, Kory	Natural Person
3.	Manager	Finlay, Christopher	Natural Person

Second Principal Disclosure Level:

Middleburg Communities, LLC

Click here for Assistance with Completing the Entries for the Second Level Principal Disclosure for a Developer

Select the corresponding First Level Principal Entity # from above for which the Second Level Principal is being identified	Second Level Entity #	Select the type of Principal being associated with the corresponding First Level Principal Entity	Enter Name of Second Level Principal	Select organizational structure of Second Level Principal identified
1. (Thistle Investments, LLC)	1.A.	Manager	Finlay, Christopher	Natural Person
1. (Thistle Investments, LLC)	1.B.	Member	Christopher C. Finlay Revocable Trust	Trust
1. (Thistle Investments, LLC)	1.C.	Member	Rebecca J. Finlay Revocable Trust	Trust
1. (Thistle Investments, LLC)	1.D.	Member	The Finlay Family Dynasty Trust	Trust

Principal Disclosures for the two Developers

APPROVED for HOUSING CREDITS
FHFC Advance Review
Received 6.18.2024; Approved 6.19.2024

Select the organizational structure for the second Co-Developer entity:

The second Co-Developer is a: Limited Liability Company

Provide the name of the Developer Limited Liability Company:

Newstar Development, LLC

First Principal Disclosure Level:

Newstar Development, LLC

Click here for Assistance with Completing the Entries for the First Level Principal Disclosure for a Developer

First Level Entity #	Select Type of Principal of Developer	Enter Name of First Level Principal	Select organizational structure of First Level Principal identified
1.	Manager	Evjen, Brian	Natural Person
2.	Manager	Corder, Justin	Natural Person
3.	Manager	Higgins, Richard L.	Natural Person
4.	Member	Anise Development, LLC	Limited Liability Company
5.	Member	Corder Development, LLC	Limited Liability Company

Second Principal Disclosure Level:

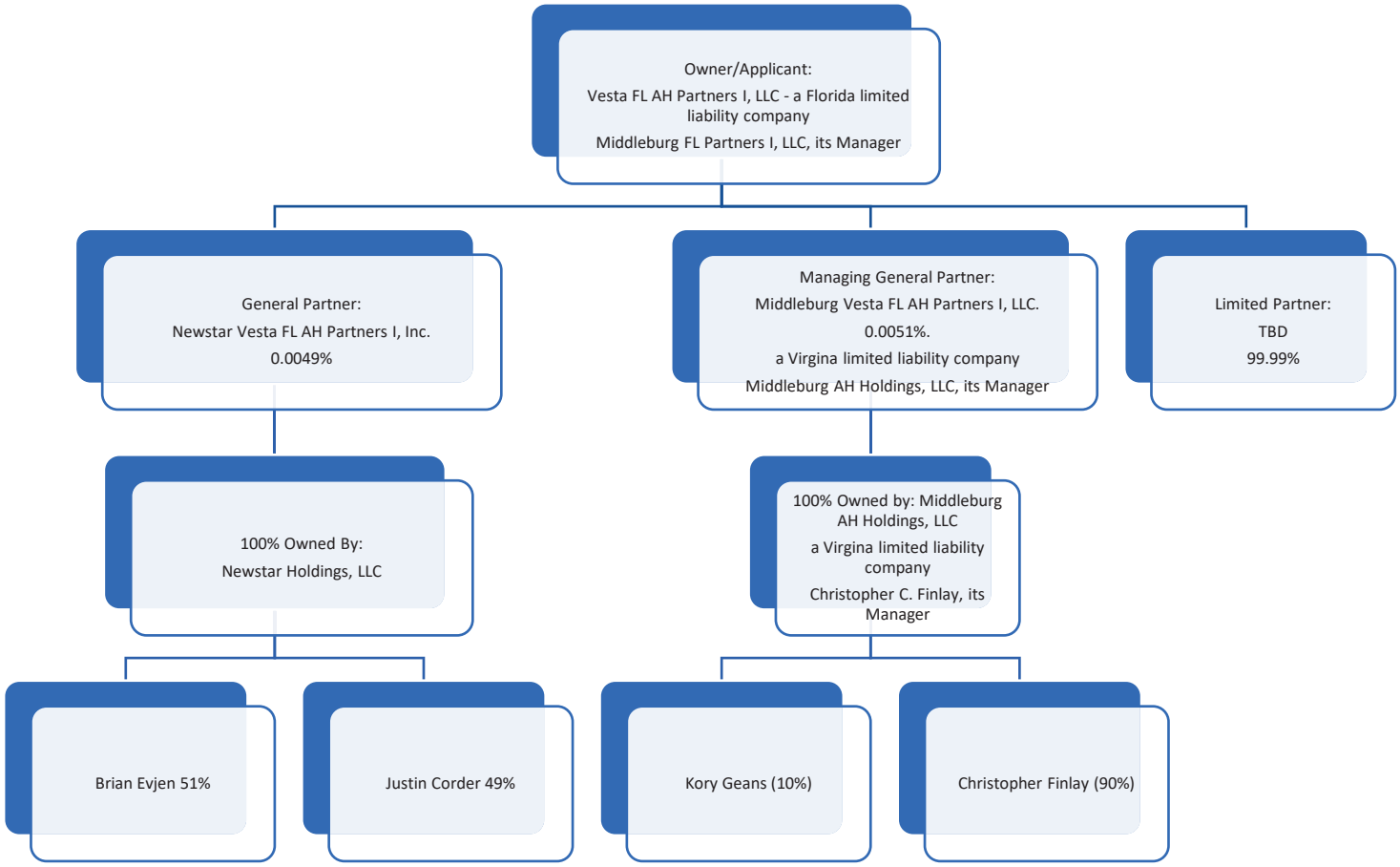
Newstar Development, LLC

Click here for Assistance with Completing the Entries for the Second Level Principal Disclosure for a Developer

Select the corresponding First Level Principal Entity # from above for which the Second Level Principal is being	Second Level Entity #	Select the type of Principal being associated with the corresponding First Level Principal Entity	Enter Name of Second Level Principal	Select organizational structure of Second Level Principal identified
4. (Anise Development, LLC)	4.A.	Sole Member	Evjen, Brian	Natural Person
4. (Anise Development, LLC)	4.B.	Manager	Evjen, Brian	Natural Person
5. (Corder Development, LLC)	5.A.	Sole Member	Corder, Justin	Natural Person
5. (Corder Development, LLC)	5.B.	Manager	Corder, Justin	Natural Person

ATTACHMENT #14
APPLICANT ORGANIZATIONAL CHART

Organization Chart – Vesta FL AH Partners I



ATTACHMENT #15
RESIDENT SERVICES

RESIDENT SERVICES

Newstar & Middleburg will commit to providing a resident services program that will be tailored to the premises based on the facilities. The program will be multi-faceted to accommodate and meet the needs of the residents of Vesta at Osowaw. The resident services program will provide all programs required by all land use restrictive covenant agreements applicable to the premises, free of charge. The program may include services like the following:

- Financial Counseling
    - Financial counseling services will be regularly scheduled, no less than once a quarter. The counseling will include tax preparation services and educational workshops on topics like "Learning to Budget", "Handling Personal Finances", or "Comparison Shopping for the Consumer".
- Employment Opportunity Program
    - The employment opportunity program will include regularly scheduled classes on topics and skills relevant to the current work force. This includes typing, computer literacy, secretarial skills, job interview techniques, and other useful job skills.
- Homeownership Opportunity Program
    - The applicant will work in conjunction with local realtors or lending institutions to provide free, on-site seminars for residents interested in becoming homeowners.

ATTACHMENT #16
NEWSTAR DEVELOPMENT RESUME &
MIDDLEBURG COMMUNITIES RESUME

Newstar Development – About Us

Newstar Development, LLC ("Newstar"), is a full-service development firm formed in 2020 by the Florida leadership team for Norstar Development USA ("Norstar"), Brian Evjen and Justin Corder. Norstar is also a member of Newstar.

Our development team completed its first affordable housing development in Florida in 2008, and all completed developments in Florida have been in partnership with Public Housing Authorities (PHAs), except for one project with a CRA (Community Redevelopment Agency).

Accordingly, the development team has extensive experience in residential multifamily development as well as partnerships with public housing authorities. Our team has expertise in all areas of financing low-income and public housing properties, knowledge of applications and corresponding approval processes, experience in working with low-income housing tax credits (LIHTC), bond programs, local finance authorities, HOME Funds, FHLB AHP funds, project-based Section 8 contracts, and other Mixed Finance Programs, including HOPE VI, Replacement Housing Factor and HUD capital funds. Our development team is also innovative in utilizing new programs when appropriate.

Newstar Development – Experience Applying for and Utilizing LGAO

Newstar cultivates and maintains close relationships with local government housing and community development departments to garner support for its developments. This has resulted in Newstar's projects receiving four LGAO (Local Government Area of Opportunity) funding commitments in Pinellas County for its Heritage Oaks (PCHA, 2016, 2020, & 2021) and Eagle Ridge (TSHA, 2017) projects and two LGAO commitments from the City of Pinellas Park (Sunshine Lofts on 78th, 2020 & 2021). In medium counties Newstar has received four LGAO commitment from City of Gainesville (Woodland Park Phase II, 2020, 2021, 2022, and 2023), the first LGAO commitment in Charlotte County (Verandas of Punta Gorda III, 2018), three LGAO commitment from the City of Punta Gorda (Verandas of Punta Gorda III, 2020 & 2021 and Vesta Esperanza Village, 2022), and two LGAO commitments in Manatee County by the City of Bradenton (Lincoln Village, 2018 & Bryant Commons, 2021).

Florida Housing Finance Corp. (FHFC) created the LGAO funding commitment in 2016 to give local governments a way to select their preferred affordable housing project, and these commitments elevated our tax credit application scores to make them more competitive in FHFC's annual tax credit cycles, thus increasing the likelihood of an award. Since 2016, Newstar has completed three LGAO-awarded developments and has one more under construction as of the date of this response.

The Verandas of Punta Gorda – Phase III

Punta Gorda, Florida

The Verandas of Punta Gorda – Phase III (Verandas III) is a 72-unit affordable housing project being developed in partnership with the Punta Gorda Housing Authority (PGHA). Financing included 9% Low-Income Housing Tax Credits, LGAO from the City of Punta Gorda, and various forms of funding from Charlotte County including BOCC, SHIP, and the County's first Affordable Housing Trust fund Grant. Total development cost was approximately $25,323,869. Verandas III serves tenants at 35% AMI and 60% AMI. Unit sizes include 1BR – 718sf, 2BR – 1,063sf, and 3BR – 1,325sf, which are contained in three-story garden style buildings. This project was completed in February of 2025, on-time and under-budget.

Valor Preserve

Seminole, Florida

Valor Preserve is a 64-unit family affordable housing project completed in partnership with the Pinellas County Housing Authority (PCHA). Valor Preserve serves disabled and veterans of the US Armed Forces, with all units fully accessible. Financing included 9% Low-Income Housing Tax Credits, as well as SAIL and CHIRP/Viability loans from FHFC, Home Depot Foundation grant, and Pinellas County-issued SHIP funding. Total development cost was $27,020,470. Valor Preserve serves tenants at 30% AMI, 33% AMI and 60% AMI. Unit sizes include 1BR – 723sf and 2BR – 1,065sf, which are contained in one-story and two-story garden style buildings. Valor Preserve is certified silver from National Green Building Standard (NGBS). This project was completed in June 2024 on-time and under-budget.

Jordan Park

St. Petersburg, Florida

Jordan Park is a fully affordable development consisting of 206 acquisition-rehab family units and 60 new construction senior units. Newstar completed this redevelopment in partnership with the St. Petersburg Housing Authority (SPHA). Financing included 4% Low-Income Housing Tax Credit equity from RBC, Pinellas County HFA-issued bonds, City of St. Petersburg CRA funds, construction and permanent (agency) loans from KeyBank, and SPHA funds. The total development cost was $93,108,000. Jordan Park serves tenants from 20% AMI to 60% AMI. Completed in October 2023, Jordan Park (new construction building) is certified silver from National Green Building Standard (NGBS).

Lincoln Village Apartments

Bradenton, Florida

Lincoln Village is a 50-unit family affordable housing project completed in partnership with the Bradenton Central Community Redevelopment Agency (CRA). Financing included 9% Low-Income Housing Tax Credits ($0.94 tax credit pricing) and total development cost was $13,364,000. Lincoln Village serves tenants at 33% AMI and 60% AMI and has 10% market rate units. Unit sizes include 1BR – 882sf, 2BR – 998sf, and 3BR – 1,385sf, which are contained in three-story and two-story garden style buildings. Lincoln Village is certified silver from National Green Building Standard (NGBS). This project was completed in July 2021 on-time and under-budget.

Eagle Ridge Apartments

Tarpon Springs, Florida

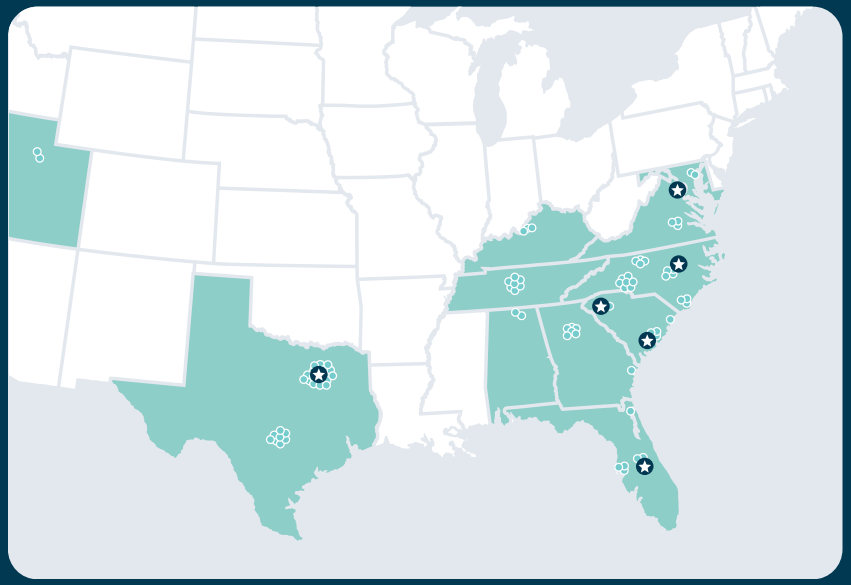
Eagle Ridge is a 71-unit family affordable housing project completed in partnership with the Tarpon Springs Housing Authority (TSHA). Financing included 9% Low Income Housing Tax Credits ($0.955 tax credit pricing) as well as Pinellas County funds, and total development cost was $18,178,000. Eagle Ridge serves tenants at 60% AMI and lower. Unit sizes include 1BR – 720sf, 2BR – 994sf, and 3BR – 1,320sf. This project was completed in February 2021 on-time and under-budget.

MIDDLEBURG
COMMUNITIES

2030

Middleburg is a leading real estate investment firm maximizing stakeholder value through a socially conscious, fully integrated approach to the acquisition, development, construction, and management of high-quality, attainable rental housing.

We are headquartered in Vienna, Virginia and have regional offices throughout our operating footprint.



* Current and Historical Portfolio

Founded in **2004**

$3.5B in Multifamily Transactions

23,000+ Units Acquired and Developed

150+ Team Members in Regional Offices

3,000+ Units Under Construction

Licensed GC in **8 States**

1,114 Hours of Team Community Service

Investment Management

We leverage our in-house research and analytics team to forecast market performance, shift between acquisitions and development, increase asset value, and achieve maximum risk adjusted returns.

Development

We are one of the most active and successful developers of high-quality attainable multifamily and single-family rental communities in the Southeastern United States.

Construction

We are a licensed general contractor in eight states. Led by a team of tenured multifamily construction experts, our daily operations are guided by Character, Quality, Environmental Integrity, and Transparency.

Property Management

Our seasoned operations team is empowered by our industry leading technology and shared services platform that produces distinct and measurable outperformance.

Multifamily Community Design

Mosby represents Middle Market Class-A multifamily rental properties focused on providing best-in-class amenities and resident services in infill, suburban growth corridor and master-planned communities. Our communities are in proximity to employment, retail, entertainment and heathcare.

Mosby draws from:

- Young professionals, growing families and retirees
- Highly diverse mix of professionals (nurses, teachers, police officers, hospitality workers, engineers and consultants)

Mosby Community Design Principles

DESIGN

Site layouts contribute to the betterment of the surrounding community

Building layouts facilitate seamless interaction between indoor and outdoor spaces

Design improves the quality of life and fosters a sense of satisfaction among residents

HOME

Small and Large unit layouts

Studio, 1, 2, & 3 bedroom apartment homes

Unit layouts and features which provide dedicated space for pets, crafts, or a home office

1.2 - 1.8 parking spaces per unit

GREEN

Thoughtful building placement to create a variety of separate outdoor spaces for relaxation and play

Sidewalk and trails around natural points of interest

Community gardens

CONNECTIVITY

Connected to the surrounding community in proximity to town centers, restaurants, entertainment, healthcare, and transit

Architecture

Mosby Design

2034

Architecture

Florida Housing Finance Corporation Local Government Area Of Opportunity Funding Form

Name of Development: Vesta at Osowaw

Development Location: Osowaw Blvd, Huntley Subdivison, Lot 3 LESS THOSE PARCELS DES IN ORB 2383 PG 257 & ORB 2505 PG 1706, Hernando County, FL

(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). If the Development consists of Scattered Sites, the Development Location stated above must reflect the Scattered Site where the Development Location Point is located.)

The city/county of Hernando commits $_____ as a cash grant and/or commits $ 340,000.00 as a cash loan to the Applicant for its use solely for assisting the proposed Development referenced above.

Acknowledgements

The contribution is intended to be a Local Government Area of Opportunity Contribution for use in RFA 201, making this Development potentially eligible for the Local Government Area of Opportunity Goal.

The city/county stated above acknowledges that the RFA allows each city and county to contribute funding in the form of a cash loan and/or cash grant to a maximum of one Development. The city/county stated above has contributed Local Government Area of Opportunity funding only for the above-named Development and has not contributed Local Government Area of Opportunity to any other Development competing in this same RFA.

I have read and understand the Local Government Area of Opportunity qualifications of the above referenced RFA, which includes understanding that the city/county stated above may receive lower preference for the Local Government Area of Opportunity Goal in a future corresponding RFA for up to two years.

No consideration or promise of consideration has been given with respect to the loan or grant. For purposes of the foregoing, the promise of providing affordable housing does not constitute consideration. The commitment for this loan or grant must be effective as of the Application Deadline for the applicable RFA and is provided specifically with respect to the proposed Development.

Certification

The contribution stated above is for the Applicant's use and is solely for assisting the proposed Development referenced above. I certify that the foregoing information is true and correct, and that this commitment is effective at least through the date required in the applicable RFA.

_____	Brian Hawkins
Signature	Print or Type Name
Chaiman, Board of County Commissioners	_____
Print or Type Title	Date Signed - This form is valid for nine months from this date.

NOTE TO LOCAL GOVERNMENT OFFICIAL: Additional information is set forth in the applicable Request for Application under which the Applicant is applying for funding for the above referenced Development.

This certification must be signed by the chief appointed official (staff) responsible for such approvals, such as the Mayor, City Manager, County Manager /Administrator/Coordinator, Chairperson of the City Council/Commission or Chairperson of the Board of County Commissioners. If the contribution is from a Land Authority organized pursuant to Chapter 380.0663, Florida Statutes, this certification must be signed by the Chair of the Land Authority. One of the authorized persons, as described above may sign this form for certification of state, federal or Local Government funds initially obtained by or derived from a Local Government that is directly administered by an intermediary such as a housing finance authority, a community reinvestment corporation, or a state-certified Community Housing Development Organization (CHDO). Other signatories are not acceptable. The Applicant will not receive credit for this contribution if the certification is improperly signed. The amount of the contribution stated on this form must be a precise dollar amount and cannot include words such as estimated, up to, maximum of, not to exceed, etc.

If there are alterations made to this form that change the meaning of the form, the form will not be accepted.

(Form Rev. 03-2025)

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
BY _____
County Attorney's Office

SELECTION CRITERIA: expledgr.key_orgn='35051'
ACCOUNTING PERIOD: 11/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1271 ST HOUSING INIT PRTNRSHP
DEPARTMENT-35051 SHIP GRANT - HOUSING AUTH
1ST SUBTOTAL-510 * PERSONAL SERVICES

ACCOUNT	- - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
5101200	SALARIES & WAGES-REGULAR	44,000.00	.00	.00	.00	44,000.00	.00
5102100	FICA TAXES-MATCHING	3,500.00	.00	.00	.00	3,500.00	.00
5102200	RETIREMENT CONTRIBUTIONS	2,000.00	.00	.00	.00	2,000.00	.00
5102300	LIFE & HEALTH INSURANCE	20,200.00	.00	.00	.00	20,200.00	.00
5102400	WORKERS COMP PREMIUMS	150.00	.00	.00	.00	150.00	.00
	TOTAL * PERSONAL SERVICES	69,850.00	.00	.00	.00	69,850.00	.00
1ST SUBTOTAL-530 * OPERATING EXPENSES							
5303419	CONTR SRV-HOMEBUYER CLAS	25,000.00	.00	.00	.00	25,000.00	.00
5303420	CONTR SRV-SHIP ADMIN CHR	115,800.00	.00	12,500.00	15,084.27	88,215.73	23.82
5303421	CONTR SRV-OWNR OCC REHAB	1,205,025.00	.00	64,534.55	861,219.56	279,270.89	76.82
5303422	CONTR SRV-DPA-EXISTING	750,000.00	.00	.00	555,169.16	194,830.84	74.02
5303424	CONTR SRV-MULTI-FAM HOUS	440,000.00	.00	.00	.00	440,000.00	.00
5303482	CONTR SRV-DPA-CONSTRUCTN	440,000.00	.00	.00	166,745.00	273,255.00	37.90
5303490	CONTR SRV-EMERGENCY RPRS	550,000.00	.00	.00	393,610.00	156,390.00	71.57
5303493	CONTR SVC-SPECIAL NEEDS	350,000.00	.00	.00	.00	350,000.00	.00
5303498	CONSTR SRV-NP CONSTRUCT	275,000.00	.00	.00	50,000.00	225,000.00	18.18
5303499	CONTR SRV- DISASTER	475,500.00	.00	.00	38,801.62	436,698.38	8.16
5304001	TRAVEL & PER DIEM	500.00	.00	.00	.00	500.00	.00
5304004	TRAVEL & PER DIEM-CLASS	2,000.00	.00	.00	.00	2,000.00	.00
5304701	PRINTING & BINDING	3,000.00	.00	.00	.00	3,000.00	.00
5304902	ADVERTISING-OTHER	1,500.00	.00	.00	54.41	1,445.59	3.63
5304934	FEES/COSTS-ADMIN	500.00	.00	.00	.00	500.00	.00
5304965	FEES / COSTS-NEW HIRES	150.00	.00	.00	.00	150.00	.00
5304978	FORGIVEN DEBT ON A/R	.00	.00	.00	15.00	-15.00	.00
5305101	OFFICE SUPPLIES	750.00	.00	.00	167.58	582.42	22.34
5305201	OPERATING SUPPLIES	2,000.00	.00	.00	206.89	1,793.11	10.34
5305221	OPER SUPP-CMPTR SOFTWARE	2,000.00	.00	.00	148.86	1,851.14	7.44
5305274	UNCAP EQUIP-TECH	2,750.00	.00	.00	2,172.53	577.47	79.00
5305402	DUES AND MEMBERSHIPS	1,000.00	.00	.00	250.00	750.00	25.00
5305506	EDUC-TRAINING & TUITION	3,000.00	.00	.00	.00	3,000.00	.00
	TOTAL * OPERATING EXPENSES	4,645,475.00	.00	77,034.55	2,083,644.88	2,484,795.57	46.51
1ST SUBTOTAL-590 * NON-OPERATING EXPENSES							
5909910	BUDGET RES FOR CONTINGNC	4,526,716.00	.00	.00	.00	4,526,716.00	.00
	TOTAL * NON-OPERATING EXPENSE	4,526,716.00	.00	.00	.00	4,526,716.00	.00
1ST SUBTOTAL-591 *TRANSFERS TO OTHER FUNDS							
5910011	TRNSF-GENERAL FUND (0011	50,000.00	.00	.00	.00	50,000.00	.00
	TOTAL *TRANSFERS TO OTHER FUN	50,000.00	.00	.00	.00	50,000.00	.00
	TOTAL SHIP GRANT - HOUSING AU	9,292,041.00	.00	77,034.55	2,083,644.88	7,131,361.57	23.25
	TOTAL ST HOUSING INIT PRTNRSH	9,292,041.00	.00	77,034.55	2,083,644.88	7,131,361.57	23.25

SELECTION CRITERIA: expledgr.key_orgn='35051'
ACCOUNTING PERIOD: 11/25

SORTED BY: FUND,DEPARTMENT,1ST SUBTOTAL,ACCOUNT
TOTALED ON: FUND,DEPARTMENT,1ST SUBTOTAL
PAGE BREAKS ON: FUND,DEPARTMENT

FUND-1271 ST HOUSING INIT PRTNRSHP
DEPARTMENT-35051 SHIP GRANT - HOUSING AUTH
1ST SUBTOTAL-591 *TRANSFERS TO OTHER FUNDS

ACCOUNT - - - - - TITLE - - - - -	BUDGET	PERIOD EXPENDITURES	ENCUMBRANCES OUTSTANDING	YEAR TO DATE EXP	AVAILABLE BALANCE	YTD/ BUD
TOTAL REPORT	9,292,041.00	.00	77,034.55	2,083,644.88	7,131,361.57	23.25

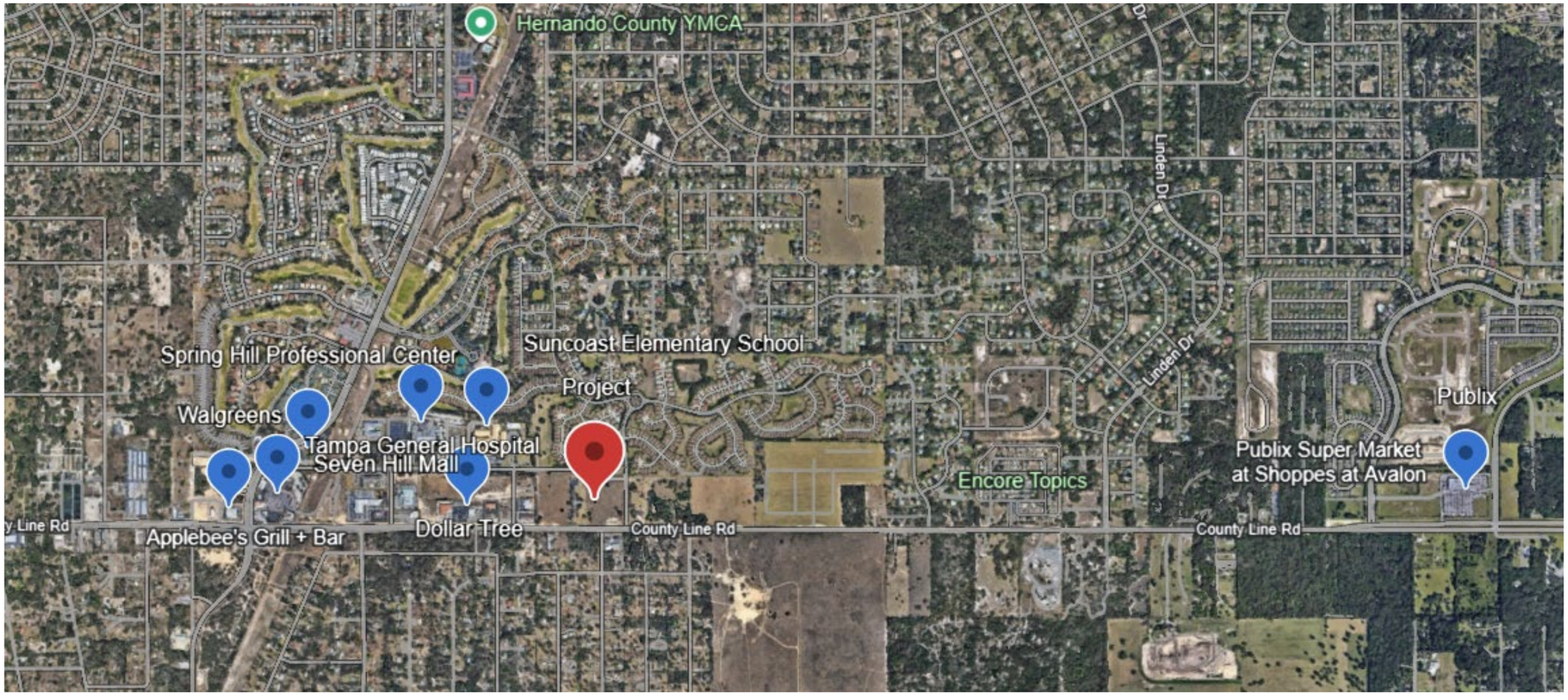
PACES PRESERVATION
Partners

The Palms at Spring Hill – a 96-unit Affordable Housing Development

PRESENTATION TO BOARD OF COUNTY COMMISSIONERS

August 12th, 2025

Site Overview

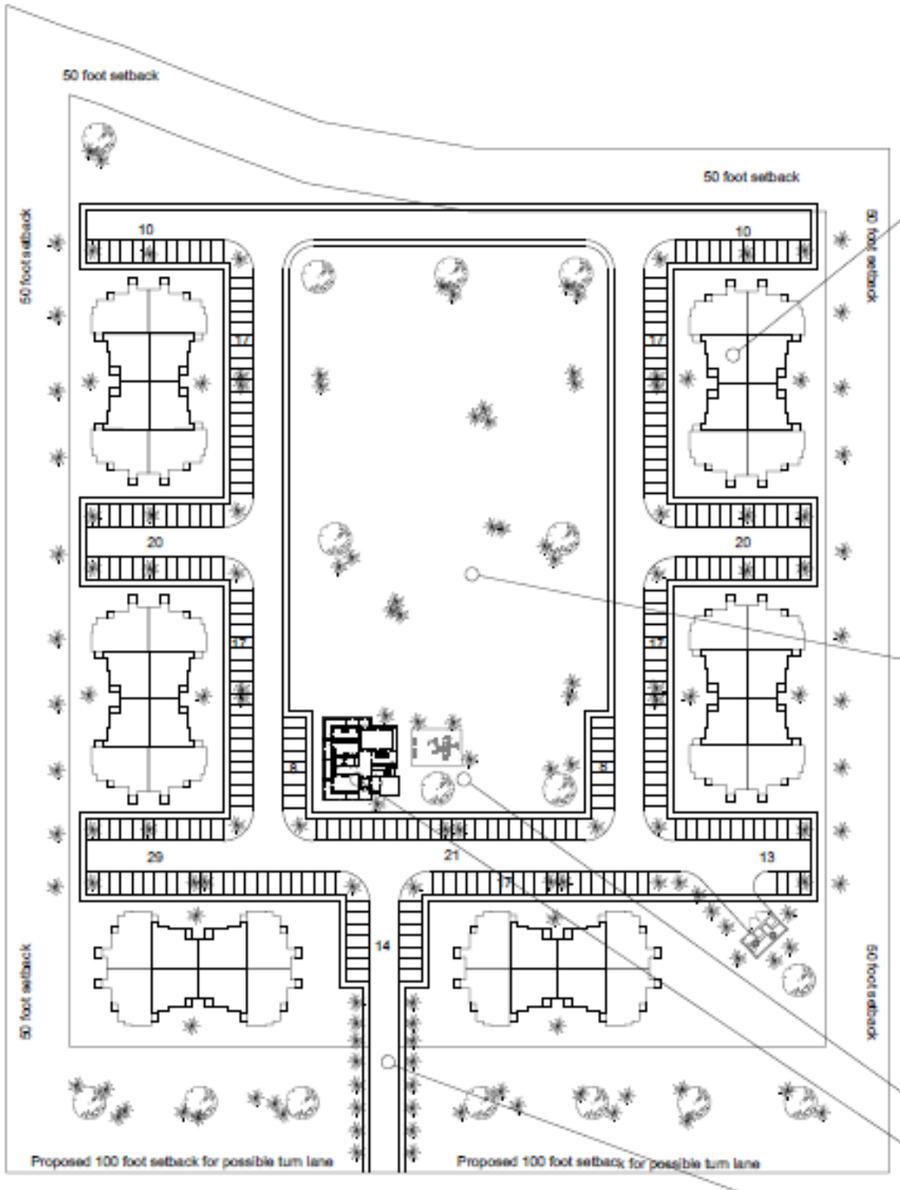


- Proximity to good and services
- Direct access to Highway leading into North and South Florida

The Palms at Spring Hill

- Units: 96
- Unit Mix: 1,2,3, and 4 bedrooms
- Affordability level: 30%, 60%, 80% AMI Levels
- Demographic: Family and Individuals with Disabilities
- Number of Buildings: 6 buildings
- Levels: 2 floors
- Access Points: Along County Line Road
- Amenities: Fitness Center, Clubhouse, Playground area, Computer Room, Green Space, Dog Park

Site Plan



16-unit Direct Entry Building Type
(6) Buildings proposed, (96) total Apartment Homes
Conceptual Elevation below

Neighborhood Center/ Open Green Space-
Trees, Walking Trails, Gazebos, Park Benches, Activities,
Social Gathering, Community Garden

Playground/ Kids Activities Area

Clubhouse/ Gathering Areas/ Activities

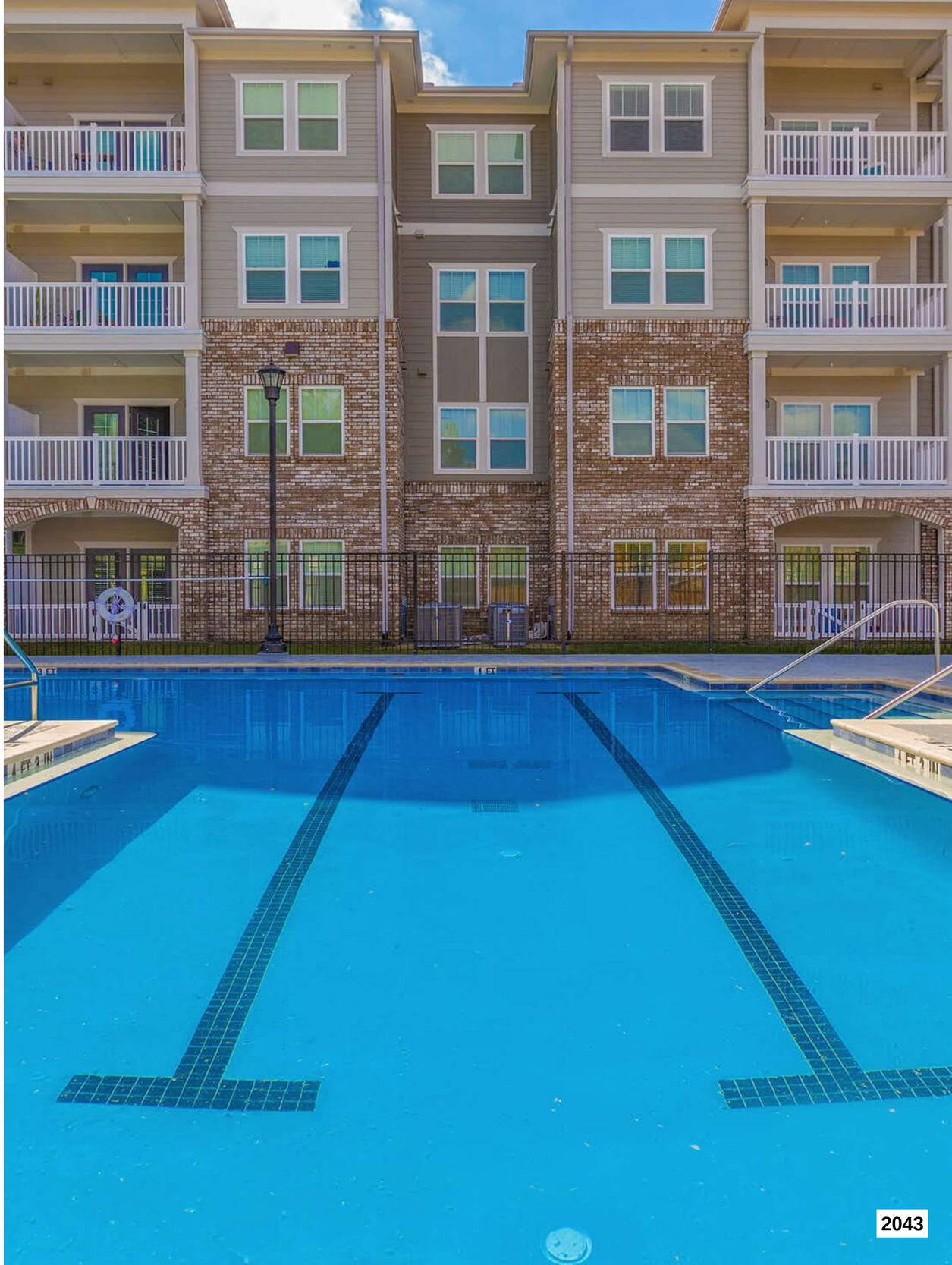
Tree-lined Boulevard Entry

- Ensures walkability
- 2:1 parking ratio
- Green space
- Playground area

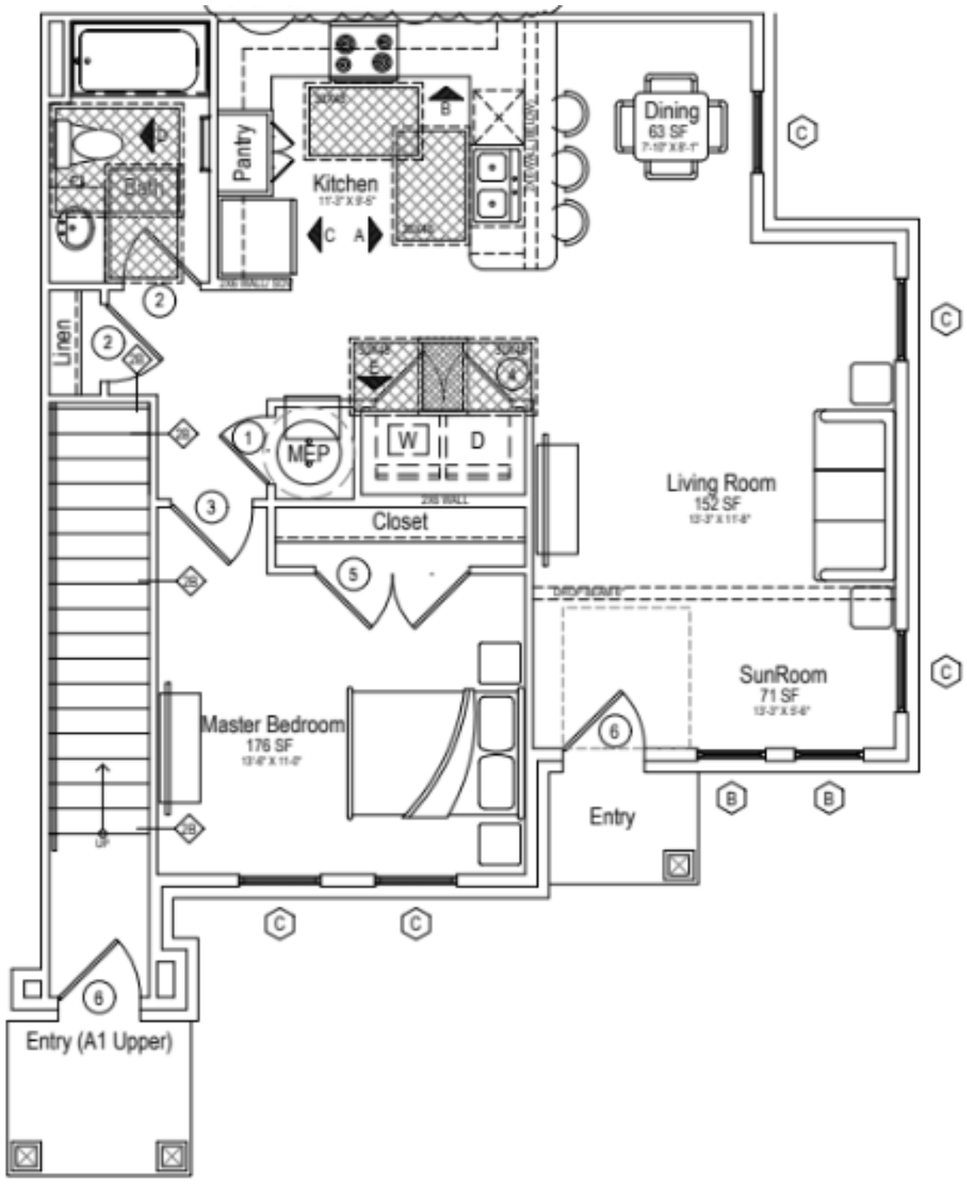
Floor Plans

Large floor plans

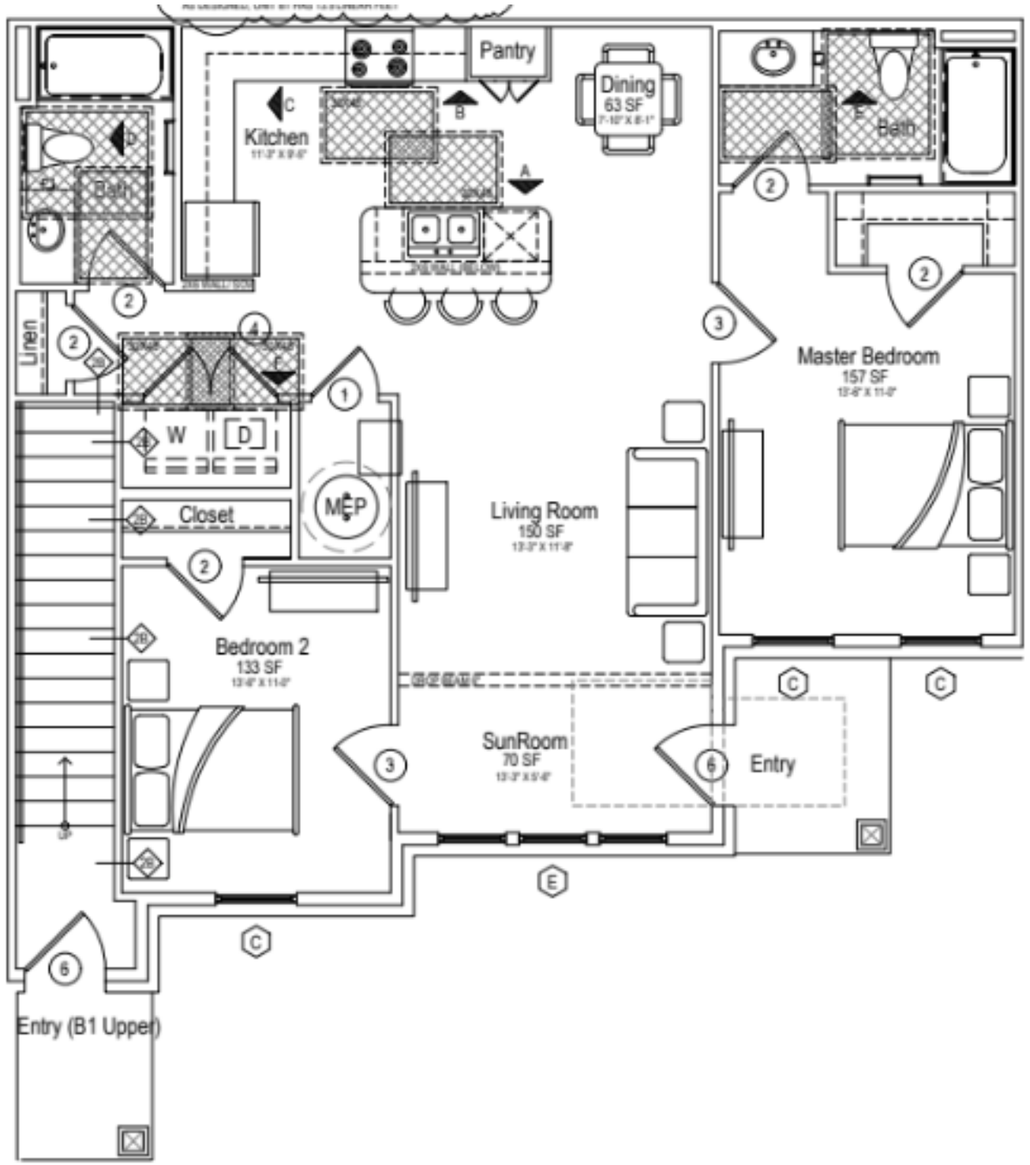
Average bedroom
1 bedroom – 775 SF
2 bedroom – 950 SF
3 bedroom – 1,200 SF
4 bedroom – 1,350 SF



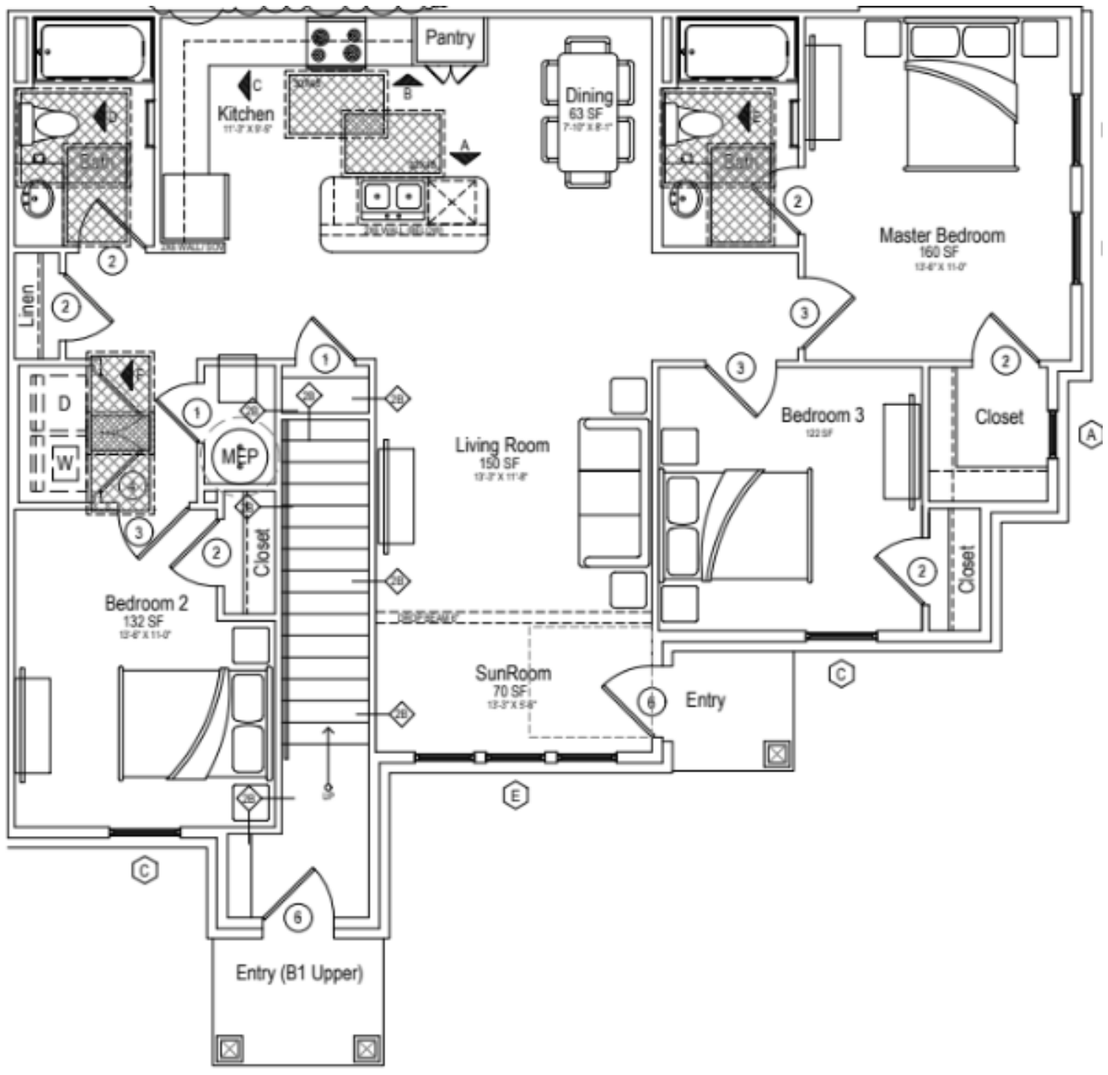
One-Bedroom Floor Plans



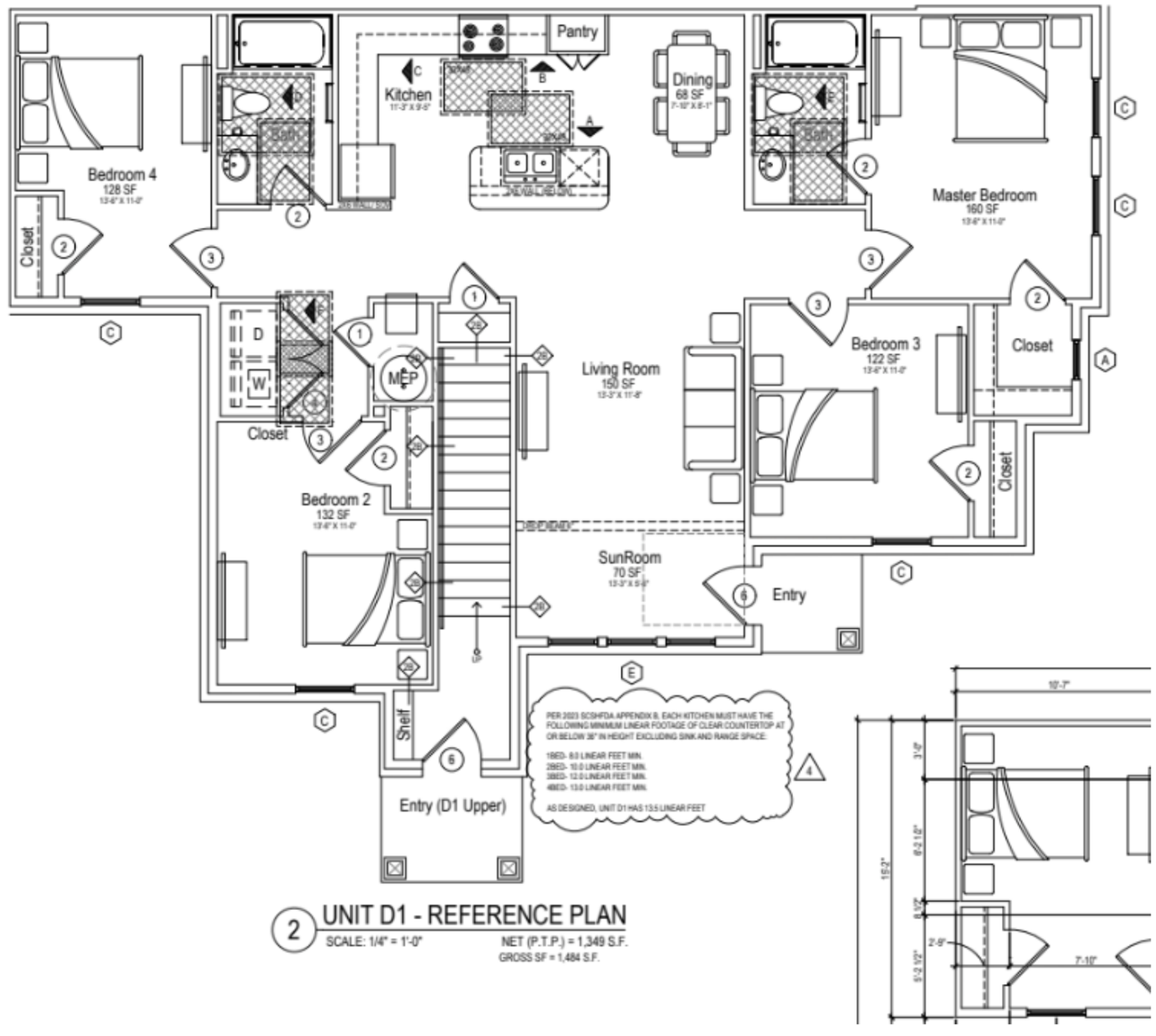
Two-Bedroom Floor Plan



Three-Bedroom Floor Plan



Four-Bedroom Floor Plan



2 UNIT D1 - REFERENCE PLAN

SCALE: 1/4" = 1'-0"

NET (P.T.P.) = 1,349 S.F.

GROSS SF = 1,484 S.F.

Local Government Contribution Request

- We respectfully request the board’s approval of the local government contribution of $340,000
- Upon approval, we anticipate submitting the development for a 9% LIHTC application through FHFC
- Targeting construction start in August 2026

Previous Amenity Renderings

We appreciate your time and consideration and are happy to answer any questions.

FLORIDA HOUSING FINANCE CORPORATION
LOCAL GOVERNMENT VERIFICATION OF CONTRIBUTION – LOAN FORM

Name of Development: The Palms at Spring Hill

Development Location: 11323 County Line Rd, Spring Hill, FL 34609, Hernando County, FL

(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). If the Development consists of Scattered Sites, the Development Location stated above must reflect the Scattered Site where the Development Location Point is located.)

The City/County of Hernando, commits $ 50,000.00 at face value, (which may be used as an FHFC Non-Corporation Funding Proposal in an Application for FHFC funding if it meets the required criteria) in the form of a reduced interest rate loan to the Applicant for its use solely for assisting the proposed Development referenced above.

Please note: In some competitive processes, Florida Housing will use the face value of the commitment minus the net present value of the commitment for scoring purposes. The net present value of the above-referenced loan, based on its payment stream, inclusive of a reduced interest rate and the designated discount rate (as stated in the applicable RFA) is: $50,000.00.

No consideration or promise of consideration has been given with respect to the loan. For purposes of the foregoing, the promise of providing affordable housing does not constitute consideration. The commitment for this loan must be effective as of the Application Deadline for the applicable RFA, and is provided specifically with respect to the proposed Development.

CERTIFICATION

I certify that the foregoing information is true and correct and that this commitment is effective at least through the date required in the applicable RFA.

Signature	Brian Hawkins Print or Type Name
Chair, Board of County Commissioners Print or Type Title	August 12, 2025 Date Signed

NOTE TO LOCAL GOVERNMENT OFFICIAL: Additional information is set forth in the applicable Request for Application under which the Applicant is applying for funding for the above referenced Development.

This certification must be signed by the chief appointed official (staff) responsible for such approvals, Mayor, City Manager, County Manager /Administrator/Coordinator, Chairperson of the City Council/Commission or Chairperson of the Board of County Commissioners. If the contribution is from a Land Authority organized pursuant to Chapter 380.0663, Florida Statutes, this certification must be signed by the Chair of the Land Authority. One of the authorized persons named above may sign this form for certification of state, federal or Local Government funds initially obtained by or derived from a Local Government that is directly administered by an intermediary such as a housing finance authority, a community reinvestment corporation, or a state-certified Community Housing Development Organization (CHDO). Other signatories are not acceptable. The Applicant will not receive credit for this contribution if the certification is improperly signed. The amount of the contribution stated on this form must be a precise dollar amount and cannot include words such as estimated, up to, maximum of, not to exceed, etc.

If there are alterations made to this form that change the meaning of the form, the form will not be accepted.

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
BY
County Attorney's Office

(Form Rev. 07-2022)

Florida Housing Finance Corporation Local Government Verification Of Contribution Form

Name of Development: The Palms of Spring Hill

Development Location: 11323 County Line Road, Spring Hill, FL 34609, Hernando County

(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). If the Development consists of Scattered Sites, the Development Location stated above must reflect the Scattered Site where the Development Location Point is located.)

Information regarding the Contribution*

Type of the ONE contribution to be used as a source*	Face amount of ONE contribution*	Net present value amount, if applicable	Contribution amount (face amount minus net present value)
Fee Deferral	$ 0.00	$ 0.00	$ 0.00
Fee Waiver	$ 0.00	Not applicable	Not applicable
Grant	$ 50,000.00	Not applicable	Not applicable
Loan to be repaid	$ 0.00	$ 0.00	$ 0.00
Loan with forgiveness	$ 50,000.00	Not applicable	Not applicable

*Each form can be used for one type of funding contribution. Use multiple forms if contributing multiple types of funding sources to the same Development (e.g. a combination of loans and grants).

This contribution will not be considered Local Government Area of Opportunity funding. In certain RFAs, this contribution may make the Development eligible for points or other preferences in the selection process. There is no limit on the number of such contributions the Local Government stated above may make to Developments competing in the same RFA. Additionally, loans and grants will be eligible to be considered as a source of funding for the Development.

Certification

This amount is valid for 12 months from the date signed and may be used in any RFA in which the Applicant applies during that time unless a specific RFA is designated here: 2025-201. (Designate an RFA number here if the contribution is only valid in a specific RFA and not intended to be submitted in any other RFA.)

The city/county of Hernando County commits the contribution stated above for the Applicant for its use solely for assisting the proposed Development referenced above. I certify that the foregoing information is true and correct, and that this commitment is effective at least through the date required in the applicable RFA.

Signature

Brian Hawkins
Print or Type Name

Chairman, Board of County Commissioners
Print or Type Title

August 12, 2025
Date Signed

NOTE TO LOCAL GOVERNMENT OFFICIAL: Additional information is set forth in the applicable Request for Application under which the Applicant is applying for funding for the above referenced Development.

This certification must be signed by the chief appointed official (staff) responsible for such approvals, such as the Mayor, City Manager, County Manager/Administrator/Coordinator, Chairperson of the City Council/Commission or Chairperson of the Board of County Commissioners. If the contribution is from a Land Authority organized pursuant to Chapter 380.0663, Florida Statutes, this certification must be signed by the Chair of the Land Authority. One of the authorized persons as described above may sign this form for certification of state, federal or Local Government funds initially obtained by or derived from a Local Government that is directly administered by an intermediary such as a housing finance authority, a community reinvestment corporation, or a state-certified Community Housing Development Organization (CHDO). Other signatories are not acceptable. The Applicant will not receive credit for this contribution if the certification is improperly signed. The amount of the contribution stated on this form must be a precise dollar amount and cannot include words such as estimated, up to, maximum of, not to exceed, etc.

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APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
BY _____
County Attorney's Office

(Form Rev. 03-2025)

Florida Housing Finance Corporation Local Government Area Of Opportunity Funding Form

Name of Development: Ekos at Grand Park

Development Location: East Side of US 19, 2100 feet NE of the intersection of US 19 and Cortez Blvd, Hernando County, FL

(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). If the Development consists of Scattered Sites, the Development Location stated above must reflect the Scattered Site where the Development Location Point is located.)

The city/county of Hernando commits $_____ as a cash grant and/or commits $ 340,000.00 as a cash loan to the Applicant for its use solely for assisting the proposed Development referenced above.

Acknowledgements

The contribution is intended to be a Local Government Area of Opportunity Contribution for use in RFA 201, making this Development potentially eligible for the Local Government Area of Opportunity Goal.

The city/county stated above acknowledges that the RFA allows each city and county to contribute funding in the form of a cash loan and/or cash grant to a maximum of one Development. The city/county stated above has contributed Local Government Area of Opportunity funding only for the above-named Development and has not contributed Local Government Area of Opportunity to any other Development competing in this same RFA.

I have read and understand the Local Government Area of Opportunity qualifications of the above referenced RFA, which includes understanding that the city/county stated above may receive lower preference for the Local Government Area of Opportunity Goal in a future corresponding RFA for up to two years.

No consideration or promise of consideration has been given with respect to the loan or grant. For purposes of the foregoing, the promise of providing affordable housing does not constitute consideration. The commitment for this loan or grant must be effective as of the Application Deadline for the applicable RFA and is provided specifically with respect to the proposed Development.

Certification

The contribution stated above is for the Applicant's use and is solely for assisting the proposed Development referenced above. I certify that the foregoing information is true and correct, and that this commitment is effective at least through the date required in the applicable RFA.

Signature

Brian Hawkins
Print or Type Name

Chaiman, Board of County Commissioners
Print or Type Title

August 12, 2025
Date Signed – This form is valid for nine months from this date.

NOTE TO LOCAL GOVERNMENT OFFICIAL: Additional information is set forth in the applicable Request for Application under which the Applicant is applying for funding for the above referenced Development.

This certification must be signed by the chief appointed official (staff) responsible for such approvals, such as the Mayor, City Manager, County Manager /Administrator/Coordinator, Chairperson of the City Council/Commission or Chairperson of the Board of County Commissioners. If the contribution is from a Land Authority organized pursuant to Chapter 380.0663, Florida Statutes, this certification must be signed by the Chair of the Land Authority. One of the authorized persons, as described above may sign this form for certification of state, federal or Local Government funds initially obtained by or derived from a Local Government that is directly administered by an intermediary such as a housing finance authority, a community reinvestment corporation, or a state-certified Community Housing Development Organization (CHDO). Other signatories are not acceptable. The Applicant will not receive credit for this contribution if the certification is improperly signed. The amount of the contribution stated on this form must be a precise dollar amount and cannot include words such as estimated, up to, maximum of, not to exceed, etc.

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(Form Rev. 03-2025)

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
BY _____
County Attorney's Office

Florida Housing Finance Corporation Local Government Area Of Opportunity Funding Form

Name of Development: Vesta at Osowaw

Development Location: Osowaw Blvd, Huntley Subdivison, Lot 3 LESS THOSE PARCELS DES IN ORB 2383 PG 257 & ORB 2505 PG 1706, Hernando County, FL

(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). If the Development consists of Scattered Sites, the Development Location stated above must reflect the Scattered Site where the Development Location Point is located.)

The city/county of Hernando commits $_____ as a cash grant and/or commits $ 340,000.00 as a cash loan to the Applicant for its use solely for assisting the proposed Development referenced above.

Acknowledgements

The contribution is intended to be a Local Government Area of Opportunity Contribution for use in RFA 201, making this Development potentially eligible for the Local Government Area of Opportunity Goal.

The city/county stated above acknowledges that the RFA allows each city and county to contribute funding in the form of a cash loan and/or cash grant to a maximum of one Development. The city/county stated above has contributed Local Government Area of Opportunity funding only for the above-named Development and has not contributed Local Government Area of Opportunity to any other Development competing in this same RFA.

I have read and understand the Local Government Area of Opportunity qualifications of the above referenced RFA, which includes understanding that the city/county stated above may receive lower preference for the Local Government Area of Opportunity Goal in a future corresponding RFA for up to two years.

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Certification

The contribution stated above is for the Applicant's use and is solely for assisting the proposed Development referenced above. I certify that the foregoing information is true and correct, and that this commitment is effective at least through the date required in the applicable RFA.

Signature

Brian Hawkins
Print or Type Name

Chaiman, Board of County Commissioners
Print or Type Title

August 12, 2025
Date Signed - This form is valid for nine months from this date.

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APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
BY _____
County Attorney's Office

(Form Rev. 03-2025)

Florida Housing Finance Corporation Local Government Area Of Opportunity Funding Form

Name of Development: The Palms at Spring Hill
11323 County Line Rd, Spring Hill, FL 34609

Development Location: _____

(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). If the Development consists of Scattered Sites, the Development Location stated above must reflect the Scattered Site where the Development Location Point is located.)

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Certification

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Signature

Brian Hawkins
Print or Type Name

Hernando County BOCC, Chair
Print or Type Title

August 12, 2025
Date Signed. This form is valid for nine months from this date.

NOTE TO LOCAL GOVERNMENT OFFICIAL: Additional information is set forth in the applicable Request for Application under which the Applicant is applying for funding for the above referenced Development.

This certification must be signed by the chief appointed official (staff) responsible for such approvals, such as the Mayor, City Manager, County Manager /Administrator/Coordinator, Chairperson of the City Council/Commission or Chairperson of the Board of County Commissioners. If the contribution is from a Land Authority organized pursuant to Chapter 380.0663, Florida Statutes, this certification must be signed by the Chair of the Land Authority. One of the authorized persons, as described above may sign this form for certification of state, federal or Local Government funds initially obtained by or derived from a Local Government that is directly administered by an intermediary such as a housing finance authority, a community reinvestment corporation, or a state-certified Community Housing Development Organization (CHDO). Other signatories are not acceptable. The Applicant will not receive credit for this contribution if the certification is improperly signed. The amount of the contribution stated on this form must be a precise dollar amount and cannot include words such as estimated, up to, maximum of, not to exceed, etc.

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(Form Rev. 03-2025)

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
BY _____
County Attorney's Office

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Airport
Prepared By: Christine Schmidt
Initiator: Steve Miller
DOC ID: 16154
Legal Request Number: N/A
Bid/Contract Number:

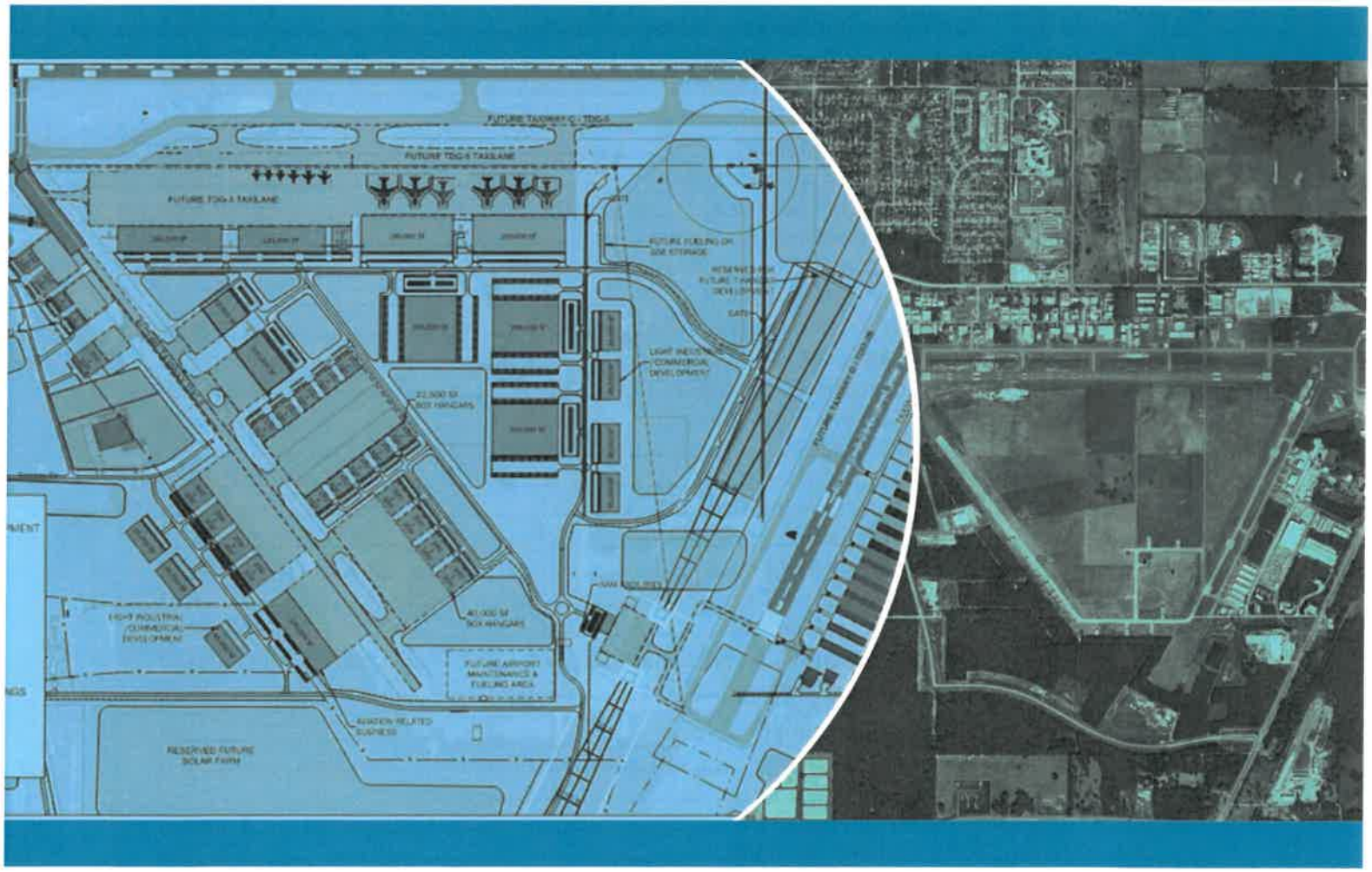
TITLE

Presentation Regarding Infield Infrastructure Development Plan at Brooksville-Tampa Bay Regional Airport

Brooksville-Tampa Bay Regional Airport

Infield Infrastructure Development Plan

Final Technical Report
May 2025



Michael Baker INTERNATIONAL

2057

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Acronyms

AAC	Aircraft Approach Category
AAM	Advanced Air Mobility
AC	Advisory Circular
ACIP	Airports Capital Improvement Plan
ACRP	Airport Cooperative Research Program [TRB]
ACTC	Airport Traffic Control Tower
AIP	Airport Improvement Program
ALP	Airport Layout Plan
BKV	Brooksville-Tampa Bay Regional Airport
CFR	Code of Federal Regulations
CIP	Capital Improvement Program
EA	Environmental Assessment
EB	Engineering Brief
eVTOL	Electric Vertical Takeoff and Landing
FAA	Federal Aviation Administration
FAR	Federal Aviation Regulation
FATO	Final Approach and Takeoff
FBO	Fixed Base Operator
FDOT	Florida Department of Transportation
GA	General Aviation
IDP	Infrastructure Development Plan
MPU	Master Plan Update
MRO	Maintenance, Repair and Overhaul
NAS	National Airspace System
NASA	National Aeronautics and Space Administration
NBAI	National Based Aircraft Inventory Program
NEPA	National Environmental Policy Act
NPIAS	National Plan of Integrated Airport Systems
RAM	Regional Air Mobility
TDG	Taxiway Design Group
TLOF	Touchdown and Lift-off Touchdown and Lift-off
TRB	Transportation Research Board
UAM	Urban Air Mobility

1 INTRODUCTION

1.1 Overview

Hernando County desires to assess existing and future infrastructure needs at Brooksville-Tampa Bay Regional Airport (BKV) to bring the airport's infrastructure within BKV's infield development area up to current standards. The last airport master plan for BKV was updated in 2016. The BKV Master Plan identified the potential of developing the airport's industrial park and infield areas to support new economic opportunities and sources of aeronautical and non-aeronautical revenue for the airport. As a result, in 2020, Hernando County began the development process by preparing an Airport Infrastructure Development Plan (IDP) for the industrial park areas of the airport. This initial phase of the IDP evaluated land use, roadways, drainage, utilities, and other infrastructure needed to prepare various sites for development over the next ten years.

This planning study is the second phase of the airport's infrastructure development planning process, with the premise of providing the infrastructure needed to maximize future development within the airport's infield area. In this phase, the study evaluates alternatives for landside developments (i.e., aeronautical, and non-aeronautical development), including new roadways and security improvements. The development alternatives are assessed based on their efficiency in meeting identified facility requirements, engineering factors, ease of implementation, costs, phasing, airside and landside accessibility, protection of existing facilities (i.e., Airport Traffic Control Tower, electrical vault, and stormwater facilities), and environmental/historical considerations leading to the selection of the option or combination of options which best satisfies the identified needs. The preferred alternative is refined to include drainage, stormwater, and the utilities needed to support the proposed expansion.

As part of the plan, the study recommends improvements and adjustments to the airport's infield infrastructure over a 10- to 20-year planning horizon. It also includes an Implementation Plan that prioritizes projects and associated costs of recommended improvements. Airport staff and other Hernando County Departments will use the information contained in the plan to maintain, plan for, and develop infrastructure within the airport's infield development area. For the purpose of this study, Runway 9-27, Runway 3-21, the airport's abandoned runway, and Sergeant Lea Mills Boulevard will serve as the limits of the project.

1.2 Goals for the Infield IDP Study

The general goal of this planning effort is to guide the airport in establishing future airport developments and supporting infrastructure requirements that accommodate future aviation demand while fully meeting current FAA airport design and safety standards. The study will provide a comprehensive Infield Infrastructure Development Plan aligned with the county's goals and expectations to maximize efficiency.

The specific goals of BKV and Hernando County regarding the Infield IDP are as follows:

- Provide an efficient layout for future development aligned with the county's land use and the airport demand.
- Evaluate the airport's vision to attract new business and create new demand.
- Coordinate the future development with existing facilities and short-term projects proposed at the airport by existing and potential future tenants.
- Identify the necessary drainage and utility improvements to provide a flexible and scalable system for a variety of different business needs.
- Generate an implementation plan that prioritizes development areas that could be fast growing, easier to implement, and tied to the airport's ongoing marketing efforts.
- Prioritize capital investment projects that create jobs.
- Review and identify landside facilities that are currently or anticipated to be needed to accommodate future aviation activity while fully meeting FAA design and safety standards.

1.3 Guidance and Requirements

The overall purpose of the Infield IDP is to provide reasonable guidelines for future airport development to satisfy future aviation demand in a cost-effective and timely manner. In support of the purpose and goals identified, the primary objective of this study is to create a 10- to 20-year airport development program for the infield area that will maintain a safe, efficient, economical, and environmentally sustainable airport facility that meets current FAA, state, and Hernando County requirements. **Figure 1-1** shows the key elements of the project process used for this study.

Figure 1-1: Infield Infrastructure Development Plan Process

Source: Michael Baker International, Inc., 2023.

The Infield IDP will follow guidance listed in the following FAA and industry documents as well as validate recommendations considered in previous planning studies at BKV:

- FAA Advisory Circulars (ACs)
  - AC 150/5070-6B, Airport Master Plans
  - AC 150/5300-13B, Airport Design
    - Standard Operating Procedures (SOP) Checklists 2.0 and 3.0
- Code of Federal Regulations (CFR)
  - Part 77, Safe, Efficient Use, and Preservation of the Navigable Airspace

- FAA Orders
  - Order 1050.1F, Environmental Impacts: Policies and Procedures
  - Order 5050.4B, National Environmental Policy Act (NEPA) Implementing Instructions for Airport Actions
  - Order 5090.5, Formulation of the National Plan of Integrated Airport Systems (NPIAS) and Airports Capital Improvement Plan (ACIP)
  - Order 5100.38D, AIP Handbook
  - Order 5200.8, Runway Safety Area Program
  - Order 8260.3D, United States Standard for Terminal Instrument Procedures (TERPS)
- Airport Cooperative Research Program (ACRP)
  - Report 113, Guidebook on General Aviation Facility Planning
- Hernando County
  - BKV Master Plan Update and ALP
  - BKV Infrastructure Development Plan - Phase I

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2 PROPOSED INFIELD DEVELOPMENT

2.1 Existing Conditions and Potential Development Areas

The land use analysis performed as part of the BKV MPU and the recently completed Brooksville-Tampa Bay Regional Airport Infrastructure Development Plan (Phase 1) for the Airport Industrial Park areas forms the basis of the infrastructure analyses performed in this study.

In an effort to maximize the efficiency of the infrastructure development in the infield area, this study will evaluate areas suitable for aeronautical use and other areas for non-aeronautical services that do not require direct access to the airfield but may be considered complementary to aeronautical activities.

During the initial project kick-off meeting, airport and Hernando County staff identified areas that are currently being reserved for development (i.e., Maintenance, Repair, and Overhaul (MRO), Airport Cargo, and Hangar facilities) due to existing agreements and ongoing negotiations. These areas will be considered during the alternatives analysis.

Some development constraints associated with the project include the ATCT line of sight, existing infrastructure leaseholds, and ground access. There are dashed red lines shown in **Figure 2-1** that project from the ATCT to project the line of sight to the airfield. Buildings constructed along the dashed line to the north and east of the dashed line could physically block the view of the airfield from the ATCT and/or create shadows that block the view of the airfield. Therefore, it would be necessary to conduct a thorough evaluation of any proposed developments that may obstruct the view of the airfield from the ATCT.

One premise used in the BKV MPU was to segregate the air traffic at the airport by aircraft classification. The development on the east side of the airport along Taxiway B is focused on providing facilities for small- and medium-sized general aviation aircraft. On the airport's west side, the development is focused on providing facilities for larger corporate and commercial aircraft.

Furthermore, the infield development maintains the future development of the airside approved in the airport's current Airport Layout Plan (ALP). **Figure 2-1** depicts the Infield Development Area evaluated in this study, the constraints, and the future improvements in the airside.

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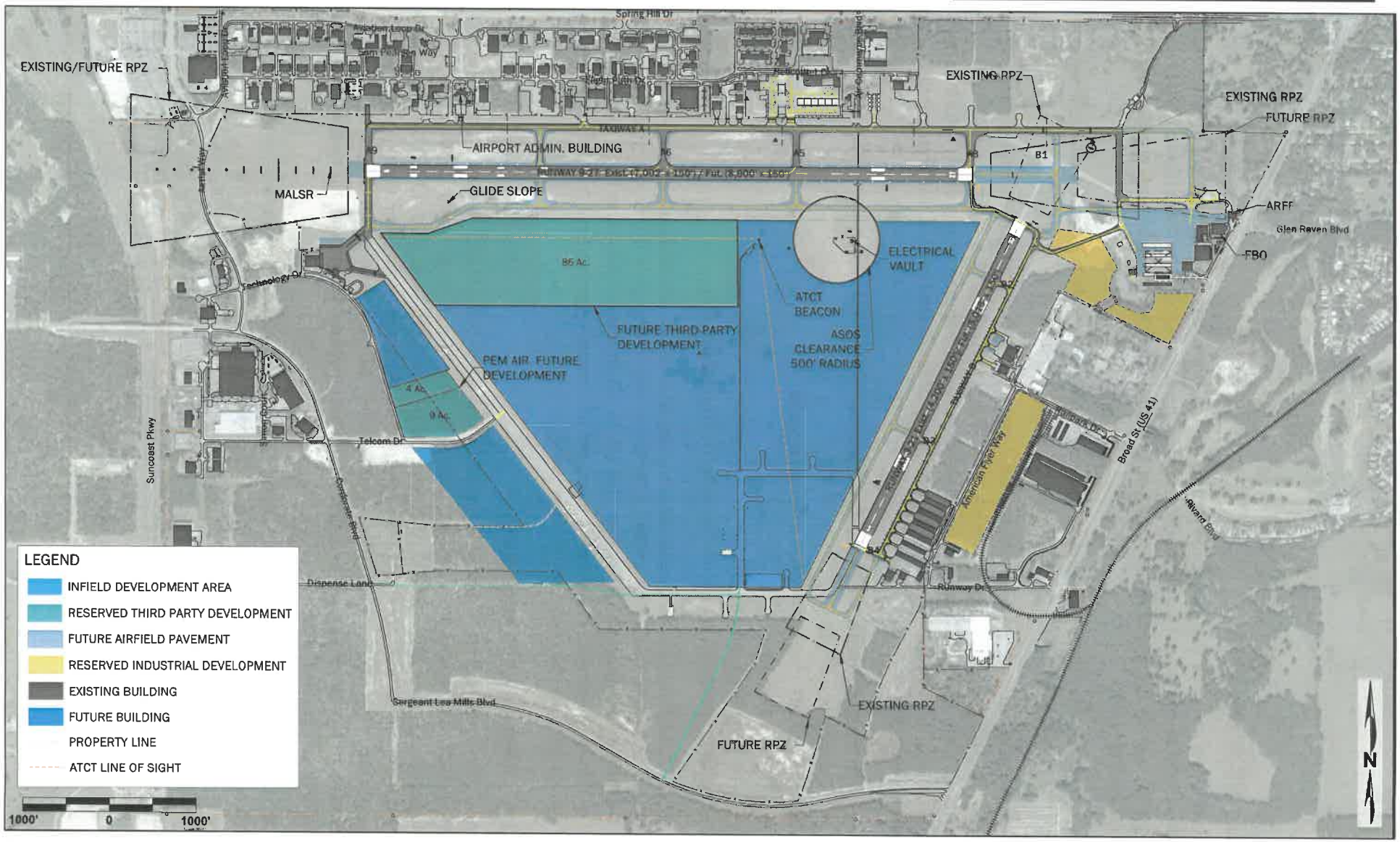

Michael Baker INTERNATIONAL

Infield Development Area

Figure 2-1

2.2 IDP Alternatives

This section includes the development of graphical alternatives which depict methods to either resolve deficiencies or to construct new facilities needed to meet future demand expectations for the Study Area, including potential improvements to both airside and landside facilities.

The Infield IDP alternatives analysis focuses on both airside and landside developments to accommodate anticipated demand over a 10 to 20-year planning period.

As part of the alternatives analysis, the best use of airport property is considered to accommodate the future development of the study area. This task aims to support Hernando County's efforts to maximize growth to meet demand and support future airport operations. The following existing characteristics of landside facilities within the infield area were considered:

- Proximity of areas to existing facilities and compatible uses,
- Existing leaseholds,
- Overall site circulation and external access,
- On-site parking needs,
- Availability of utilities, and
- Site preparation and environmental/historical impacts.

The individual components of each preliminary alternative are evaluated to aid in the selection of a preferred development alternative that represents the desired development for the Infield Development Area over the 10- to 20-year planning period. For that reason, the preliminary alternatives should be viewed as flexible development plans that may be refined or combined to best satisfy the needs of BKV.

2.2.1 Alternative Analysis Process

The alternatives analysis process is based on guidance provided in Federal Aviation Administration (FAA) Advisory Circular (AC) 150/5070-6B, Airport Master Plans. The development and analysis of alternatives incorporate input from Hernando County and other key stakeholders. An organized approach to identifying and evaluating various options is essential to effective planning. This includes identifying a standard set of evaluation criteria based on the goals and objectives of the plan and existing constraints that will impact the development of alternatives.

In AC 150/5070-6B, the FAA recommends a standard set of criteria to evaluate development alternatives according to an airport's unique conditions. The evaluation process should feature "generally accepted planning principles, be replicable, consistently applied, and documented." As a result, a set of evaluation criteria were established for use in this alternatives analysis. The criteria are strategic, qualitative, and quantitative to ensure that the evaluation process remains at a planning level of detail. The evaluation criteria used in this planning effort are shown in **Table 2-1**.

Table 2-1: Evaluation Criteria	
Criteria	**Definition**
Achievement of Objective	This criterion is based on achieving the specific need identified. Alternatives are assessed based on the degree to which they satisfy the objective.
Airport Design Standards	The proposed development should satisfy applicable airport design standards and maintain or improve the safety and efficiency of the airport.
Flexibility	The alternative should support a reasonable level of flexibility to accommodate changes in demand and include the ability to expand in the future.
Collateral Impacts	This criterion evaluates the extent to which an alternative requires changes or improvements to existing airport facilities which otherwise would not require changes or improvements (e.g., Relocation of utilities that are impacted by an alternative is considered a collateral impact).
Probable Cost	The preferred alternative should be cost effective, within the means of Hernando County to secure funding, and minimize the long-term financial commitment by the airport or its tenants.
Efficiency of Construction Phasing	Construction of the proposed improvements should be implemented without undue interference to existing operations.
Environmental Compatibility	The preferred alternative should be consistent with environmental regulations and minimize impacts to the environmental impact categories identified in FAA Orders 1050.1F, Environmental Impacts: Policies and Procedures Desk Reference and 5050.4B, National Environmental Policy Act (NEPA) Implementing Instructions for Airport Actions. Future development should support growth while minimizing impacts to the environment.

Source: AC 150/5070-6B; Michael Baker International, 2023.

2.2.2 Airside Considerations

The National Plan of Integrated Airport Systems (NPIAS) 2023–2027 categorized BKV as a General Aviation airport with a National Role. "National airports are located in metropolitan areas near major business centers and support flying throughout the nation and the world. These airports provide pilots with attractive alternatives to the primary airports. National airports have very high levels of activity with many jets and multiengine propeller aircraft."[1]. It is essential to highlight that the NPIAS had categorized BKV as a Regional Airport in previous years. The upgrade of the airport's role in the NPIAS reflects the importance of BKV for the airport system and the region's fast growth.

BKV has two runways. The primary runway, Runway 9-27, is 7,002 feet long and 150 feet wide. The secondary or crosswind runway, Runway 3-21, currently has an overall length of 4,215 feet and is 150 feet wide.

Runway 9-27 has a Runway Design Code (RDC) C-IV, which means that it can fully accommodate aircraft having Aircraft Approach Category (AAC) speeds ranging from 121 or

[1] FAA NPIAS 2023-2027

more but less than 141 knots and Airplane Design Group (ADG) IV wingspans of 118 feet to less than 171 feet. The critical aircraft identified in the BKV MPU is the Challenger 600 / C130. However, it is expected that Runway 9-27 will be extended to 8,000 feet and have an RDC D-IV in the future. It is anticipated that the future critical aircraft will be the Boeing 757 or an aircraft with similar characteristics.

Runway 3-21 has an RDC classification of B-II. It can fully accommodate aircraft having Aircraft Approach Category (AAC) speeds ranging from 91 or more but less than 121 knots and Airplane Design Group (ADG) II wingspans of 49 feet to less than 79 feet. The existing and future critical aircraft identified in the BKV MPU is the King Air 350.

All future development should consider the primary runway's ability to accommodate certain types of aircraft as well as protect the safety areas to preserve the potential airside development as proposed by the master plan.

Most taxiways that run parallel to Runway 9-27 are designed to accommodate large aircraft such as the Lockheed C-130 Hercules, corporate jets, and even commercial-sized jets. Based on the undercarriage dimensions of the taxiways serving Runway 9-27, the pavement width and fillet geometry should be designed in accordance with Taxiway Design Group (TDG) 5 standards.

The airport has plans to convert the abandoned runway into a future taxiway to provide improved access to the Infield Development Area. Based on the airfield capabilities and the existing and future critical aircraft, it is recommended that the future taxiway be designed in accordance with TDG-5 standards.

2.2.3 Considerations

Three alternatives are presented to take advantage of several aeronautical and industrial development opportunities within the Infield Development Area. The recommended actions presented in this chapter, if followed, could result in new development, new facilities, and increased employment in Hernando County. It will also provide increased business opportunities for the airport and expand the services offered, including cargo and related logistics services. Over time, these actions will create a stronger logistics platform for global trade in Hernando County.

As part of the preliminary alternatives analysis, each option evaluates the development of the following types of facilities and businesses in the Infield Development Area and prioritizes the capital investments that will promote new jobs for the region.

2.2.3.1 Corporate Hangars

The BKV MPU reported 176 based aircraft in 2013 and forecasted 272 based aircraft by 2033. According to the 2023 National Based Aircraft Inventory (NBAI), BKV currently reports 185 based aircraft.

The BKV MPU established the need for approximately 137,925 square feet of conventional or corporate hangar space and 50 T-hangar units to accommodate the based aircraft growth by 2033. The BKV MPU's Preferred Development Plan proposed to segregate aircraft storage facilities by aircraft size, recommending the construction of T-hangars and small corporate hangars on the east side of Runway 3-21, and larger hangars on the west side of

the abandoned runway (future taxiway). Moreover, the alternatives examined in Infield IDP will consider the development of medium- to large-sized hangars in the Infield Development Area.

2.2.3.2 Advanced Air Mobility

The constant look for improvement and evolution of transportation solutions has resulted in various emerging trends led by efficiency and sustainability. Advanced Air Mobility (AAM) is one of the opportunities that is being evaluated worldwide. As defined in the AAM Coordination and Leadership Act (P.L. 117-203, 136 Stat. 2227), October 17, 2022, "AAM is a transportation system that moves people and property by air between two points using aircraft with advanced technologies, including electric aircraft, or electric vertical takeoff and landing (eVTOL) aircraft, in both controlled and uncontrolled airspace." AAM also expands the possibility of traditionally piloted vehicles to remotely piloted or autonomous ones.

The AAM concept is a collection of emerging technologies that could be applied to the transportation system and aircraft types. eVTOL aircraft may be powered by hybrid electric systems, batteries, or potentially hydrogen fuel cells. The potential applications include Urban Air Mobility (UAM), Regional Air Mobility (RAM), public services, large cargo delivery, and private or recreational vehicles.

AAM is considered an opportunity to boost the economic growth of the region and to provide efficient transportation solutions in a sustainable manner, moving people or cargo from places not easily served by traditional aviation. The FAA is responsible for regulating navigable airspace and will determine how AAM will be integrated into the National Airspace System (NAS). In July 2023, the FAA published the Advanced Air Mobility Implementation Plan to ensure the integration of this new technology of aircraft, maintaining the operational safety levels of aviation today. The FAA will establish the operating rules and training requirements and develop the regulation and infrastructure standards aligned with operation safety and security.

The FAA envisions that the initial AAM operation in 2025-2028 is expected to primarily use existing airports and heliports. Greenfield or infill (repurposed) development for new vertiports is also expected to connect operations to destinations near a city center or other preferred locations.

Regarding infrastructure, in September of 2022, the FAA released the Engineering Briefing (EB) No. 105, Vertiport Design Standards, to support the safe integration of Advanced Air Mobility Aircraft. "The design standards serve as the initial step to provide key information for airport owners, operators, and infrastructure developers to begin development of facilities that will support operations of AAM aircraft that are electrically powered and takeoff and land vertically"[2].

[2] https://www.faa.gov/newsroom/faa-releases-vertiport-design-standards-support-safe-integration-advanced-air-mobility

The Florida Department of Transportation (FDOT) also released the Florida Advance Air Mobility Roadmap focusing on commercial passenger-carrying electric eVTOL aircraft and their support. According to the FDOT's study, three main types of eVTOL systems can be expected in Florida:

- Multicopter – looks and flies much like a helicopter except with multiple rotors.
- Lift and cruise – uses rotors for vertical flight and transitions to propellers for horizontal flight.
- Vectored thrust – uses rotors or fans for both vertical and horizontal flight.

In addition, the Florida Roadmap identified three business use cases for AAM in the near future: medical, cargo transport, and air taxi services.

Medical: In this field, two companies are working with eVTOL manufacturers to improve organ transplant airlifts and cargo delivery. Also, the National Aeronautics and Space Administration (NASA) has evaluated their use in firefighting, public safety, search and rescue, disaster relief, and law enforcement.

Cargo: Currently, UPS has partnered with CVS to deliver medical prescriptions.

Air Taxi Services: according to the FDOT's vision, "In states like Florida, where there are numerous large cities within a relatively short distance, AAM could act as point-to-point transportation to get from city center to city center in minutes instead of hours, bypassing airports altogether."[3]

Several companies have established plans to develop AAM operations in various airports in the state of Florida. In central Florida, Lilium, in partnership with the City of Orlando, has announced the construction of a vertiport in Lake Nona to connect in less than an hour with Tampa, Jacksonville, Fort Myers, and Miami[4]. Additionally, Ferrovial has leased five acres to build two vertiports for the Lilium Jets at Palm Beach International Airport that would connect to Miami, the Florida Keys, Fort Myers, Florida's Suncoast, Tampa, and Melbourne.

Tampa International has already evaluated potential locations for AAM operations in their master plan update. The Hillsborough County Aviation Authority (HCAA) has created an Advance Aviation Technology Committee to begin planning for the implementation of AAM at their General Aviation (GA) airports. For example, the strategic location of the Tampa Executive Airport could make it become an AAM hub in the area[5].

It is essential to highlight that any sponsor of a federally obligated airport pursuing an eVTOL vertiport (or supporting infrastructure) must update their ALP with the FAA, conduct the

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[3] Federal Aviation Administration. Memorandum: Process for Submitting and Reviewing Proposed Landing Pads

and Supporting Equipment for Advanced Air Mobility and Electric Aircraft. Washington, D.C. : s.n., June 2021, 2021

[4] https://lilium.com/newsroom-detail/lilium-partners-with-tavistock-and-orlando

[5] https://news.tampaairport.com/get-ready-tpa-launches-committee-to-plan-ahead-and-prepare-for-air-taxis-at-local-airports/

applicable environmental review required by the National Environmental Protection Act (NEPA), and submit an FAA Form 7460, Notice of Proposed Construction or Alteration, for an airspace determination.

This study considers that the infrastructure development plan is an opportunity to evaluate the potential locations for AAM facilities at BKV in the future.

After evaluating the current trends and the State Roadmap, BKV could become an important asset for the AAM system in the state, providing connectivity with other hubs in Florida for passenger and cargo transportation and, potentially, air medical, firefighting, and public safety. In addition, BKV could also provide support services like training and eVTOL maintenance.

As mentioned before, design standards and recommended practices are constantly evolving due to the new aircraft's early stages and testing phases. In the meantime, the design standards for vertiports are determined by the FAA interim guidance for vertiports, EB 105, Vertiport Design, until a complete vertiport design Advisory Circular can be developed. Following the FAA's AAM Implementation Plan, the infrastructure requirements for a vertiport are listed as follows:

Required Infrastructure

- Adequate AAM aircraft parking zones for loading/unloading,
- Infrastructure sizing, dimensional geometry and load bearing requirements modified to comply with FAA EB 105, Vertiport Design (September 21, 2022),
- Charging stations, cooling stations and hazardous materials (HazMat) lockers/storage for batteries and fire suppression for battery fires,
- Weather station, and
- Fire management services.

Since most of the eVTOLs are in a preliminary stage of development and FAA certifications are ongoing. The design standards used during the alternative development process consider the operation of aircraft with a maximum wingspan of 50 feet. This is also the limitation identified in EB 105. **Table 2-2** lists some of the most renowned eVTOLs seeking certification.

Table 2-2: eVTOL Aircraft Characteristics			
Aircraft	**Manufacturer**	**Passengers**	**Wingspan (feet)**
Velocity	Volocopter	2	37
Wisk's 6th Generation	Wisk	4	<50
Lilium[6]	Lilium Jet	7	45.6
Archer	Midnight	4	47
VA-1X	Vertical Aerospace	4	49.2

Note: Holds EASA and FAA certification basis for a powered lift eVTOL aircraft
Compiled by Michael Baker International, Inc., 2023

Additional Requirements

The implementation of vertiports requires the availability of electricity to supply the demand for charging and servicing eVTOLs. NASA and Black & Veatch prepared a study to analyze the energy supply and charging infrastructure needed to implement AAM. During the study, it was recommended to use 600kW class chargers. "While eVTOLs currently in development are estimated to be able to charge at a maximum of 350kW, choosing to utilize 600kW chargers will futureproof the design of the infrastructure required. Renovation of a site to increase its individual charger capacity would effectively require full-site demolition and reconstruction."[7]

The typical airport electrical infrastructure requirements listed in the study indicate that "A new medium voltage feeder will be brought to the site by the utility company. The new feeder will be terminated at a transformer provided by the contractor. New ground infrastructure will be installed, including concrete pads, charging stations, switchboard, underground feeders to each charging station, waiting area building, fencing, and lighting. New landing zone lighting and ground markings will be installed"[7]. The ability of the design vehicle being capable of taxiing is crucial to site layout and design where charging areas are separate from take-off and landing areas.

2.2.3.3 Third-Party Development

By the time of the study, BKV had reserved 86 acres for a third-party developer. The company intends to develop box hangars and cargo facilities with cold storage and logistics components.

During the alternatives analysis, one of the alternatives will consider the proposed layout developed by the third-party developer and its integration with the Infield Development Plan; the second alternative will only reserve the area for the third-party developer's future development; finally, the third alternative will not incorporate or reserve any areas for specific third-party developers.

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[6] https://lilium.com/newsroom-detail/faa-issues-g-1-for-lilium-jet

[7] eVTOL Electrical Infrastructure Study for UAM Aircraft - Analysis to Determine Typical Infrastructure Upgrade Requirements for eVTOL- National Institute of Aerospace

Pem Air is another tenant that is currently expanding its facilities at BKV. As a result, 9 acres have been reserved for the construction of a parts-maintenance facility (currently under construction) located near the corner of Technology Drive and Telcom Drive. An additional 4 acres parcel is also reserved to expand those facilities during the short-term planning period. The preliminary alternatives will include and reserve those areas for Pem Air's expansion.

2.2.3.4 Industrial and Light Industrial Development

BKV has a vast area available to develop infrastructure related to aviation activity. The BKV MPU proposed development opportunities on the property to generate additional revenues without impacting future aviation development and expansion. The master plan reserved some areas on the east side of the airport for industrial development, as depicted in **Figure 2-1.**

The Infield IDP continues to reserve those areas and will evaluate additional locations suitable for industrial and light industrial development. Sites recommended for this use will not have airside access since those parcels should be prioritized for aeronautical use.

2.2.3.5 Maintenance, Repair and Overhaul Facilities

BKV has the opportunity to develop MRO facilities due to the available land, runway capacity, and the airport's location related to other large and medium hub airports. BKV has the potential to become a maintenance leader in Central Florida. The size and location of the MROs will be set by the runway's capabilities to accommodate a particular aircraft fleet. The airport currently provides services for the Boeing 767 and potentially the Boeing 777 on a less frequent basis in the future.

2.2.3.6 Solar Farm

Airports in the US are taking advantage of unused land, rooftops, and parking garages to create solar farms to take steps towards reducing their carbon footprint and exploring alternative energy sources. A recent study conducted at the University of Colorado revealed that 20 percent of public airports have already implemented solar power in the past decade.

Solar farms are not only a sustainable option but also add power to the grid and generate revenue for the airport. Some airports have decided to fund solar farms using municipal bonds or other funding types. Others entered into power purchase agreements with third-party energy providers to own and operate on-airport installed systems[8].

The FAA supports the implementation of solar farms at airports and, in May 2021, published a Final Policy to ensure that airport solar projects do not create hazardous glare. The policy requires airports to measure the visual impact of such projects on pilots and air traffic control personnel.

[8] https://www.nytimes.com/2021/12/07/business/airports-solar-farms.html

The Infield IDP will consider reserving areas to establish solar arrays where elevation restrictions, drainage, or access issues make it challenging to develop for other purposes.

Hernando County's priority is to incentivize businesses that create new job opportunities for the community, which is the reason why the majority of the proposed development will be focused on capital investment projects. However, due to the useful service life of current solar technology, some airports have decided to build solar farms in areas reserved for future airport expansion and obtain revenue in the near future while preserving parcels for long-term (30+ years) aeronautical development.

Moreover, solar farms can be part of a floating system over ponds or even be installed as part of other facilities. Solar energy could also play a part in future AAM development by providing additional electricity to the grid.

2.2.3.7 Other Potential Developments

The development alternatives will contemplate other facilities in the IDP, including the following.

- Future airport maintenance and fueling area
- Corporate Hangars
- Avionics
- A future aeronautical development near the flight school area – New FBO with additional hangar development

2.2.4 Roadways and Security Considerations

The Infield IDP incorporates access to the developable areas using two main entry points. The first alignment will extend east from Corporate Boulevard along the same or similar alignment as Dispense Lane. This roadway would be included to provide public access to future infield development toward the southern end of the closed runway. The second alignment will extend north from Sergeant Lea Mills Boulevard and lie west of Runway 3.

The roadway network inside the Infield IDP will provide access throughout the developable area, unlocking various locations while offering the most direct access possible for smooth traffic movements. The network will be planned to provide two-lane access throughout the site.

However, additional traffic studies may be required in the future to determine if turn lanes or improved intersections are needed to support the proposed development areas.

The alternatives will also include any airfield fence and gate improvements required to maintain the safe and secure operation of the airfield and facilitate the ingress/egress of tenants and users of the future facilities in the Infield Development Area.

2.2.4.1 Overall Roadway Design Considerations

The following guidelines and standards were used to layout the proposed roads for each development alternative. This includes previous geometry and curve radius guidance from previously successful road projects.

Roadway Geometry

- FDOT Manual of Uniform Minimum Standards for Design, Construction and Maintenance for Streets and Highways. 2018 Edition.
- FDOT Design Manual, (FDM 210, 215).
- A minimum horizontal curve of 150' was used for WB-50 Semi tractor trailer operation, while a minimum 50' curve radius was used for intersections for the WB-50.
- Minimum Curve Radius used was 30' for passenger cars and pickup truck operation.
- A curve Radius of 30' was used at all intersections where passenger cars and pickup trucks would operate.
- A curve Radius of 50' was used at all intersections where Semi Tractor Trailer operation was expected.
- Maximum Curve Radius ranges from 300' to 2,000' where possible.
- 12' wide lanes were used on all roadways.
- To avoid intersection deflection issues, all roadways were designed with 90-degree intersections.

Roadway Section

Following Hernando County Facility Design Guidelines, Sections I and III, the standard roadway section for a frontage road was used to develop the Infield IDP alternatives. The standard roadway section is displayed in **Figure 2-2.**

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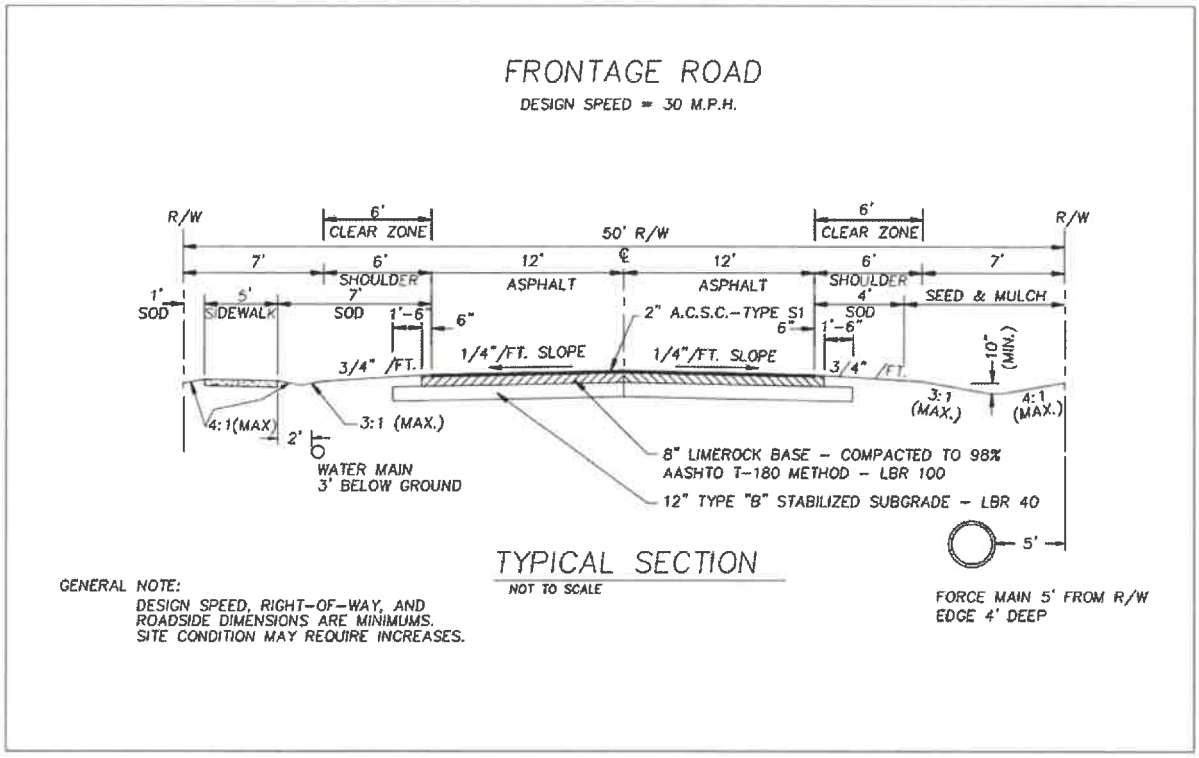
Figure 2-2: Standard Roadway Section



Source: Hernando County Facility Design Guidelines

A 50-foot roadway right-of-way associated with the frontage road section with a design speed of 30 MPH was used. All buildings and parking lots proposed in the alternatives should be placed outside the right-of-way.

The Hernando County Facility Design Guidelines, Section I, show the requirement of at least one sidewalk on either side of the road. The sidewalks are not shown in the preliminary alternatives and will be included in the refinement chapter.

Vehicle Parking Areas

The alternatives include schematic parking lot layouts in an effort to approximate locations and sizes. Parking lots should follow local design standards and regulations during the design phase.

2.3 Alternative 1

2.3.1 Third-Party Development

The first alternative reserves two areas for third-party development. One area is located at the northeast corner of the Infield Development Area. The alternative reserves 86 acres facing Runway 9-27 and connects with the airfield via future Taxiway C. This alternative considers the roadway connections needed to provide ground access to the future third-party facilities.

As shown in **Figure 2-4**, an additional 13 acres are reserved on the west side of the abandoned runway for Pem Air Turbine Engine Services. Pem Air already has plans in progress to expand its services at BKV. This alternative preserves the parcels for this expansion.

2.3.2 Aviation Related Development

Alternative 1 proposes the development of hangar clusters that could be constructed in phases as demand dictates. The alternative includes a small set of seven 150' x 150' hangars in the northwest corner of the Infrastructure Development Area, as proposed in the BKV MPU. This alternative also preserves the development of a box hangar near the end of Runway 9. Three additional hangar clusters of 150' x 150' hangars and 200' x 200' hangars are proposed along the new taxiway reconfigured from the abandoned runway. The hangars will have a shared taxilane to access the facilities and each hangar includes ramp space in front of the building with landside access and parking. In total, Alternative 1 provides twenty-six 150' x 150' hangars and nine 200' x 200' corporate hangars.

The layout also includes two 100,000 square feet facilities that could be used as MROs capable of accommodating two Boeing 767-300 aircraft.

An additional 250' x 250' hangar is proposed in the midfield portion of the infield area that can be used for other aeronautical business activities, like avionics, airframe, or aircraft painting.

2.3.3 Advanced Air Mobility

Alternative 1 incorporates an AAM facility with two designated Touchdown and Lift-off Areas (TLOF) and Final Approach and Takeoff Areas (FATOs) aligned with Runway 3-21.

A FATO approach/departure surface is centered on each approach/departure path. The approach/departure path starts at the outer edge of the FATO and extends upward at a slope of 8:1 for 4,000 feet, where the width is 500 feet at a height of 500 feet above the airport elevation as defined by the EB 105, Vertiport Design.

As depicted in **Figure 2-4**, the transitional surfaces start from the edges of the FATO parallel to the flight path centerline and from the outer edges of the 8:1 approach/departure surface and extend outwards at a slope of 2:1 for 250 feet from the centerline. The transitional surfaces extend longitudinally from the edge of the FATO to the far end of the approach/departure surface.

The AAM facilities include three parking positions for loading/unloading passengers or cargo as required, and a terminal building that is accessible by the proposed road from the south. The facility is proposed along the west side of the future Runway 3-21 expansion. It includes a taxiway connector to the runway, providing the opportunity to use the airfield for approaches and departures in lieu of dedicated landing and takeoff facilities.

The facilities include enough space to allocate support services like charging and cooling stations, HazMat, lockers/storage for batteries, fire suppression, and fire management services. This location also allows for future expansion as demand dictates.

2.3.4 Non-aeronautical Development

Not all infield areas are best suited for airside access. The proposed roadway development opens portions of the Infield Development Area to build facilities that take advantage of the closeness to the airfield, but not necessarily require airside access. Examples of these types of facilities may be used for logistics and light industrial uses. Alternative 1 proposes a logistics center consisting of two 200,000-square-foot buildings. The facility can be used by a single distribution operator or be divided into multiple operators. The facilities include truck access on both sides and a separate vehicle parking lot. An additional 100,000-square-foot building is proposed east of the future taxiway.

Two 45,000 square foot buildings are proposed south of the Infield Development Area. Those buildings can be used for flex light industrial or commercial business use.

2.3.5 Other Support Facilities

As discussed in previous sections, the development alternatives will recommend suitable areas to develop a solar farm that could generate additional airport revenue and support the electrification efforts required for AAM. Alternative 1 proposes to reserve approximately 28 acres for solar farm development on the southeast side of the ATCT. The location is beneficial due to the solar panels' minimum height, precluding intercepting the ATCT line of sight. The existing electric poles in the area will need to be removed.

2.3.6 Roadway System

Alternate 1 has some roadway design elements that are specific to this development option.

2.3.6.1 Parking Lot Access

Under Alternate 1, each parking lot has a separate road leading to each lot. This eliminates traffic from driving inside the parking area. A separate connection into each lot was provided to give a sense of private access to each hangar or building.

2.3.6.2 Logistics Center

- The logistics center access incorporates a 50-foot turn radius to accommodate WB-50 Semi tractor trailer operations.
- The parking area and loading/unloading docks have a lane spaced 80 feet wide to allow the WB-50 Semi to back into each loading dock or parking space.

2.3.6.3 Main Road

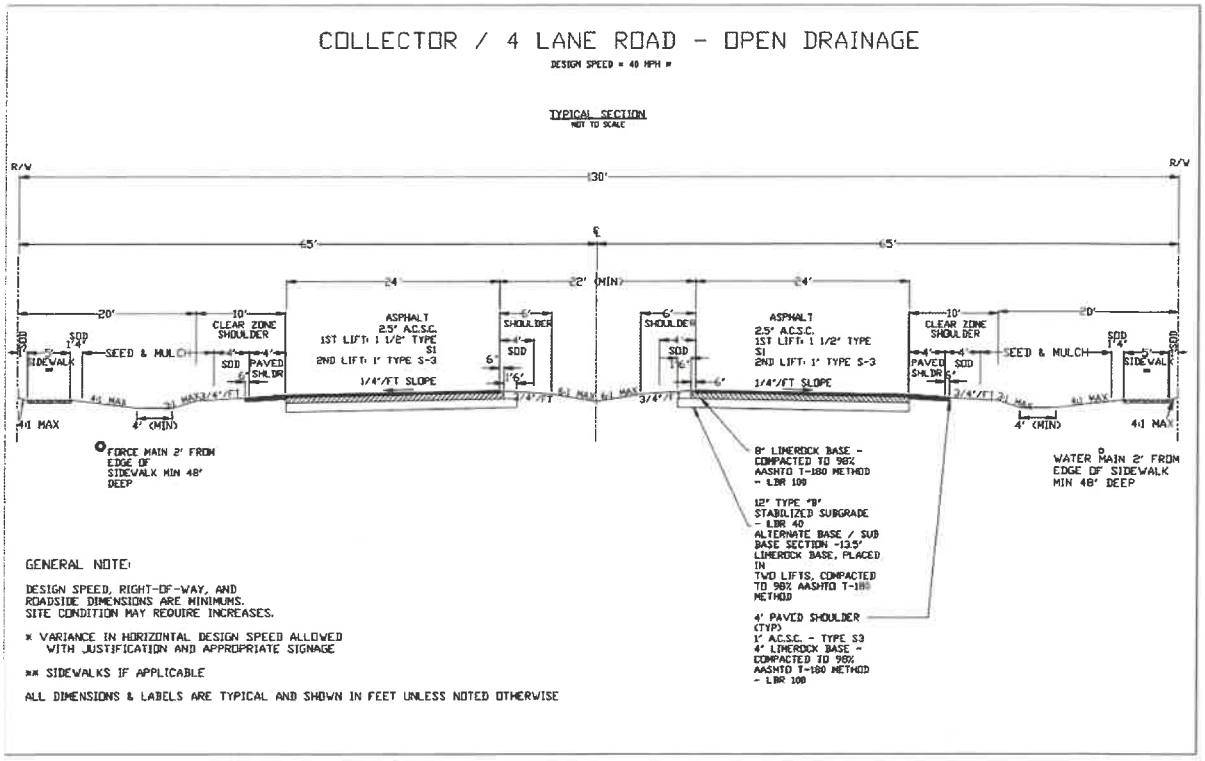
Alternative 1, incorporates a two-way 4-lane divided roadway with roundabout access to the midfield area and includes the following characteristics:

- Nestled in the middle of the logistics center and corporate hangars, a two-way 4-lane divided roadway is proposed with a roundabout at each intersection leading to vehicle parking areas.
- This design maintains smooth traffic flow without the need for traffic signals.
- The divided road allows for landscaping options to increase the scenic value of the road.

- The center of the roundabout also provides landscaping opportunities with scenic value.

The 4-lane design depicted in **Figure 2-3** follows the typical road section from the Hernando County, Facility Design Guidelines, Section III.

Figure 2-3: Typical Section - 4 Lane Road



Source: Hernando County, Facility Design Guidelines, Section III

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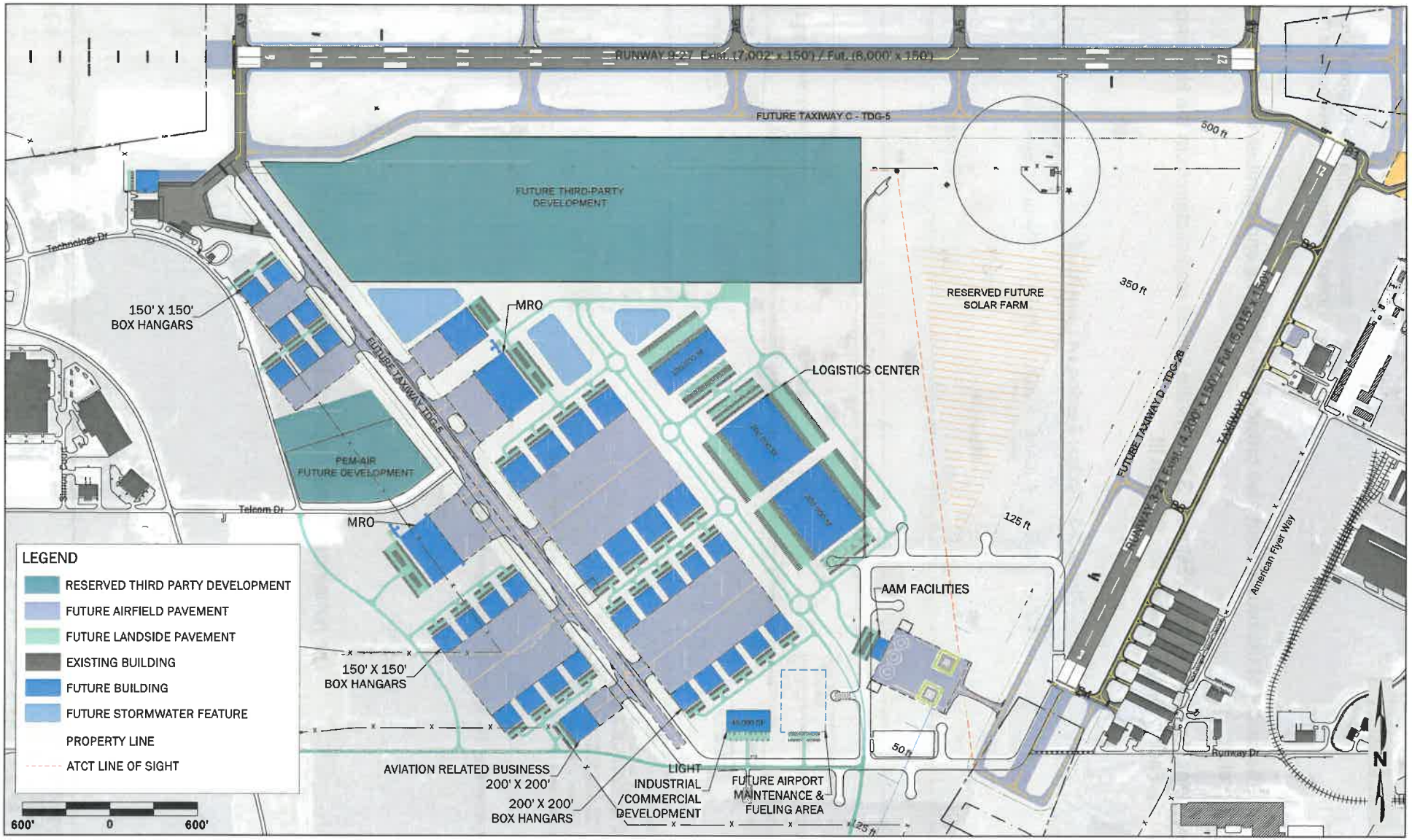

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Alternative 1

Figure 2-4

2.4 Alternative 2

2.4.1 Third-Party development

Alternative 2 incorporates an 86-acre parcel that includes 200,000 square feet of cargo and distribution facilities with ample truck loading and unloading area on the land side, and a cargo apron capable of accommodating six Boeing 757-200 aircraft parking positions, as shown in **Figure 2-5.**

The development also includes 4 MRO hangars next to each other that can accommodate up to an Airbus A320. The area provides adequate apron space in front of each hangar and is connected to Runway 9-27 via future Taxiway C.

In the infield's northwest corner, the third-party developer's proposed development includes a cluster of private hangars to accommodate aircraft like the Gulfstream G650. The proposed facilities also include a vehicular parking lot, truck loading and unloading area, and stormwater storage capacity.

The Pem Air development is proposed in the 9-acre parcel located at the intersection of Technology Drive and Telcom Drive. Pem Air is currently constructing an engine maintenance facility and expects to expand their operation towards the 4-acre parcel to the north.

The Pem Air facility includes a 50,000-square-foot building, paved areas for vehicular parking and equipment storage. The facilities do not have airside access, and landside access will be provided via Telcom Drive and Technology Drive.

2.4.2 Aviation Related Development

Alternative 2 proposes aviation business development on the west side of the future taxiway, including an MRO facility next to the Pem Air development. Two hangars are proposed south Telcom Drive, a 250' x 250' hangar, and a 250' x 400' hangar (capable of accommodating two Boeing 767 aircraft).

In the infield, Alternative 2 includes a cluster of ten 150' x 150' hangars, and four 200' x 200' hangars, each with aprons and taxilane access to the future taxiway. Alternative 2 offers in total 14 150' x 150' hangars, four 200' x 200' hangars, two 250' x 250' hangars and two 250' x 400' hangars. In addition, Alternative 2 recommends reserving an area next to the future Taxiway D to develop aircraft storage facilities for ADG-I aircraft. This future development should evaluate any impact the proposed hangars may have on the ATCT line of sight over Taxiway D and Runway 3-21.

This alternative incorporates the development of a 150' x 150' box hangar near the end of Runway 9 as proposed in the BKV MPU.

2.4.3 Advanced Air Mobility

Similar to the previous alternative, Alternative 2 proposes the development of an AAM facility in the southern portion of the Infield Development Area. In this case, the two FATOs are aligned with Runway 9-27, as described in Section 2.3.3. The FATOs should protect the approach and transitional surfaces.

The AAM facilities proposed in Alternative 2 include a potential terminal for passenger transportation and, on the other side of the TLOF, additional parking positions and buildings that could be used for AAM maintenance or training. Associated access and vehicular parking is provided.

Facilities are planned based on the requirements and standards described in Section 2.2.3.2.

2.4.4 Non-aeronautical Development

Alternative 2 includes a logistics center located south of the proposed air cargo distribution facilities. Its proximity to the proposed cargo facilities supports the creation of approximately 400,000 square feet of distribution space that can be managed by a single company or subdivided into several businesses. Vehicular parking and truck docking facilities for loading and unloading are provided on both sides of the proposed facilities.

2.4.5 Other Support Facilities

Alternative 2 also reserves approximately 16 acres for a future solar farm between the proposed hangars and the logistics center. As an option, the location can also be used for stormwater management, and floating solar panels can be located on top of the retention pond, as described in Section 2.2.3.6.

This development option also preserves the BKV MPU recommendation to develop an airport maintenance and fueling facility in the southern portion of the infield area. The development of this facility should be carefully coordinated with the establishment of the proposed AAM facility to the west to avoid potential airspace impacts.

2.4.6 Roadway System

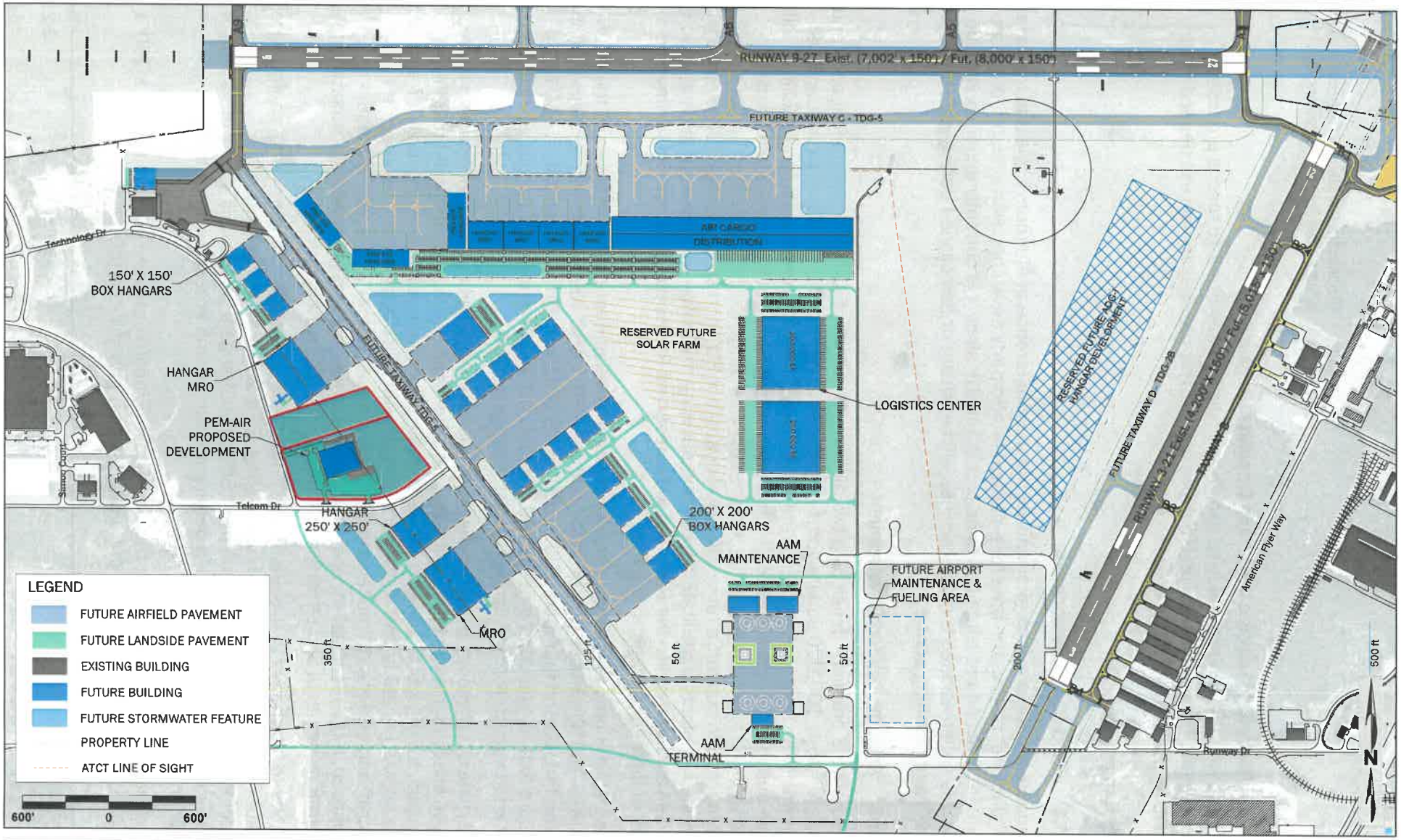
Alternate 2 differs from Alternate 1 as it is more compact and requires a smaller roadway network.

2.4.6.1 Parking Lot Access

For Alternate 2, each parking lot was created with a separate access road which reduces the potential for accidents by diverting through traffic outside the parking areas. The parking lots in this option are all connected with separate access points between each lot.

2.4.6.2 Logistics Center

- The logistics center access incorporates a 50-foot turn radius to accommodate WB-50 Semi tractor trailer operations.
- The parking area and loading/unloading docks have a lane spaced 80 feet wide to allow the WB-50 Semi to back into each loading dock or parking space.
- The logistics center is aligned with the existing ATCT access road running north and south.



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Alternative 2

Figure 2-5

2.4.6.3 Roadway to Logistics Center and Corporate Hangars

To keep with the minimal roadway design, a single two-way frontage road is proposed between the hangar complex and logistics center. This provides the access needed while reducing the need for additional roads.

2.5 Alternative 3

2.5.1 Third-Party Development

Compared to the previous alternatives, the main difference of Alternative 3 is that the Infield IDP does not reserve the area for a particular third-party developer. However, the proposed Pem Air development continues to be part of the IDP since it is currently under construction, and it is not envisioned that the facilities will be vacant or demolished during this study's 10 to 20-year planning period.

2.5.2 Aviation Related Development

Alternative 3 proposes developing two air cargo buildings of 105,000 square feet each and approximately 100,000 square yards of apron to accommodate 6 ADG-IV aircraft and GSE storage in the northwest corner of the Infield Development Area. The air cargo facilities will have enough landside space to accommodate associated truck loading and unloading operations and vehicular parking. On the east side of the cargo facilities, an additional apron is proposed to support a future 60,000-square-foot FBO and six box hangars. The apron will include a taxilane to facilitate aircraft maneuvering and power in/power out parking of up to ADG-III aircraft. Next to the FBO, a space is reserved for support services like fueling and GSE equipment storage, if required.

Alternative 3 proposes accommodating hangar development on the west side of the future taxiway. The alternative proposed to build five 150' x 150' hangars on the northern portion of the taxiway and four more 200' x 200' south of Telcom Drive. In addition, a 130,000-square-foot hangar can be developed in support of aviation-related business activities or divided to accommodate various aircraft storage options.

Alternative 3 presents an opportunity to group aviation technical services around a shared apron space on the east side of the taxiway. The facilities can accommodate four large hangars; a 260' x 500' hangar/offices capable of accommodating two Boeing 777 aircraft. The second hangar is 250' x 400' in size, also with office space where two Boeing 767 aircraft can be served simultaneously. Finally, two additional 250' x 250' hangars are proposed in the technical service area. Additional apron space is provided to accommodate aircraft movements and parking of aircraft in front of the hangars.

Similar to Alternative 2, this alternative proposes a box hangar complex with a shared apron space for aircraft parking and maneuvering. Four 200' x 200' hangars can be accommodated on one side, and five 150' x 150' hangars can be built on the other side of the apron. All hangars will have a parking lot with ground access as described in Section 2.5.6.

Like the other two alternatives, this Alternative 3 incorporates the development of a 150' x 150' box hangar near the end of Runway 9 as proposed in the BKV MPU.

Alternative 3 also reserves a space to develop T-hangars on the east side of Runway 3-21. This hangar development is not envisioned to be required during the 20-year planning period of the Infield IDP; however, at the time the T-hangars are needed, the design should evaluate potential line of sight impacts to future Taxiway D and Runway 3-21. **Figure 2-6** also depicts the proposed access road to the future T-hangars.

2.5.3 Advanced Air Mobility

Alternative 3 differs from the other options by not providing a dedicated landing area for the AAM facilities. This alternative recommends constructing an apron west of the extended end of Runway 3 with three spaces for eVTOL parking, loading and unloading of passengers or cargo, and a terminal building. However, eVTOL takeoff and landing operations under this development option will be performed via Runway 3-21. The apron will be connected with the existing and future runway ends. **Figure 2-6** displays a taxiway connection to the existing runway end and a second connector will be incorporated once the runway shift is completed.

2.5.4 Non-aeronautical Development

Alternative 3 incorporates three potential buildings that can be used to support logistics or distribution activities. Each of the three 200,000-square-foot buildings provide a docking and waiting area for trucks and a separate vehicular parking lot. The buildings are located in the middle of the infield development area that does not provide airside access. Four additional buildings are proposed for industrial or light industrial use. Each building has an area of 45,000 square feet and vehicular parking is provided.

2.5.5 Other Support Facilities

The third alternative maintains a future airport maintenance and fueling area similar to the one proposed in the BKV MPU. However, the configuration is rotated in an east/west orientation to better accommodate the proposed AAM facilities. There is also space set aside near the proposed FBO for future fuel or GSE storage, as dictated by future demand. Additionally, a 28-acre solar farm development is proposed outside of the Infield Development Area. It is proposed south of the future access road that will extend east from Dispense Road into the Infield Development Area.

2.5.6 Roadway system

Alternate 3 differs from Alternate 2 by providing area for additional T-hangar development parallel to Runway 3-21 and additional light Industrial/commercial development opportunities.

2.5.6.1 Parking Lot Access

Similar to Alternative 2, each parking lot was created with a separate access road which reduces the potential for accidents by diverting through traffic outside the parking areas. The parking lots in this option are all connected with separate access points between each lot.

2.5.6.2 Logistics Center

- The logistics center access incorporates a 50-foot turn radius to accommodate WB-50 Semi tractor trailer operations.
- The parking area and loading/unloading docks have a lane spaced 80 feet wide to allow the WB-50 Semi to back into each loading dock or parking space.
- The logistics center is aligned with the existing ATCT access road running north and south.

2.5.6.3 Roadway to Logistics Center and Corporate Hangars

A north and south running road following the alignment of the existing ATCT access road was created to give full access to the corporate hangars and logistics center facilities. Also, a roundabout is included to better facilitate the flow of traffic between various sections of the infield development area.

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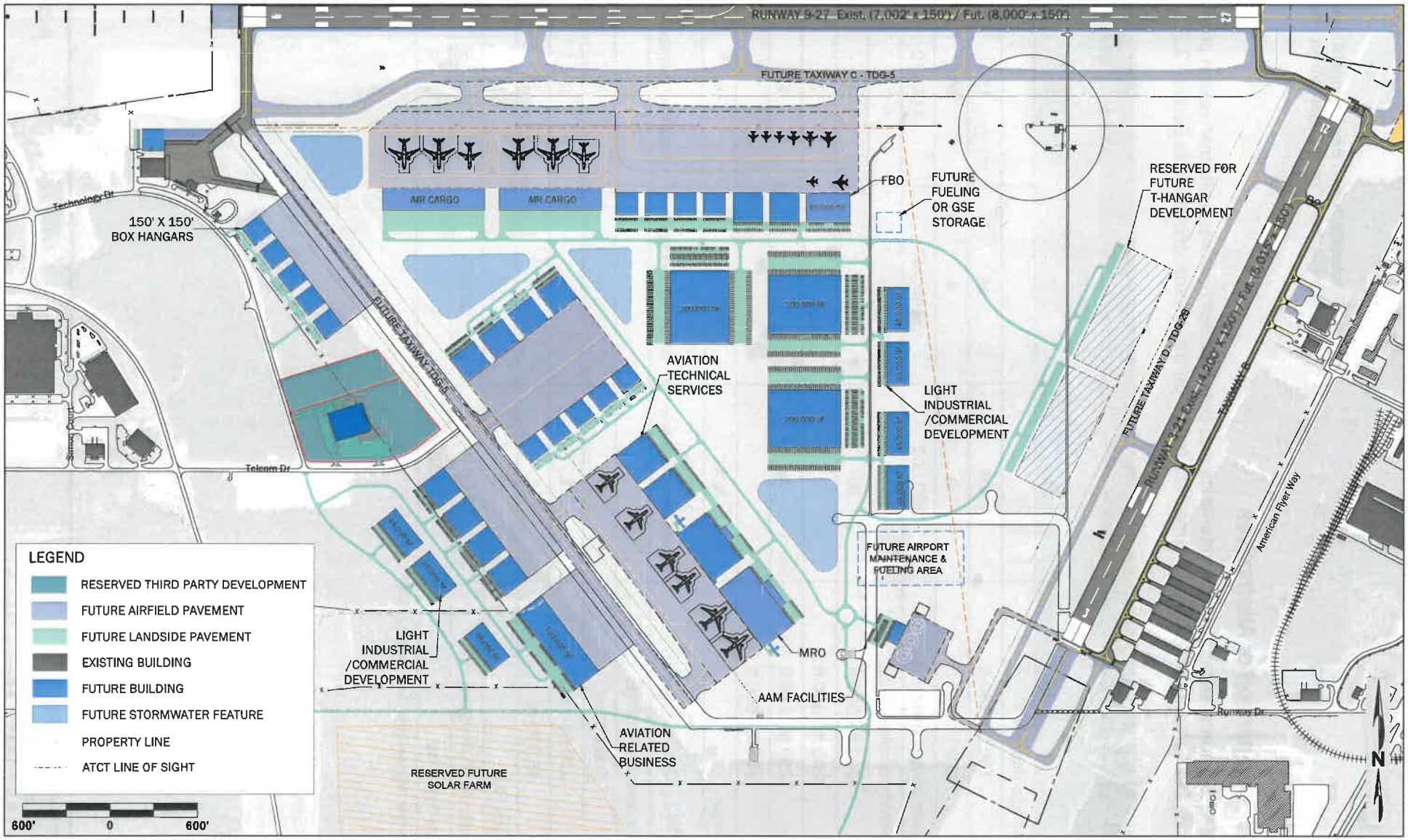
2.6 Comparison of Alternatives

Table 2-3 summarizes the characteristics and potential features each alternative can offer; **Table 2-4** compares the three alternatives based on the criteria described in Section 2.2.1

Table 2-3: Development Alternatives			
Facilities	**Alternative**		
	1	2	3
Storage Hangars			
150 ft x 150 ft	26	14	15
200 ft x 200 ft	8	4	10
Apron Development (sy)	220,502	140,847	414,410
Aviation Business Hangars			
260 ft x 500 ft	0		1
250 ft x 400 ft	2	2	1
250 ft x 250 ft	1	2	2
200 ft x 650 ft			
Cargo	N/A	Third party	Yes
AAM	2 FATOs 3 Parking Positions	2 FATOs 6 parking positions	3 parking positions
Non-aviation Facilities			
200,000 sf	2	2	3
100,000 sf	1	0	0
45,000 sf	2	0	7
Solar Farm	29	16	29
Vehicular Parking (sy)	151,644	89,942	189,115
Roadways (sy)	62,428	64,709	73,213

Source: Michael Baker International, 2023



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Alternative 3

Figure 2-6

Table 2-4: Alternatives Evaluation Matrix			
Criteria	**Alternative**		
	1	**2**	**3**
Achievement of Objective	Yes	Yes	Yes
Airport Design Standards	Yes	Yes	Yes
Flexibility	Good	Good	Good
Collateral Impacts	Good	Good	Fair
Probable Cost	To be determined in conjunction with the preferred alternative.		
Efficiency of Construction Phasing	Good	Good	Fair
Environmental Compatibility	Good	Good	Good

Source: Michael Baker International, 2023

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3 REFINEMENT OF THE INFIELD DEVELOPMENT AREA

The three alternatives presented in Chapter 2 were presented in an alternatives workshop to evaluate and analyze the pros and cons of each alternative. A combination of the proposed infield development improvements results in the preferred development due to its capabilities, capacity, and implementation benefits. The preferred development option maximizes future landside development and airport revenue generating opportunities for the economic growth of Hernando County. The preferred development presented in this section incorporates the input from members of the Working Group.

The refinement process incorporated the recommendations and future airside development proposed in the 2018 BKV Master Plan Update. After the refinement process the potential environmental impacts and action plan is presented in this chapter, following the recommended drainage and utility improvements presented in Chapters 4 and 5. A more detailed list of capital improvement projects is summarized in Chapter 6. The refined infield development alternative will ultimately be utilized by the County as the foundation for updating the BKV Airport Layout Plan drawing set.

The preferred development includes:

- Third-party aeronautical development (MRO, air cargo, etc.)
- New corporate hangar development
- Reserved areas for future T-hangar development
- Future apron expansion
- Light industrial and commercial development
- New roadway access to the infield
- Security improvements
- Potential for Advanced Air Mobility facilities

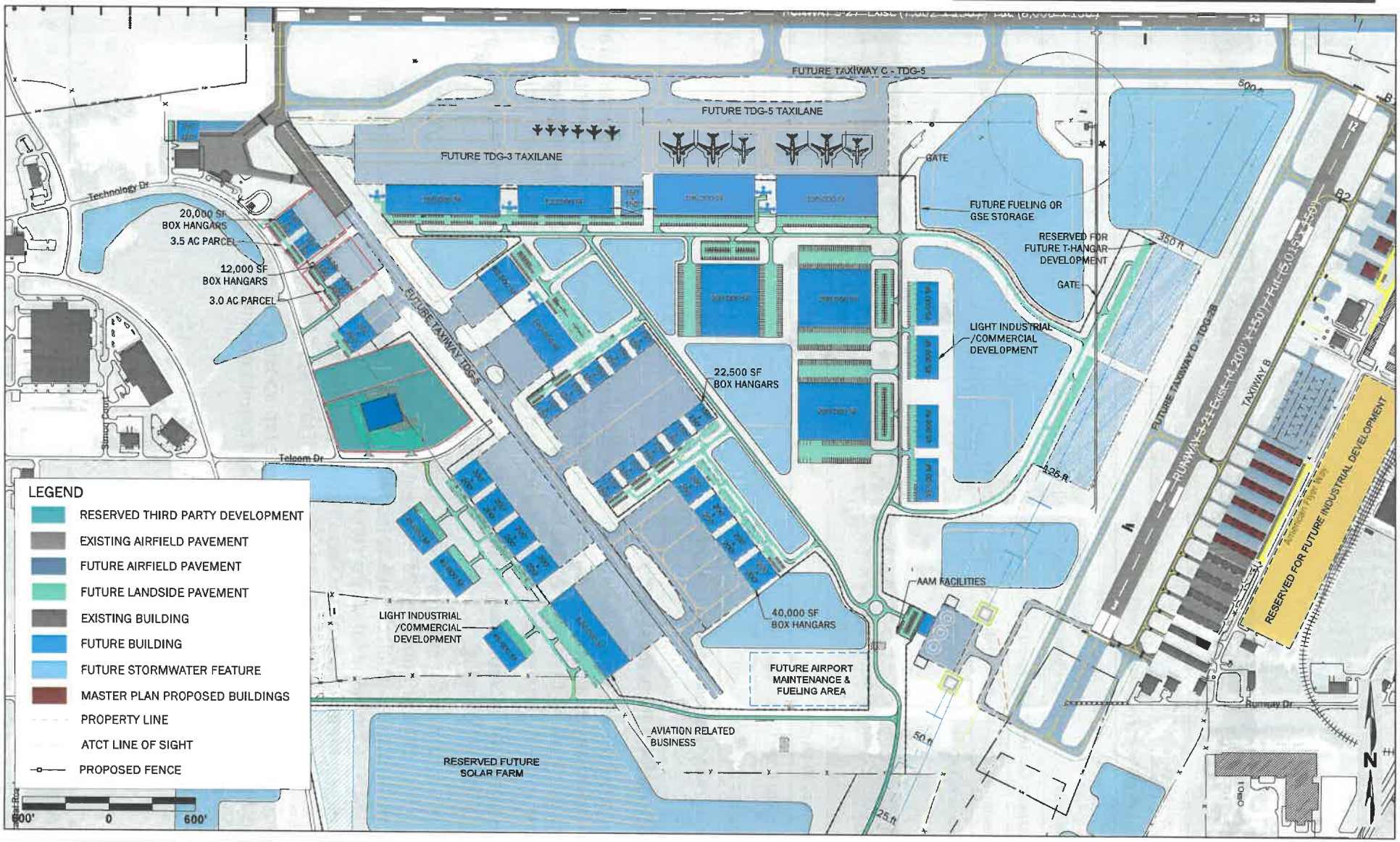
The preferred development is depicted in **Figure 3-1.**

3.1 Design Standards

The preferred development complies with the FAA runway design standards published in AC 150/5300-13B, Airport Design. The airport's primary runway, Runway 9-27, currently has a Runway Design Code (RDC) classification of C-IV; however, it is expected that Runway 9-27 will be extended to 8,000 feet in the future and have an RDC classification of D-IV capable of accommodating the Boeing 757 or a similar aircraft as its critical aircraft. Most of the existing taxiways serving Runway 9-27 follow the FAA taxiway design standards for Taxiway Design Group 5 (TDG-5).

Therefore, the preferred development considers the ability of the primary runway to accommodate the existing and future fleet mix and preserve safety areas for RDC (AAC and ADG) D-IV and TDG-5.

Tables 3-1 and **3-2** summarize the design standards associated with the preferred development proposed for BKV.



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Preferred Development

Figure 3-1

Table 3-1: Taxiway Design Standard based on ADG IV	
Item	**Design Standard**
Taxiway Safety Area (TSA)	171 ft
Taxiway Object Free Area (TOFA)	243 ft
Taxilane Object Free Area (TLOFA)	224 ft
Taxiway Centerline to Parallel Taxiway/Taxilane Centerline	207 ft
Taxiway Centerline to Fixed or Movable Object	121.5 ft
Taxilane Centerline to Parallel Taxilane Centerline	197.5 ft

Source: FAA AC 150/5300-13B. Table 4-1

Table 3-2: Taxiway Design Standard based on TDG 5	
Item	**Design Standard**
Taxiway Width	75 ft
Taxiway Edge Safety Margin	14 ft
Taxiway Shoulder Width	30 ft

Source: FAA AC 150/5300-13B, Airport Design. Table 4-2

3.2 Airfield Improvements

The preferred infield development aligns with the master plan objective of separating traffic on the airport by aircraft classification, where the development on the east side of the airport and along Runway 3-21 will be focused on providing facilities for small and medium sized aircraft, and the west side will be focused on providing facilities for larger aircraft.

The Infield IDP incorporates the Master Plan's recommended airside improvements, including the following:

- Extension of Runway 9-27 to the east to a total runway length of 8,000 feet
- Shift of Runway 3-21 815 feet to the south
- Construction of paved blast pads and shoulders for Runway 9-27 and the associated taxiway system
- Construction of Taxiway C, parallel taxiway to Runway 9-27
- Construction of Taxiway D, parallel taxiway to Runway 3-21

The proposed infield development proposes repurposing the abandoned runway as a new TDG-5 taxiway to enable the development of aeronautical facilities with connecting access to Runway 9-27.

3.3 Aviation-Related Development

One of the premises for selecting the preferred development was creating a platform to boost new employment and increase airport business, generating economic growth for Hernando County and the region.

The preferred development concept is flexible in the type of facilities that could be offered for future development, including aircraft storage, maintenance, avionics, and other aviation-related businesses. In addition, the concept provides spaces for logistics, commerce, and light industrial business. The preferred development is an example of what the airport can develop in the infield area by prioritizing aviation-related businesses. However, the intent of the study is to identify the improvements the airport needs to implement in terms of airfield infrastructure, utilities, drainage, and roadways to unlock the area's airside and landside development potential. It is anticipated that the landside development shown will be driven by the market demand and developed by third-party interests.

As shown in the three alternatives presented in Chapter 2, the areas adjacent to the new taxiway will be reserved for aviation-related development uses due to convenient access to the airfield. These types of facilities include aircraft storage, corporate aviation, maintenance, avionics, medical, and flight training.

The layout depicted in **Figure 3-1** illustrates the potential aeronautical facilities that could be accommodated in the infield area.

The proposed layout encompasses a group of box hangars (each ranging from 12,000 to 20,000 square feet in size) located northeast on the new taxiway, each with adjacent apron space. Three additional clusters of hangars are proposed in the middle of the airfield. The first offers a shared apron capable of accommodating ten 150-foot by 150-foot box hangars. Landside access to these hangars will be provided from the south to the infield area via the new roadway development.

In addition, four 200-foot by 200-foot hangars are proposed east of the new taxiway. The hangars will be served by a shared taxilane with adjacent apron space in front of each hangar. Private vehicle access and parking will be provided. These facilities are best suited for developing aviation-related business opportunities due to their proximity and accessibility to airfield facilities.

On the west side of the taxiway, four additional 200-foot by 200-foot hangars are proposed. Compared to the previously mentioned hangar development, only individual apron areas are provided in front of each hangar, thus requiring aircraft maneuvering via the taxiway constructed on the abandoned runway.

The preferred infield development also proposes four hangars of varying sizes (40,000 square feet, 62,500 square feet, 100,000 square feet, and 130,000 square feet) along the new taxiway. The hangars include a similar sized apron area in front of each facility. Private vehicle access and parking will be provided. These hangars are best suited for a variety of aviation-related business activities, such as MROs, corporate aviation, and avionics.

On the north side of the Infield Area, the preferred development includes the construction of two aprons connecting with the future Taxiway C. One of the aprons has an area of 91,800

square feet and is best suited for corporate aviation activities, including aircraft storage and/or FBO services. This apron will be suitable for accommodating movements of ADG-III aircraft like the Gulf Stream G650. The apron will include TDG-3 taxilane and aircraft parking areas in the middle of the apron and in front of the hangar areas.

Three different sizes of hangars are proposed in this area to store jet aircraft of various sizes in the same hangar or the option to accommodate single box hangars.

The second apron, centrally located along future Taxiway C, has an area of 69,000 square feet and can accommodate ADG-IV aircraft. This layout includes two hangars that could be used for aircraft storage, cargo, or aircraft maintenance activities. Vehicular access will be provided via a proposed infield road and associated parking will be included.

The Preferred Development also recommends reserving approximately 13 acres east of future Taxiway D for the development of T-hangars. Airport control tower (ATCT) line of sight and a shadow analyses will be required to preclude potential impacts to future aircraft operations on Runway 3-21 and Taxiway D.

3.4 Advanced Air Mobility Facilities

The preferred alternative combines the Advanced Air Mobility (AAM) facility concepts proposed in Alternatives 1 and 3. AAM facilities will be located south of the infield area, connecting with the end of Runway 3. The AAM development includes a taxiway system to connect the AAM apron area with Runway 3-21. In addition, the apron has two designated Touchdown and Lift-off areas (TLOF) and FATOs aligned with Runway 3-21. This way, Electric Vertical Take-off and Landing Aircraft (EVTOL) can use the runway as required in the early stages of its development or if the Final Approach and Takeoff (FATO) areas are unavailable.

As detailed in Chapter 2, the FATO's approach/departure surface is centered on each approach/departure path. The approach/departure path starts at the outer edge of the FATO and extends upward at a slope of 8:1 for 4,000 feet, where the width is 500 feet at a height of 500 feet above the airport elevation as defined by FAA Engineering Brief (EB) No. 105, Vertiport Design.

As depicted in **Figure 3-1**, the transitional surfaces start from the edges of the FATO parallel to the flight path centerline and from the outer edges of the 8:1 approach/departure surface and extend outwards at a slope of 2:1 for 250 feet from the centerline. The transitional surfaces extend longitudinally from the edge of the FATO to the far end of the approach/departure surface.

The preferred layout for the AAM facilities incorporates three parking positions for loading/unloading passengers or cargo as required. Vehicular access to the terminal building will be provided via a new road south of the airfield, and associated parking will be included.

Future expansion of the facilities can be accommodated as demand dictates. The facilities should include charging and cooling stations, HazMat storage, lockers/storage for batteries, fire suppression for battery fires, and fire management services.

3.5 Non-Aeronautical Development

Portions of the Infield Development area that would not have direct access to the airfield are considered unsuitable for aeronautical use. Therefore, other non-aeronautic uses that are compatible with airport activities could be implemented to support economic development opportunities that would enhance the revenue generating potential of the airport. As evaluated by the most recent update of the BKV Airport Master Plan, it is anticipated that those areas will attract industrial and corporate businesses and industries incentivized by their proximity to the airport.

The Preferred Development incorporates three 200,000 square foot buildings that could be used by the same tenant or subdivided for different tenants/uses. These buildings have the ability to integrate truck loading docks, making them desirable for logistics or distribution centers. The facilities also include waiting areas for trucks and separate vehicular parking facilities.

Four additional 45,000 square foot buildings are proposed in the center of the infield area. These buildings could be used for corporate facilities, offices, and light industrial or commercial developments.

The areas identified outside the infield can also accommodate light industrial or commercial developments in line with the Master Plan proposal to develop industrial facilities west of the airfield.

3.6 Other Support Facilities

The Preferred Development also reserves approximately 7 acres south of the infield area to develop Airport Maintenance Facilities. As described in the BKV Master Plan, the future facility should have a fueling station capable of providing an on-site supply of unleaded and diesel fuel for airport vehicles and equipment versus traveling off-site to the Hernando County fueling facility.

The Preferred Development also reserves one acre north of the infield area adjacent to the ATCT Access Road to accommodate future fueling facilities and Ground Support Equipment (GSE) storage. A reserved area to develop a solar farm is also proposed in the southwest corner of the airfield, south of Dispense Lane. The 28-acre area could be used for anticipated drainage improvements while accommodating solar panels as part of a floating system over the drainage retention pond.

3.7 Roadway System and Security Considerations

The Preferred Development of the Infield Area includes the roadway access improvements considered in the three alternatives presented in Chapter 2. Access to/from the west of the airport will be provided by extending Airport Boulevard eastward from its intersection with Corporate Boulevard to the ATCT Access Road. In addition, a new road extending to the north from Sergeant Lea Mills Boulevard is proposed west of Runway 3. Both proposed alignments will intercept and create the main entrance to the Infield Development Area.

The main infield development road will extend north to a roundabout that will facilitate access to three roads leading to the different areas of the infield development.

The first exit to the east will connect with the AAM facilities. The second exit to the north will provide access to the west portion of the infield area where the future T-hangar development or continue north to connect with the proposed non-aeronautical development and onward to the ATCT. The third exit to the west will facilitate access to the different hangar clusters and aviation-related facilities. This road will also connect with a future road that runs parallel to Runway 9-27 and provides access to the aviation-related development proposed south of future Taxiway C.

The roadway network will be constructed in phases to access each development area as demand dictates. The road network will provide two-lane access throughout the site following the design considerations detailed in Section 3.7.1.1 and Hernando County Facility Design Guidelines. However, additional traffic studies may be required in the future to determine if turn lanes or improved intersections are needed to support the proposed development areas. The roadway right-of-way used was 50 feet per frontage road section with a design speed per section of 30 MPH. All buildings and parking lots proposed in the Preferred Development should be placed outside the right of way. The sidewalks are not shown in the Preferred Development. However, at least one sidewalk on either side of the road should be included during the design phase.

3.7.1 Vehicle Parking Areas

The Preferred Development considers that each facility should have a vehicle parking area adjacent to the building that follows local design standards and regulations. Each tenant will have their own designated vehicle parking area to be developed along with the building/hangar and in coordination with the airport's required standards.

The parking layout recommended for most of the parking lots provides separate access to each lot; except in cases where the space is constrained. In such cases, all parking lot sections have a common entry and are connected to each other by an internal road.

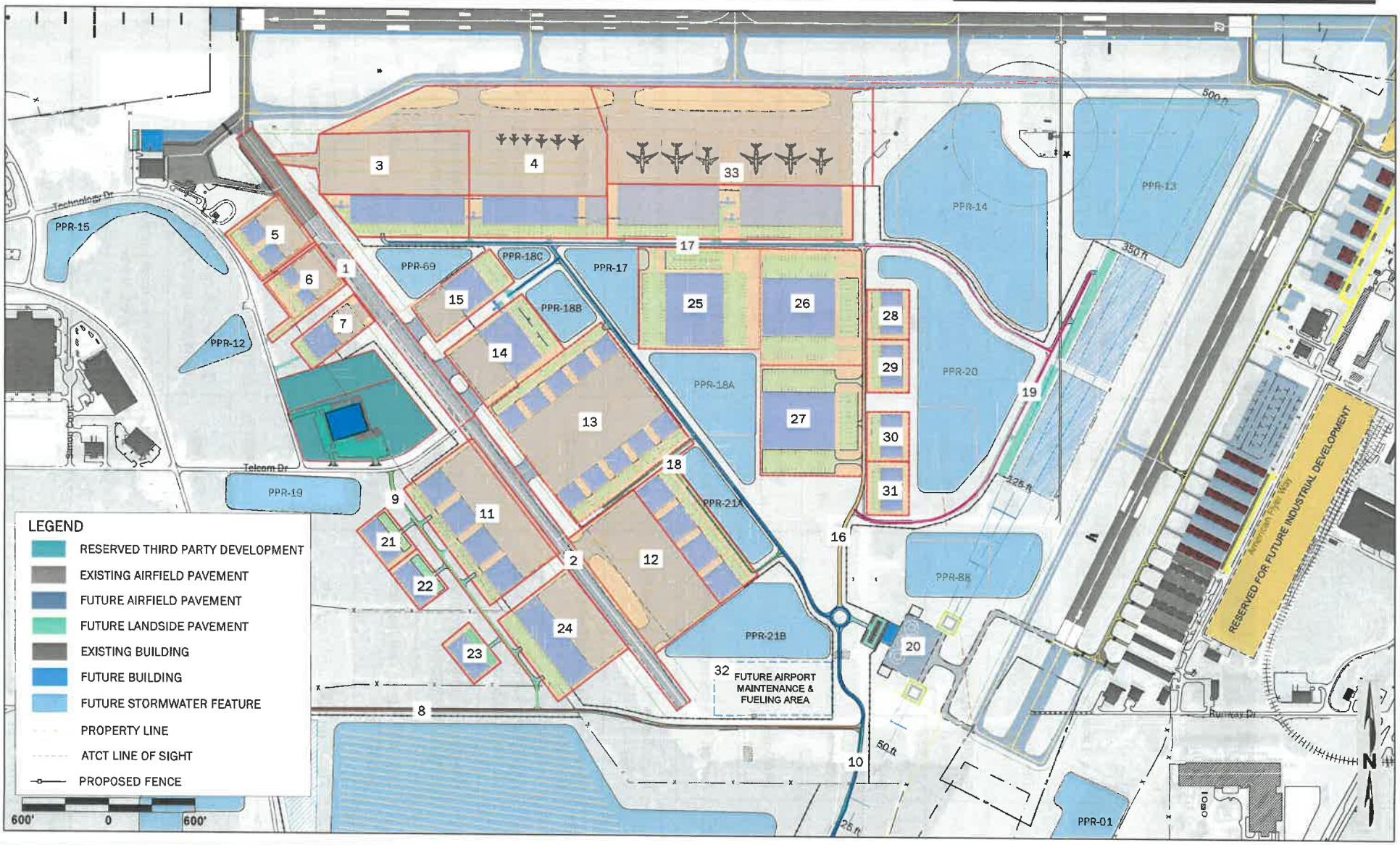
3.7.2 Fencing and Security

As the road network is developed and new facilities are built, each tenant will be required to implement a fencing project as part of its facilities to keep the airside secure and prevent incursions. In addition, the airport must implement secured gates to control the ingress/egress of authorized personnel to critical facilities like ATCT, electrical vault, aprons, fuel, and maintenance facilities. **Figure 3-1** shows the potential location of the future fence line to maintain safe operations at the airport.

3.8 Summary of Capital Improvement Projects

The Preferred Development has been divided into different capital improvement projects listed in **Table 3-3** and depicted in **Figure 3-2**. As mentioned previously, the Preferred Development concept is flexible in implementing landside developments, and the project list only includes the necessary improvements in support of pad-ready sites. The following list does not reflect any prioritization or year of implementation for each proposed project.

Chapter 7 will provide a more detailed implementation plan and the estimated cost of executing the BKV Infield Development Plan.



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Infield Development Plan Projects

Figure 3-2

Table 3-3: Projects List			
No	**Project Name**	**Type**	**Description**
1	New Taxiway Phase I	Airfield Pavement	Convert abandoned runway to taxiway from Taxiway C to Telcom Dr. Includes Paved Shoulders.
2	New Taxiway Phase II	Airfield Pavement	Convert abandoned runway to taxiway from Telcom Dr. to the infield southern point. Includes Paved Shoulders.
3	Site-Prep Northwest Infield - Phase I	Site Preparation	Prepare area for future development of apron, connectors, and hangars, Phase I
4	Site-Prep Northwest Infield - Phase II	Site Preparation	Prepare area for future development of apron, connectors, and hangars, Phase II.
5	Site-Prep Northwest (3.5 AC parcel)	Site Preparation	Prepare area for third-party development of two hangars on 20,000 SF apron and connector.
6	Site-Prep (3.0 AC parcel)	Site Preparation	Prepare area for third-party development of two hangars on 12,000 SF apron and connector.
7	Site-Prep (40,000 SF Hangar)	Site Preparation	Prepare area for third-party development of one hangar on 40,000 SF apron and connector.
8	Airport Service Road Extension	Roadway	Improve and extend Airport Service Road from Corporate Blvd. to the Infield area.
9	Road Development - South of Telcom Dr.	Roadway	Build roads west to the infield area to access light industrial and commercial development from Telcom Dr. to Airport Service Road.
10	Road from Sergeant Lea Mills Blvd to Infield Area	Roadway	Construct a Road from Sergeant Lea Mills Blvd. to the infield area.
11	Site-Prep southwest apron and hangars (40,000 SF)	Site Preparation	Prepare area for future development of four 200'x200' hangars and common apron.
12	Site-Prep southeast apron and hangars (40,000 SF)	Site Preparation	Prepare area for future development of four 200'x200' hangars and common apron.
13	Site-Prep Apron and hangars (22,500 SF)	Site Preparation	Prepare area for future development of ten 150'x150' hangars and common apron.
14	Site-Prep MRO (100,000 SF)	Site Preparation	Prepare area for third-party development of one hangar on 100,000 sf apron and connector.
15	Site-Prep MRO (62,500 SF)	Site Preparation	Prepare area for third-party development of one hangar on 62,500 sf apron and connector.
16	Road development south-north Infield Area	Roadway	Construction of a road from the southern point of the infield area to the ATCT.
17	Road development east-west Infield Area	Roadway	Build a new road parallel to Runway 9-27 to access future apron areas.

Table 3-3: Projects List			
No	**Project Name**	**Type**	**Description**
18	Road development parallel to the new taxiway	Roadway	New road parallel to the new taxiway to provide access to aeronautical use development (Hangar, MRO).
19	Road Development to enable future T-hangar developments	Roadway	Infield area road to connect with future T-hangar development.
20	AAM Facilities	Airfield Pavement	Include construction of TLOF, apron, and taxiway connectors. It does not include buildings.
21	Site-Prep Industrial Development West Side	Site Preparation	Prepare an area for third-party development of light industrial or commercial facilities and parking.
22	Site-Prep Industrial Development West Side	Site Preparation	Prepare an area for third-party development of light industrial or commercial facilities and parking.
23	Site-Prep Industrial Development West Side	Site Preparation	Prepare an area for third-party development of light industrial or commercial facilities and parking.
24	Site-Prep Southwest Hangar (130,000 SF)	Site Preparation	Prepare area for third-party development of one hangar on 130,000 sf apron and connector.
25	Site-Prep Industrial Development Infield	Site Preparation	Prepare an area for third-party logistics development, light industrial or commercial facilities, and parking.
26	Site-Prep Industrial Development Infield	Site Preparation	Prepare an area for third-party logistics development, light industrial or commercial facilities, and parking.
27	Site-Prep Industrial Development Infield	Site Preparation	Prepare an area for third-party logistics development, light industrial or commercial facilities, and parking.
28	Site-Prep Light industrial development West Side	Site Preparation	Prepare an area for third-party development of light industrial or commercial facilities and parking.
29	Site-Prep Light industrial development West Side	Site Preparation	Prepare an area for third-party development of light industrial or commercial facilities and parking.
30	Site-Prep Light industrial development West Side	Site Preparation	Prepare an area for third-party development of light industrial or commercial facilities and parking.
31	Site-Prep Light industrial development West Side	Site Preparation	Prepare an area for third-party development of light industrial or commercial facilities and parking.
32	Airport Maintenance & Fueling Facility	Others	New facility in the south of the airfield.
PPR	Stormwater Improvements	Drainage	Includes 16 new retention ponds.

3.9 Environmental Overview

This chapter provides general background information from an environmental perspective in the Infield Development Area. The environmental overview includes applicable categories outlined in accordance with FAA Order 1050.1F, Environmental Impacts: Policies and Procedures, as well as identifying any potential environmental impacts that could be expected.

3.9.1 Potential environmental impacts to natural resources

3.9.1.1 Air Quality

Based on the Clean Air Act, National Ambient Air Quality Standards (NAAQS) are applicable to all areas of the United States. Construction activities (e.g., demolition and excavation) will result in minor temporary air quality impacts (fugitive dust). No long-term deleterious air quality impacts are anticipated.

3.9.1.2 Threatened and Endangered Species

Under Section 7 of the Endangered Species Act of 1973, as amended, habitats at BKV were evaluated with respect to suitability for federal- and state-protected species. A list of federally protected species with potential to occur on or near BKV's Infield area was generated from the U.S. Fish and Wildlife Service (USFWS) Information for Planning and Consultation (IPaC) website on March 7, 2024. Species from the IPaC list and the Natural Heritage list were evaluated with respect to habitat requirements and those with potential to occur in the habitats on and near BKV are listed in **Table 3-4**, below.

Table 3-4: Potential Federal and State Protected Species in Vicinity of AEX

Scientific Name	Common Name	Federal Status	State Status
Laterallus jamaicensis ssp. jamaicensis	Eastern Black Rail	Threatened	Federally-designated Threatened (FT)
Rostrhamus sociabilis plumbeus	Everglade Snail Kite	Endangered	Federally-designated Endangered (FE)
Grus americana	Whooping Crane	EXPN	Federal Non-Essential Experimental Population (FXN)
Drymarchon couperi	Eastern Indigo Snake	Threatened	Federally-designated Threatened (FT)
Caretta caretta	Alligator Snapping Turtle	Threatened	State-designated Threatened (ST)
Margaritifera hembeli	Loggerhead Sea Turtle	Threatened	Federally-designated Threatened (FT)
Danaus plexippus	Monarch Butterfly	Candidate	

Sources: IPaC list generated for BKV property on March 7, 2024, and Florida's Official Endangered and Threatened Species List December 2022.

Note: EXPN - Experimental Population, Non-Essential

3.9.1.3 Historical, Architectural, Archaeological, and Cultural Resources

The National Historic Preservation Act of 1966 and the Archaeological and Historic Preservation Act of 1974 provide protection against development impacts that would impact the historical, architectural, archaeological, or cultural resources. The Florida Division of Historical Resources is crucial in reviewing projects and assessing their impact on historic, archaeological, and cultural resources within the state and federal laws and regulations. The National Park Service's National Register web-based map utility was used to review records of National Register of Historic Places (NRHP) listed properties that are not considered "sensitive or restricted" (such as archaeological sites) near BKV. This review indicated that there are no unrestricted NRHP-listed cultural, historical, or archaeological resources within or adjacent to AEX property. However, because the search does not include sensitive or restricted sites, sites that have yet to be discovered, or sites that may be eligible for listing but have not been officially listed to date, this review should only be preliminary.

Coordination with the Division of Historical Resources should occur to evaluate potential effects of proposed projects that are in previously undisturbed areas or that may impact buildings or landmarks that are more than 50 years of age have the potential to impact cultural resources prior to construction.

3.9.1.4 Farmland

The Farmland Protection Policy Act (FPPA) is overseen by the United States Department of Agriculture's (USDA's) Natural Resources Conservation Service (NRCS). This Act discourages Federal activities that would convert farmland to nonagricultural purposes. This includes properties with soils designated prime or unique farmland soils, soils of statewide or unique importance, and productive agricultural fields (fallow or active).

According to the NRCS Web Soil Survey farmland classification data for BKV's property (generated March 7, 2024), all the soils on BKV are classified as not prime farmland soils.[9]

3.9.1.5 Hazardous material and Solid Waste

The Resource Conservation and Recovery Act of 1976[10] (RCRA), Subtitle C, established the federal program to manage hazardous wastes from cradle to grave. Subtitle C contains guidance for hazardous waste handling entities regarding the generation, transportation, treatment, storage, or disposal of hazardous waste. The U.S. Environmental Protection Agency (USEPA) provides state and local agencies with information, guidance, policies, and regulations to help regulate community waste and enhance the environmental and economic benefits of source reduction and recycling of solid wastes. Notification of USEPA is necessary if treatment, storage, or disposal of hazardous waste is being conducted at a

[9] https://websoilsurvey.sc.egov.usda.gov/App/WebSoilSurvey.aspx

[10] 42 U.S.C. § 6901, "Resource Conservation and Recover Act," https://www.gpo.gov/fdsys/pkg/USCODE-2017-title42/pdf/USCODE-2017-title42-chap82-subchapI-sec6901.pdf, (March 13, 2019).

given facility to receive a USEPA Identification Number unless hazardous waste generated at the facility has been exempt.

The USEPA NEPAssist database[11] was used to obtain information regarding potential waste and hazardous material sites shown in **Figure 3-3.** According to NEPAssist, a total of 23 facilities that generate hazardous waste are located around the perimeter of BKV. All of them are very small-quantity generators or facilities for which no generator status is listed, which is likely because they either no longer generate waste or generate only a small amount. According to NEPAssist, no brownfields or Superfund sites are located at or near BKV. Only one facility is listed to generate Toxic Releases.

For planned development at the airport that may result in ground disturbance near existing facilities that handle or generate hazardous waste, it is recommended that a qualified hazardous material assessment firm be hired to investigate and determine if remediation is required before land acquisition or construction.

3.9.1.6 Environmental Justice

Project-level Environmental Justice analyses should be conducted in compliance with Executive. Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, and applicable current federal and state requirements for Federal aid transportation projects on behalf of the Federal Aviation Administration. However, it is anticipated that no Environmental Justice populations are present within the Infield Development Area. Therefore, no disproportionate impacts are anticipated for Minority Populations and Low-Income Populations.

3.9.1.7 Wetlands

Executive Order 11990[12], Protection of Wetlands, mandates that each federal agency take action to minimize the destruction, loss, or degradation of wetlands, and preserve and enhance their natural values. This Executive Order and the permitting requirements of Section 404[13] of the Clean Water Act requires a permit for impacts to Waters of the United States (including wetlands). Permit applications are submitted to the United States Army Corps of Engineers and the Florida Department of Environmental Protection Water Act Section 401 water quality certifications.

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[11] USEPA, "NEPAssist," https://nepassisttool.epa.gov/nepassist/nepamap.aspx, (March 7, 2024).

[12] National Archives, "Executive Orders: Executive Order 11990," https://www.archives.gov/federal-register/codification/executive-order/11990.html, May 24, 1977 (March 7, 2024).

[13] U.S. Environmental Protection Agency, "Section 404 of the Clean Water Act," https://www.epa.gov/cwa-404/clean-water-act-section-404 , October 6, 2016 (March 7, 2024).

The USFWS National Wetlands Inventory (NWI) Wetland Mapper[14] indicates that only one freshwater emergent wetland is present in the Infield Development Area. however, more detail information is described in the Storm Water Master Plan Update **(Appendix A)**

The locations of the mapped wetlands and surface waters are shown in **Figure 3-3.** There remains a possibility that other wetlands occur on the Infield Development Area that do not appear on the NWI mapping or that the actual extent of wetlands is less or different than depicted on the mapping. For future development, particularly in areas that have not been previously developed, it will be important to evaluate each site for the potential presence of wetlands before construction.

[14] U.S. Fish and Wildlife Service, "NWI Wetlands Mapper," https://www.fws.gov/wetlands/data/Mapper.html October 17, 2018, (March 14, 2019).

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Environmental Features

Figure 3-3

3.9.2 Potential Environmental Documentation

FAA Order 1050.1F, Environmental Impacts: Policies and Procedures, provides the FAA policy and procedures to ensure compliance with the National Environmental Policy Act (NEPA) requirements for FAA-funded projects and lists the type of NEPA documentation required for each project type. Chapter 3 of FAA Order 1050.1F contains the levels of the National Environmental Policy Act review. The three levels of NEPA documents are Categorical Exclusion (CATEX), Environmental Assessment (EA) or Environmental Impact Statement (EIS). After the potential impacts on the human and natural environment are identified, the appropriate level of NEPA documentation can be identified.

CATEX refers to a category of actions that do not individually or cumulatively have a significant effect on the human environment and for which neither an EA nor an EIS is required.

An EA is used to determine whether a proposed action has the potential to significantly affect the human environment. An EA is a concise public document that briefly provides sufficient evidence and analysis for determining whether to prepare an EIS or a Finding Of No Significant Impact FONSI.

Chapter 3 of FAA Order 1050.1F indicates that an EA must be prepared at minimum when the proposed action does not normally require an EIS and does not fall within the scope of a CATEX or falls within the scope of a CATEX but there are one or more extraordinary circumstances.

An EIS must be prepared for actions that significantly affect the quality of the human environment when one or more environmental impacts are significant and mitigation measures cannot reduce the impacts below significant levels. The following examples provided in the FAA Order 1050.1F are actions normally requiring an EIS:

- Unconditional ALP approval or Federal financial participation in the following categories of airport actions:
  - Location of a new commercial service airport in a Metropolitan Statistical Area (MSA).
  - A new runway to accommodate air carrier aircraft at a commercial service.
  - airport in an MSA; and
  - Major runway extension.
- Issuance of a commercial space launch site operator license, launch license, or experimental permit to support activities requiring the construction of a new commercial space launch site on undeveloped land.

3.9.3 Potential Regulatory Permits

Permitting requirements for each project type are based on current federal, state, and local environmental regulations. The following criteria were used to determine the potential environmental permit that would be required for each project:

- **State Environmental Resource Permit (ERP)[15]:** The State Environmental Resource Permit (ERP) in Florida is a regulatory authorization that governs activities related to altering surface water flows. An ERP is required if the project meets one of the following criteria:

    a. The project proposes work in, on, or over wetlands and surface waters.
    b. The project proposes constructing more than 4,000 square feet of impervious or semi-pervious surface.
    c. The project proposed has an area that is greater than 1 acre.
    d. The project proposes impounding greater than 40-acre feet.
    e. The project has a dam that is greater than 10 feet in height.
    f. The project is part of a larger development plan.
    g. The project is a modification of an existing permit.

- **National Pollutant Discharge Elimination System (NPDES) Permit for Construction Activity[16]:** The NPDES program focuses on controlling and managing discharges from various sources, including industrial facilities, municipal wastewater treatment plants, and construction sites. Its primary goal is to protect water quality by limiting pollutant discharges and ensuring compliance with environmental standards.

  An NPDES for Construction permit is required if the project area is greater than 1 acre or less than 1 acre but part of a common Plan that ultimately disturbs 1 or more acres of land.

- **Gopher Tortoise Relocation Permit[17]:** The Florida Gopher Tortoise Relocation Permit is a regulatory authorization issued by the Florida Fish and Wildlife Conservation Commission (FWC).

  The gopher tortoise is a threatened species in Florida, and its burrows are protected by state law. Any project that disturbs gopher tortoise burrows or conducts construction activities within 25 feet of these burrows must obtain a Gopher Tortoise Relocation Permit from the FWC.

  The project has the potential to contain gopher tortoise habitat and gopher tortoise.

- **FDEP Industrial Wastewater Permit[18]:** The Florida Department of Environmental Protection (FDEP) issues Industrial Wastewater Permits to facilities and activities that discharge to surface waters and groundwaters within the state. The project has the potential to contaminate groundwater.

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[15] https://floridadep.gov/water/submerged-lands-environmental-resources-coordination/content/environmental-resource-permitting

[16] https://www.epa.gov/npdes/stormwater-discharges-construction-activities

[17] https://myfwc.com/license/wildlife/gopher-tortoise-permits/

[18] https://floridadep.gov/water/industrial-wastewater/content/industrial-wastewater-genericgeneral-permits

- **Section 404 Permit or Corps of Engineers Dredge and Fill Permit:** is a regulatory authorization required for activities involving the discharge of dredged or fill material into waters of the United States, including wetlands. A Section 404 Permit is required if the project proposes to fill or dredge wetlands.

3.9.4 Potential Environmental Impacts and Action Plan.

All projects involving a federal action or federal resources must undergo an environmental review process. The level of environmental documentation required depends on the project type and the potential impacts on the environment. The airport projects that qualify for federal funding will follow FAA Order 5050.4B, National Environmental Policy Act Implementing Instructions for Airport Actions and Order 1050.1F Environmental Impact: Policies and Procedures to ensure there are no adverse impacts to the environment.

Depending on funding and implementation, if a particular element of the Preferred Development Plan is deemed to have independent utility, is listed as a potentially categorically excluded action in Orders 1050.1F and 5050.4B, and has no extraordinary circumstances. Some of the projects may be assessed under NEPA utilizing a CATEX. For the Master Plan Project of Runway 9-27 extension, an EA would likely be required.

Depending on the individual projects, construction may impact various resources under the authority of various Federal and State agencies. These resources may include, but are not limited to, protected species, wetlands and other water bodies, archeological resources, and water quality. All elements of the IDP would need to be reviewed for the environmental impact categories as listed in the FAA Order 1050.1F Desk Reference.

Impacts to environmental resources would require a permit, a certification, a consistency determination, an approval, or a letter of record from the governing agency. In some cases, mitigation may be required. Mitigation may vary from using Best Management Practices (BMPs) during construction to costly restoration of an off-site location for an environmental resource. The application for the applicable permit should be completed and submitted as early as possible in the design development process to prevent a delayed construction start while waiting on final permit approval. However, design plans must be sufficiently developed so that the permit is reasonably representative of the actual project impacts.

Based upon the above considerations and to facilitate future individual actions at the airport, the following Environmental Action Plan is proposed:

- Wetlands and waters of the U.S. should be delineated within the airport property boundary and show where additional property may be purchased. The delineation should be submitted to the United States Army Corps Engineers (USACE) for jurisdictional determination.
- Surveys for potential protected species should be completed at the appropriate time of year for each individual species (i.e., flowering times for plants and nesting/breeding/overwintering times for animals).
- Appropriate historical, architectural, and archeological surveys for those resources should be undertaken in any areas of the airport not previously surveyed and on additional properties proposed to be purchased.

- The proposed design should be overlayed upon mapping of the above resource locations to determine potential impacts. The design team should attempt to avoid impacts to the resources to the greatest extent practicable. Unavoidable impacts should be minimized to the greatest extent practicable by reasonable means. The permitting required for the unavoidable and minimized impacts should be determined, and the application for the permit should be submitted as early in the design process as possible.
- If mitigation is required for the unavoidable impacts, a mitigation plan should be completed and submitted with the permit application.
- Once a permit (certification, approval, etc.) is obtained, all conditions to the permit should be noted and made available to anyone associated with the proposed project, including, but not limited to, airport staff, project management team, contractors, sub-contractors, inspectors, etc. so that violations to the permit may be prevented.
- If mitigation is required, it should be completed, and the appropriate agencies should be provided with proof of purchase, completion, or other action as required.
- Once the project is deemed complete, a notification of completion should be provided to the issuing agency.

Some of these actions, such as the first three listed above, could be completed as soon as sufficient funding is available. The remaining actions would likely need to wait until the NEPA process, and the design process have a design sufficiently developed for impact analysis.

The projects proposed for the preferred alternative were examined using existing GIS data and recent aerial photography to determine if the proposed project would potentially impact previously developed areas, waters of the U.S., or areas of known or suspected environmental concern. **Table 3-5** identifies the potential environmental impacts associated with the preferred Infield development, the anticipated level of NEPA documentation for each project, such as a CATEX, EA, or EIS, and the regulatory permits that may be needed for each project. Permitting approvals that are anticipated to be addressed by standard design measures, construction timing or best management practices (BMPs) are not included in the list.

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Table 3-5: Potential Environmental Impacts

No.	Projects	Acreage	Noise	Air Quality	Wetland	Upland Forested	Protected Species	Potential NEPA Documentation	1050.1F Reference	Permits	Comments	FLUCFCS Code Impacted
Master Plan Projects	Runway 3-21 Shift (Asphalt - Runway 3 End Only)	9.4	N	N	N	N	N	CatEx	5-6.4 e	ERP, NPDES		8100
	Runway 9-27 Extension (Asphalt)	30.7	Y	Y	N	N	Y	EA	3-1.3 b (c)	ERP, NPDES, GTRP	Requires updated noise contours or Part 150 Study	8100
	Parallel Taxiway C (Runway 9-27 - Asphalt)	49.2	N	N	N	N	Y	CatEx	5-6.4 e	ERP, NPDES, GTRP	May contain gopher tortoise	8100
	Parallel Taxiway D (Runway 3-21 - Asphalt)	32.2	N	N	N	N	Y	CatEx	5-6.4 e	ERP, NPDES, GTRP	May contain gopher tortoise	8100
1	New Taxiway Phase I	3.19	N	N	N	N	N	CatEx	5-6.4 e	ERP, NPDES		8100
2	New Taxiway Phase II	4.25	N	N	N	N	N	CatEx	5-6.4 e	ERP, NPDES		8100
3	Siter ready for Northwest Infield Development Phase I	45.54	N	N	N	N	N	CatEx	5-6.4 f	ERP, NPDES		8100
4	Siter ready for Northwest Infield Development Phase II	41.41	N	N	N	N	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	8100
5	Site ready for 3.5 Ac parcel (2 - 20,000 SF Hangars)	4.4	N	N	N	Y	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	4400;4120;8100
6	Site ready for 3.0 Ac parcel (2 - 12,000 SF Hangars)	3.9	N	N	N	Y	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	4400;4120;8100
7	Site ready for 200 x 200 hangar	3.0	N	N	N	Y	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	4400;4120;8100
8	Airport Service Road Extension	2.70	N	N	N	Y	Y	CatEx	5-6.4 a	ERP, NPDES, GTRP	May contain gopher tortoise	6530;4120;8100
9	Westside roads development south of Telcom Dr	2.7	N	N	N	Y	Y	CatEx	5-6.4 a	ERP, NPDES, GTRP	May contain gopher tortoise	4120
10	Road from Sergeant Mills Blvd to Infield Area	1.5	N	N	N	Y	Y	CatEx	5-6.4 a	ERP, NPDES, GTRP	May contain gopher tortoise	6530;4400;4120;1900;8100
11	Site ready future southwest hangars 200x200 and apron	13.69	N	N	N	Y	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	4120;8100
12	Site ready future southeast hangars 200x200 and apron	20.85	N	N	Y	N	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP, Section 404	May contain gopher tortoise	8100
13	Site ready common apron east of new taxiway for 150x150 hangars	22.94	N	N	N	N	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	8100
14	Siter ready for MRO (100,000 sf)	7.51	N	N	N	N	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	8100
15	Siter ready for MRO (62,500 sf)	4.55	N	N	N	N	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	8100
16	Road development south-north Infield Area	2.40	N	N	N	N	Y	CatEx	5-6.4 a	ERP, NPDES, GTRP	May contain gopher tortoise	8100
17	Road development east-west Infield Area	2.1	N	N	N	N	Y	CatEx	5-6.4 a	ERP, NPDES, GTRP	May contain gopher tortoise	8100
18	Road development parallel to the new taxiway	3.7	N	N	Y	N	Y	CatEx	5-6.4 a	ERP, NPDES, GTRP, Section 404	May contain gopher tortoise	8100
19	Road Development to enable future T-hangar developments	2.70	N	N	N	N	Y	CatEx	5-6.4 a	ERP, NPDES, GTRP	May contain gopher tortoise	8100
20	AAM Facilities	48.03	N	N	N	N	Y	CatEx	5-6.4 t	ERP, NPDES, GTRP	May contain gopher tortoise	8100
21	Site ready for industrial and commercial development Westside.	2.07	N	N	N	Y	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	4120
22	Site ready for industrial and commercial development Westside.	2.07	N	N	N	Y	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	4120
23	Site ready for industrial and commercial development Westside.	2.07	N	N	N	Y	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	4120
24	Site ready Southwest hangar 130,000 sf	9.76	N	N	N	Y	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	4120;8100
25	Site Ready for Light Industrial Development West Side	12.63	N	N	N	N	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	8100
26	Site Ready for Light Industrial Development West Side	12.63	N	N	N	N	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	8100
27	Site Ready for Light Industrial Development West Side	12.63	N	N	N	N	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	8100
28	Site Ready for Light Industrial Development West Side	2.41	N	N	N	N	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	8100
29	Site Ready for Light Industrial Development West Side	2.41	N	N	N	N	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	8100
30	Site Ready for Light Industrial Development West Side	2.41	N	N	N	N	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	8100
31	Site Ready for Light Industrial Development West Side	2.41	N	N	N	N	Y	CatEx	5-6.4 f	ERP, NPDES, GTRP	May contain gopher tortoise	8100
32	Airport Maintenance & Fueling Facility - new location	6.78	N	N	N	N	Y	CatEx	3-1.2 f	ERP, NPDES, GTRP	May contain gopher tortoise	8100

Source: Michael Baker International Inc. 2024

4 DRAINAGE

The proposed stormwater pond recommendations were determined considering the preferred development plan defined in Chapter 3 of this Infield Infrastructure Development Plan Phase II, the Infrastructure Development Plan Phase I dated March 2021, and the Airport Layout Plan (ALP) updated in May 2020. The resulting future development assumptions, including the layout of future buildings, roads, and other impervious surfaces used for purposes of this study, are displayed in **Figure 4-1.** In addition, the Stormwater Master Plan was updated as part of this study and can be found in **Appendix A.**

The proposed development locations include both airside and landside. On the airside, notable improvements are within the northwest quadrant of the infield, as well as two new taxiways. Additional hangars are proposed along future Taxiway C on the east side, and significant new development is proposed landside on the southwest quadrant of the airport. Some of the proposed developments impact existing ponds or depressional areas, which are accounted for in this study.

For the airport's total property area of 2,300 ac, the proposed development has increased the overall percent impervious from 14% to 39% or 325 ac to 889 ac in terms of total impervious area.

4.1 Pond Siting Methodology

The airport has 32 existing ponds, including two wet detention ponds and 30 dry retention ponds. To accommodate the future development assumptions, a total of 55 ponds have been identified which is a combination of 30 existing ponds to remain and 25 proposed ponds. All of the proposed ponds are dry retention with no outfall, except for the two existing wet detention ponds at the northeast corner of the airport.

The factors considered in identifying the proposed pond locations include topography, groundwater levels, proposed development, and environmental considerations. The following sections describe the methodology used for determining the proposed pond locations.

4.1.1 Proposed Pond Design

The first step in the pond siting process was to evaluate the stormwater volume requirements for each basin with consideration of the proposed impervious layout presented in **Figure 4-1** based on the preferred development described in Chapter 3. For each basin, we determined the available storage for retention of the 100-yr / 24-hr storm event in comparison with the required storage for future development. For any basins with a storage deficit, either the existing pond was reconfigured to provide additional storage and/or a proposed pond was provided. For this study, we conservatively sized the ponds to provide storage for the 100-year post-development runoff volume plus floodplain compensation. For pond systems which do not provide the total 100-yr runoff volume, the peak stage was checked with consideration of infiltration during the storm to confirm it is below the top of berm elevation. Final design adjustments can be made to store the 100-year pre/post difference if an internal outfall can be maintained, which could reduce the required pond

sizes. The location of the proposed ponds is shown on the Post-Development Drainage map (**Figure 4-1**).

The proposed ponds' seasonal high groundwater level was assessed to establish the bottom elevation. Pond bottom elevations were set at least 2 feet above the seasonal high groundwater level. The top of berm elevations was set at or near existing ground or adjacent infrastructure such as runways, taxiways, or roadways. Additionally, vertical soil storage between the pond bottom and the seasonal high groundwater elevations was included in our pond routing calculations; however, horizontal seepage was not included. The assumed pond, seasonal high groundwater elevations, and soil storage approach will require review and confirmation during the final design stage for each planned development.

Volume recovery of the 100-year/24-hour storm is required for each no-discharge dry retention pond site. A preliminary review of the limited geotechnical investigation indicates there are highly permeable soils with horizontal conductivity rates greater than 20 feet per day, which can accommodate the required recovery requirements; however, additional investigation will be required during the final design and permitting phase. A table of seasonal high-water levels for each pond site is included in Appendix D of the Stormwater Master Plan.

4.1.2 Avoidance and Minimization of Wetland Impact

The development areas and proposed stormwater ponds depicted in the stormwater master plan avoid most of the wetlands identified in the approximation. The exceptions are two very small potential wetlands located just north of Sergeant Lea Mills Boulevard in the southern portion of the airport's property and the apparent sinkhole and the associated wetlands in the northeast corner of the airport's property. If it is determined that all these potential wetlands are isolated, which appears to be the case, they may not be subject to FDEP permitting under Section 404 of the Clean Water Act. For the two areas on the north side of Sergeant Lea Mills Boulevard, if they are determined to be subject to SWFWMD jurisdiction but are less than 0.1 acres in size, it is possible that SWFWMD would not require mitigation for impacts to these areas. Impacts to the sinkhole and associated potential wetland in the northeast corner of the Airport's property would likely require compensatory mitigation from the SWFWMD because this area appears to be greater than 0.1 acre in size.

4.1.3 Pond Design Considerations for Wildlife Hazard Management

Federal Aviation Administration (FAA) Advisory Circular (AC) 150/5200-33C establishes the recommended minimum general separation criteria between an airport's air operations area (AOA) and hazardous wildlife attractants. For airports that serve turbine-powered aircraft, such as BKV, AC 150/5200 specifies a recommended minimum separation distance of 10,000 feet between the AOA and hazardous wildlife attractants. If an attractant "could cause hazardous wildlife movement into or across the approach or departure airspace," AC 150/5200-33C recommends a separation distance of 5 miles between the AOA and the hazardous wildlife attractant.

Wet ponds, ditches, and swales holding water for extended periods can be attractants for wildlife that create hazards for aircraft operations. AC 150/5200-33C provides several recommendations regarding the design and functional characteristics of stormwater

treatment facilities that are located at a distance less than the recommended separation distance. Since the ponds incorporated into the SWMP will be located less than 10,000 feet from the AOA (either within the AOA or on airport property near the AOA), the ponds included in the SWMP should include these recommendations. The first of these recommendations is that the ponds should be "designed, engineered, constructed, and maintained to allow a maximum 48-hour detention period after the design storm and remain completely dry between storms." AC 150/5200-33C also recommends that detention basins be designed to incorporate steep side slopes, have banks that are lined with rip rap, and be narrow or linear in shape. These characteristics help to make the basin less attractive for foraging and nesting birds. Basins with these characteristics reduce visibility for birds that are foraging within a basin and make it more difficult for them to detect approaching predators. Rip-rap lined banks are also less attractive for foraging birds in comparison to natural vegetation.

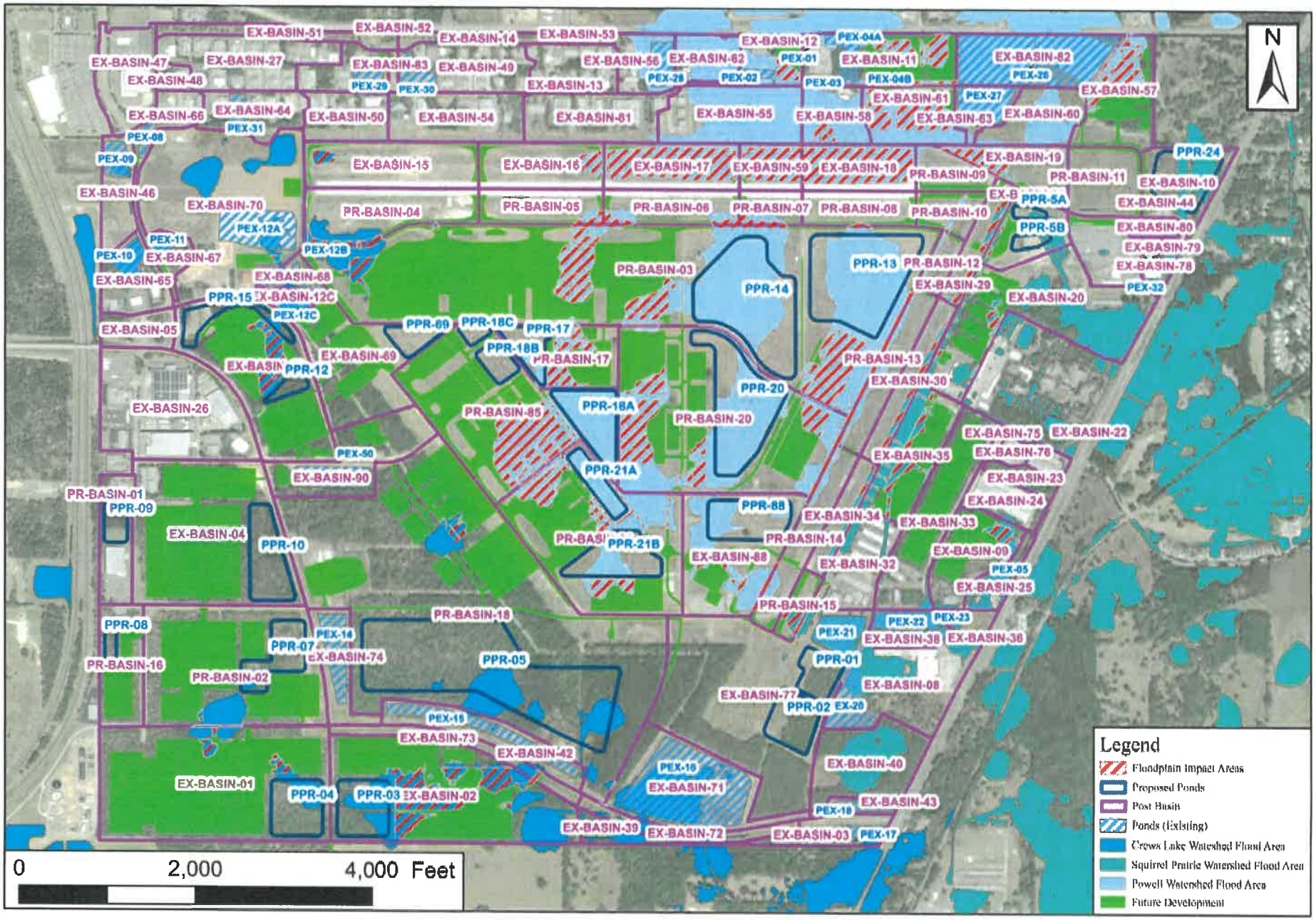
If it is not possible to design a basin to dry down within 48 hours of the design storm due to local characteristics such as a high-water table, the basin should be designed for wet retention. It is recommended that the basin be designed so that the bottom elevation is 2.5 feet or greater below the mean low water elevation so that the pond will not be suitable foraging habitat for wading birds. In such situations, every effort should be made to incorporate steeply sloping banks to limit the available foraging habitat for wading birds along the shoreline. If the wet pond still attracts hazardous wildlife, the airport should incorporate physical barriers such as bird balls, wire grids, pillows, or netting to prevent wildlife from using the pond.

All ponds should be designed to allow access to maintenance equipment to keep the area free of vegetation to the maximum extent possible. Banks and surrounding areas should be designed so that mowers can readily access the area around the pond and, for dry ponds, the center of the pond. For wet ponds, herbicide application may also be needed to control emergent vegetation.

Designers may also consider using green stormwater infrastructure best management practices, such as bioretention cells, where this can be accomplished without increasing wildlife hazards, particularly by avoiding exceeding the 48-hour maximum detention period and avoiding the creation of habitat that attracts wildlife. As with ponds, bioretention swales should be designed to allow easy access to maintenance equipment so that overgrowth of vegetation that would attract wildlife does not occur.

4.1.4 Drainage Conclusions

The results of the SWMP update indicate that there is sufficient onsite property to accommodate regulatory stormwater criteria for the proposed future development. The post-development drainage map (**Figure 4-1**) provide the locations and sizes of the ponds proposed for this concept-level study. Further investigation will be required to include additional geotechnical and a more detailed stormwater assessment during the final design phase to confirm the pond requirements.



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Stormwater Master Plan - Post-Development Map Infield Development Area

Figure 4-1

5 UTILITIES

5.1 Overview

The intent of the Utilities planning component of the project is to develop a comprehensive master planning tool for the analysis of existing utilities and to serve as a basis for modifying and expanding the wastewater collection and transmission system and potable water and fire protection transmission systems to serve the existing and future Brooksville-Tampa Bay Regional Airport Infield development. This Infield Infrastructure Development Plan (IDP) study is intended to be used as a "working document" by the County and airport staff to plan existing infrastructure capacity and future improvements within BKV's infield development area over the planning horizon.

The infield development area is shown in Figure 2-1. Existing calibrated hydraulic models (WaterGEMS and SewerGEMS) provided by Hernando County in 2020 and modified by Stantec for the IDP Final Report dated May 2021 were used to perform simulations for this analysis. Steady-state simulations were utilized for this work, as they are useful approximations of various network conditions and often used to solve infrastructure-related design problems (AWWA Manual M32, 2017). The Hernando County Utilities Department (HCUD) and Michael Baker have worked to develop a proposed development plan and a phasing plan, as previously mentioned. The water distribution network and wastewater collection system are proposed to be developed within the infield development area with the phasing plan, with certain portions added at the short-term, mid-term, and long-term phases.

Contour maps show some elevated areas towards the northern portion of the BKV infield area and slight sloping towards the site's southern end. The 1-foot contours sourced in 2020 were used to update elevations for the new junctions, hydrants, and manholes to maintain consistency within the model.

5.1.1 Available Information

At the time of starting these models, the following information was available:

- Phasing plan
- Preferred development refinement plan
- Building/hangar sizes, quantities, proposed uses, and fire foam suppression system requirements per NFPA 409 for each building/hangar.
- Permission to use the previous water and wastewater models for this work, as HCUD was planning to update their WaterGEMS and SewerGEMS models for their Water and Wastewater Master Plans.

Information unavailable for this analysis:

- Uses, pressure, and flow requirements for the water tanks and pumps shown next to some buildings/hangars.
- Design information or specific plans for the water tanks and pumps shown next to some buildings/hangars.

- Future flow conditions, including flows from the City of Brooksville that are in the process of being planned for future re-direction to HCUD's Airport Water Reclamation Facility.

5.1.2 Logistics Considerations

These preliminary plans avoid pipes passing beneath taxiways as conditions allow, but some areas need to be impacted for efficiency and cost considerations. The plans avoid pipes passing underneath runways, but include pipes passing beneath taxiways, as the BKV infield area is surrounded by runways and taxiways to the north, east, and west. This poses maintenance challenges for HCUD, which traditionally has the responsibility of maintaining water and wastewater infrastructure within the BKV infield area. Coordination efforts will be required to ensure that HCUD has access to the water and wastewater infrastructure, specifically within the BKV infield area and including mains that may lie on private properties.

5.2 Water Distribution Network

Developing the BKV infield area requires expanding the potable water system to include additional transmission components sized as needed to support the proposed facilities. The evaluation will include system conditions during an average daily demand, maximum daily demand plus fire flow, and peak hourly demand. As part of the potable water system evaluation, three potable water system deficiencies were documented:

1. Low flow fire hydrants (<1,000 gpm)
2. Pipes with high velocities (>7 feet per second) / headloss)
3. Low water pressure areas (<40 psi during peak hour demand, 20 psi minimum residual pressure for maximum day demand plus fire flow)

If deficiencies were recorded, recommendations were made for system improvements via system extensions, diameter increases, additional looping zones, pump improvements, pumping stations, etc., to meet system requirements.

5.2.1 Phasing Plan

The water distribution network is proposed to be developed within the infield development area with the phasing plan, with certain portions added at the short-term, mid-term, and long-term phases. Each development phase is considered as follows:

- Short-term: next five years (2025-2029)
- Mid-term: following five years (2030-2034)
- Long-term: following 10 years (2035-2044)

5.2.1.1 Short-Term

Water distribution system components to be added for short-term developments are summarized in **Table 5-1** and shown in **Figure 5-2.**

Table 5-1: Short-Term Water Distribution System Pipe Description		
Description	**Unit**	**Quantity**
12-inch PVC	LF	8,276
6-inch PVC	LF	80
Fire Hydrants	EA	4
6-inch Gate Valve	EA	4
12-inch Gate Valve	EA	15
Booster Pump Station	EA	2
Air Release Valve	EA	2

Source: Stantec, 2024

Two booster pump stations with variable frequency drives (VFDs) are recommended on three lines feeding the infield area, leaving two lines for outbound flow. The BKV area has a pressure below 40 psi during PHD conditions. Therefore, booster pumps are required to raise pressure to the 40 psi goal. Variable frequency drives (VFDs) are recommended for the booster pump stations so flow and pressure can be adjusted throughout the development phases. Existing pumps from the HCUD water distribution system were used for preliminary analysis in the BKV infield area: Southwest WP-2 was used for PMP-13, while the larger pump Southwest WP-5 was used for PMP-14. PMP-13 and PMP-14 should be included in the short-term development phase. The pump selections will have to be further refined in the design stage. Pressures upstream of the recommended booster pumps must also be reviewed, as the WaterGEMS model shows that booster pumps lower the upstream pressures. Upstream pressures in the immediate vicinity of the BKV infield area are as low as 18 psi in the PHD flow condition at the long-term development phase, specifically at the intersection of Technology Dr. and Aerial Way. This is critical to review, as it is lower than the 20 psi required by the Hernando County Fire Department.

Two additional air release valves (ARVs) are required for the 12-inch PVC water mains – one along the new road connecting Telecom Dr. and Airport Service Rd, and another along the new road running east to west across the BKV Infield area. ARVs are required to relieve pressure along pressurized mains where there are elevation gains. The approximate locations of the air release valves and elevation profiles from Google Earth Pro are shown in **Figure 5-2** and **Figure 5-3**.

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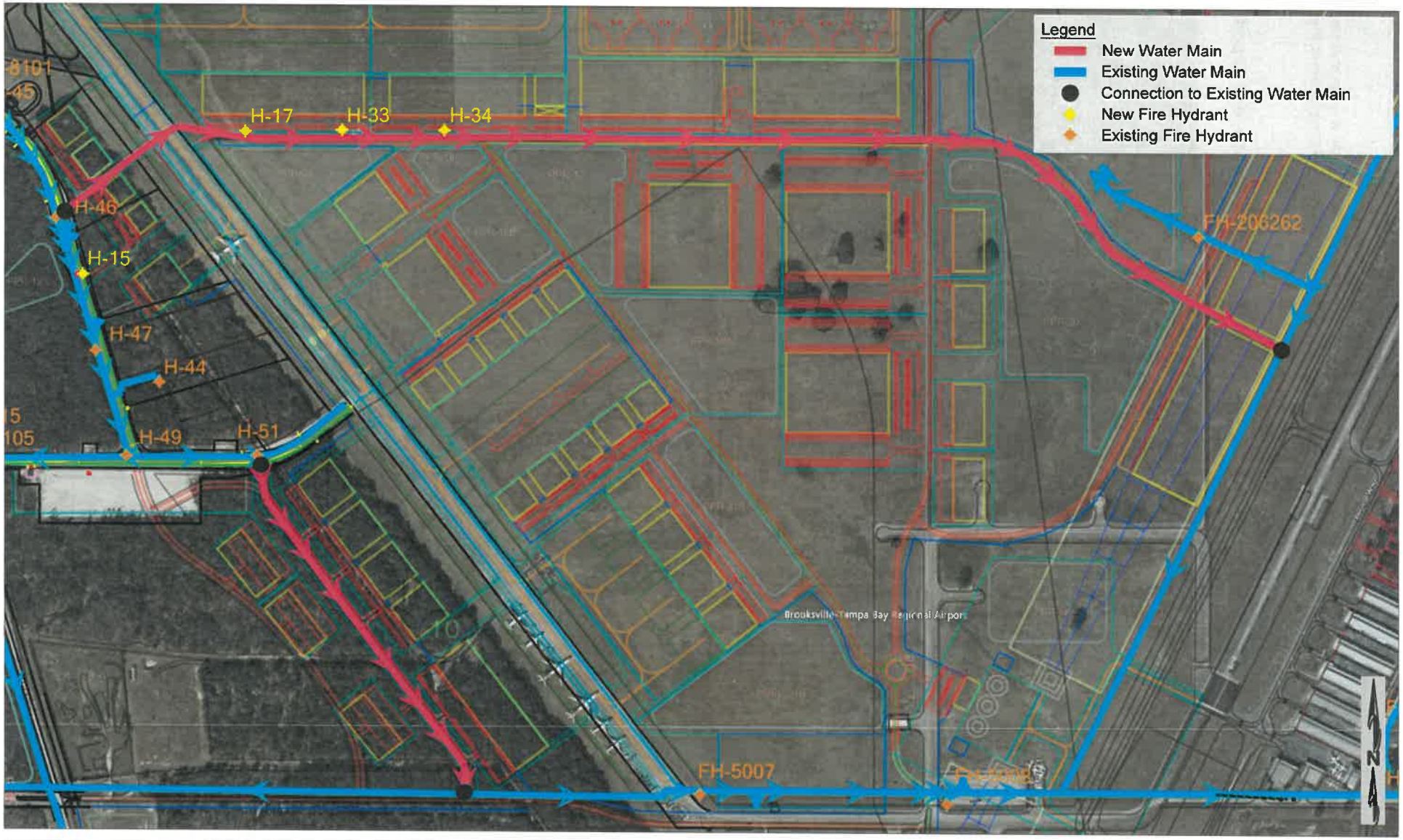

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Locations of Proposed Water Mains and Fire Hydrants for Short-Term Developments

Figure 5-1

Figure 5-2: Ground Elevation Profile along the New Road Connecting Telecom Dr. and Airport Service Rd and Approximate ARV Placement (Red Arrow)

Source: Stantec, 2024

Figure 5-3: Ground Elevation Profile along the New Road Going East to West across the BKV Infield area and Approximate ARV Placement (Red Arrow)

Source: Stantec, 2024

5.2.1.2 Mid-Term

Water distribution system components to be added for mid-term developments are summarized in **Table 5-2** and shown in **Figure 5-4.**

Table 5-2: Mid-Term Water Distribution System Pipe Description		
Description	**Unit**	**Quantity**
12-inch PVC	LF	6,531
6-inch PVC	LF	260
Fire Hydrants	EA	13
6-inch Gate Valve	EA	13
12-inch Gate Valve	EA	10
Booster Pump Station	EA	1

Source: Stantec, 2024

An additional booster pump with a VFD is recommended to support pressure requirements for the mid-term development phase. Existing pumps from the HCUD water distribution system were used for preliminary analysis in the BKV infield area: Southwest WP-2 was used for PMP-18, which should be added for the mid-term development phase. The pump selection will have to be further refined in the design stage.

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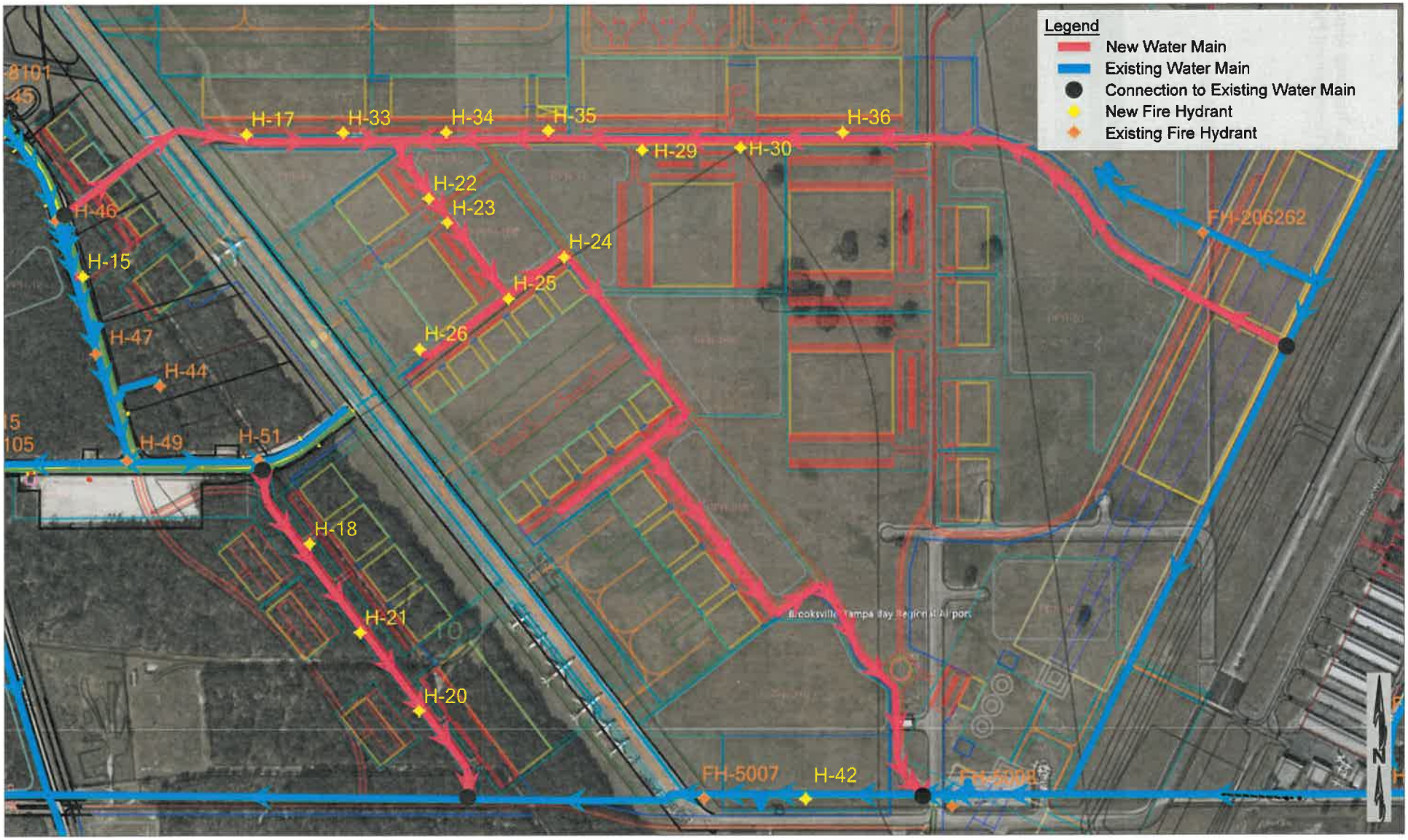

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Locations of Proposed Water Mains and Fire Hydrants for Mid-Term Developments

Figure 5-4

5.2.1.3 Long-Term

Water distribution system components to be added for long-term developments are summarized in **Table 5-3** and shown in **Figure 5-5.**

Table 5-3: Long-Term Water Distribution System Pipe Description		
Description	**Unit**	**Quantity**
12-inch PVC	LF	2,714
6-inch PVC	LF	200
Fire Hydrants	EA	10
6-inch Gate Valve	EA	10
12-inch Gate Valve	EA	3

Source: Stantec, 2024

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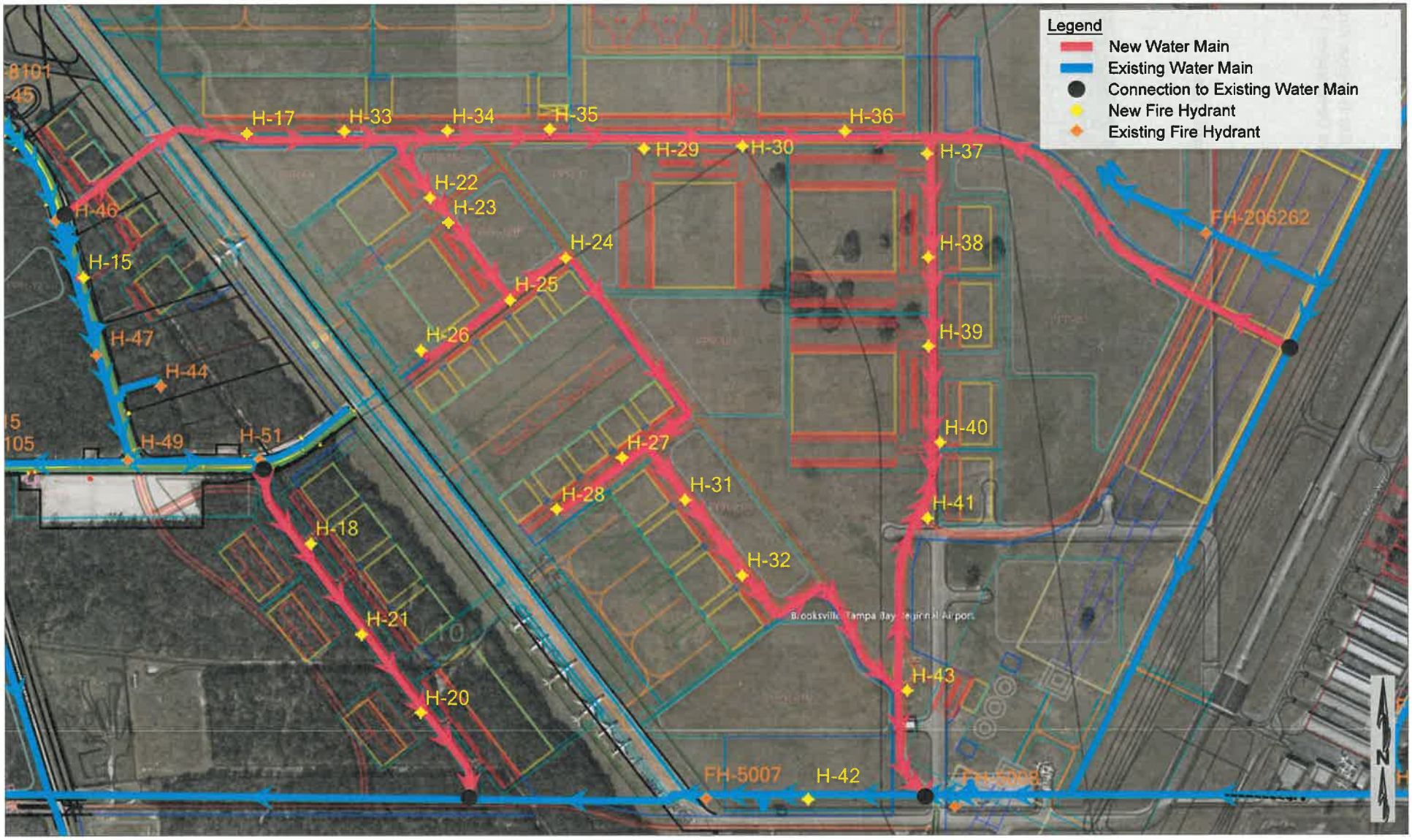

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Locations of Proposed Water Mains and Fire Hydrants for Long-Term Developments

Figure 5-5

5.2.2 Flow Requirements

Each building or hangar is estimated to have either two or three employee shifts, with 15-25 gallons of water used per employee per shift, in accordance with the USEPA (2024). While the USEPA mentions a range of 10-25 gal/employee/shift, the lower value represents only toilets, while the higher value represents toilets, showers, food preparation, and dish washing. A minimum value of 15 gal/employee/shift was used here as a conservative estimate to allow for water use during employee mealtimes.

The water use values are within the range of values shown in Methods for Estimating Commercial, Industrial and Institutional Water Use, Morales et al. (2009), with water uses in commercial/industrial aviation-related buildings in the same range as the paper's reported commercial buildings, and aircraft storage buildings intentionally lower. A Microsoft Excel spreadsheet showing flow and demand calculations is included as an attachment, and the associated junction map is included in **Appendix B.** Projected water demand data is also summarized in **Table 5-4.**

Buildings designated for aircraft or air cargo storage were assigned fixed demands instead diurnal variations or peaking factors for PDD and PHD, as minimal employees and water usage are expected. Other proposed building uses include aviation technical services; maintenance, repair, and overhaul, aviation related business, light industrial commercial, and logistic/distribution centers. These building types are not expected to have diurnal variations typical of residential areas but are predicted to have variations with shift changes.

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Table 5-4: Water Use Estimates for Proposed Developments								
Building/ Hangar Size (SF)	**Qty.**	**Proposed Usage**	**Number of Total Employees**	**Number of shifts**	**Sanitary water usage [1] (gal)**	**Sanitary water use [2] (gal)**	**Average Water Use [3] (gpm)**	**Foam Fire Suppression System Required [4]**
19,500	2	Aircraft Storage	3	1	15	45	50	No
12,000	2	Aircraft Storage	3	1	15	45	50	No
22,500	11	Aircraft Storage	3	1	15	45	50	No
40,000	1	Aviation Technical Services	100	2	25	1,250	1,389	Yes
40,000	8	Aircraft Storage	3	1	15	45	50	Yes
62,500	1	Aviation Technical Services	156	2	25	1,953	2,170	Yes
100,000	1	MRO	200	2	25	2,500	2,778	Yes
130,000	1	Aviation Related Business	325	1	25	8,125	9,028	Yes
133,500	1	Aircraft Storage	3	1	15	45	50	Yes
160,000	1	Aircraft Storage	3	1	15	45	50	Yes
196,000	2	Air Cargo	50	2	15	375	417	Yes
45,000	7	Light Industrial Commercial	113	1	25	2,813	3,125	N/A
200,000	3	Logistic/Distribution Centers	333	2	25	4,167	4,630	N/A
87,840	1	Maintenance & Fueling Area	25	2	25	313	347	N/A
12,150	1	AAM Terminal	27	2	25	338	375	N/A

Source: Stantec, 2024

Notes:

1.Gallons Per employee per shift

2. Gallons per building during an 8-hour shift

3. Not including Fire Flow per Building

4. NFPA 409 Foam Fire Suppression System Required

5.2.3 Average Daily Demand (ADD)

Junction pressure and pipe velocities within the BKV infield area meet system requirements in short-term, mid-term, and long-term development phases during ADD conditions. ADD demands for short-term, mid-term, and long-term development phases were estimated to be 3.41 gpm, 43.6 gpm, and 112.4 gpm, respectively. Deficiencies are not noted in the BKV infield area during AAD conditions.

5.2.4 Peak Daily Demand (PDD)

PDD was run with an overall peaking factor of 1.7 to be consistent with the existing model. Junction pressure and pipe velocities within the BKV infield area meet system requirements in short-term, mid-term, and long-term development phases during PDD conditions. Deficiencies are not noted in the BKV infield area during PDD conditions.

5.2.5 Peak Hourly Demand (PHD)

PHD was run with an overall peaking factor of 3.0 for residential and commercial developments in the general BKV area, and a 2.0 peaking factor for buildings within the BKV Infield area that are not designated for aircraft or cargo storage. The 2.0 peaking factor was selected to demonstrate a scenario where two sets of employee shifts overlap, doubling the water demand.

Pipe velocities within the BKV infield area meet system requirements in short-term, mid-term, and long-term development phases during PHD conditions. Junction pressures meet the 40-psi goal during PHD in short-term, mid-term, and long-term development phases with the additional booster pumps. Booster pumps are required due to a low system pressure (<40 psi) outside of the BKV infield area. The minimum Hernando County Fire Department pressure of 20 psi is met throughout the BKV infield area during the three development phases when five of the six high service pumps (SW HSPs 1-5) are running.

Table 5-5 shows the node pressures summary in the BKV area water distribution network (proposed) for ADD, PDD, PHD, and PDD+FF scenarios at the long-term development phase, which demonstrates the maximum pressure increase from this infield infrastructure development plan.

Table 5-5: Summary of Node Water Pressures (psi) in the BKV Area at the Long-Term Development Phase

	ADD	PDD	PHD [1]	PDD + FF
Minimum	53.0	46.0	40.0	46.0
Average	59.8	52.8	45.5	52.8
Maximum	88.0	81.0	57.0	81.0

Source: Stantec, 2024

Note: [1] PHD was run with an additional SW-HSP online (5 of the 6) and the three booster pump stations active

5.2.6 PDD with Fire Flow (FF)

Fire flow was tested at PDD conditions, requiring sufficient flow and pressure with a peaking factor of 1.7 and required fire flows. Fire hydrants were placed at least every 500 feet along streets where fire suppression needs are present, with at least one fire hydrant within 400 feet of each building or hangar per NFPA 1, 2021 edition, chapter 18.5.3. Each fire hydrant has a minimum and maximum flow of 1,000 gallons per minute (gpm) and 1,500 gpm, respectively, per NFPA 1, 2021, chapter 18.5 and consistent with the Hernando County Potable Water Master Plan, 2021. Assuming buildings and hangars with Type 1 construction per NFPA 220, each building and hangar's fire flow needs were determined based on their square footage in accordance with Table 18.4.5.2.1 within NFPA 1, 2021 edition, included in Appendix B.

Fire flow analysis parameters are shown in **Table 5-6.** Certain developments require fire foam suppression systems per NFPA 409, yet additional water needs are not expected. Fire suppression water needs are met for each building by the combined water contributed from fire hydrants within 1,000 feet of the building, which is allowed per NFPA 1, 2021 edition, chapter 18.5.4. Required hydrants are based on a single building fire, therefore hydrants can be shared between buildings, as confirmed with the Hernando County Fire Rescue (Smith, 2024). The branch pipes leading to fire hydrants were designed with six (6) inch diameters, in congruence with other fire hydrants in the BKV area.

Table 5-6: Fire Flow Analysis Parameters

Flow Constraint	Velocity Constraint	Residual Pressure Constraint @ PDD
1,000 – 1,500 gpm	None	20 psi minimum

Source: Stantec, 2024

To meet fire flow requirements of the proposed developments in the short, mid, and long-term there are twenty-seven (27) fire hydrants that are to be installed. The fire flow analysis was conducted utilizing the flow constraints at PDD conditions for the proposed system; the results are provided by short, mid, and long-term and included in **Table 5-7**, **Table 5-8**, and **Table 5-9**, respectively.

Table 5-7: Fire Flow Analysis Results for the Proposed Short-Term System

Fire Hydrant No.	Available Flow (gpm)	Residual Pressure @ PDD (psi)	Fire Hydrant No.	Available Flow (gpm)	Residual Pressure @ PDD (psi)
H-14	1,500	41	H-46	1,500	40
H-17	1,500	40	H-47	1,500	45
H-33	1,500	39	H-49	1,500	47
H-34	1,500	40	H-51	1,500	47
H-44	1,500	41	N/A	N/A	N/A

Source: Stantec, 2024

Table 5-8: Fire Flow Analysis Results for the Proposed Mid-Term System					
Fire Hydrant No.	Available Flow (gpm)	Residual Pressure @ PDD (psi)	Fire Hydrant No.	Available Flow (gpm)	Residual Pressure @ PDD (psi)
FH-5007	1,500	41	H-29	1,500	40
FH-5008	1,500	39	H-30	1,500	39
H-15	1,500	35	H-33	1,500	33
H-17	1,500	35	H-34	1,500	35
H-18	1,500	37	H-35	1,500	37
H-20	1,500	40	H-36	1,500	39
H-21	1,500	41	H-42	1,500	68
H-22	1,500	37	H-44	1,500	35
H-23	1,500	37	H-46	1,500	35
H-24	1,500	39	H-47	1,500	39
H-25	1,500	39	H-49	1,500	41
H-26	1,500	35	H-51	1,500	40

Source: Stantec, 2024

Table 5-9: Fire Flow Analysis Results for the Proposed Long-Term System					
Fire Hydrant No.	Available Flow (gpm)	Residual Pressure @ PDD (psi)	Fire Hydrant No.	Available Flow (gpm)	Residual Pressure @ PDD (psi)
FH-5007	1,500	40	H-32	1,500	39
FH-5008	1,500	38	H-33	1,500	32
H-15	1,500	34	H-34	1,500	34
H-17	1,500	34	H-35	1,500	36
H-18	1,500	36	H-36	1,500	38
H-20	1,500	39	H-37	1,500	39
H-21	1,500	40	H-38	1,500	38
H-22	1,500	35	H-39	1,500	38
H-23	1,500	35	H-40	1,500	37
H-24	1,500	38	H-41	1,500	37
H-25	1,500	38	H-42	1,500	67
H-26	1,500	34	H-43	1,500	66
H-27	1,500	38	H-44	1,500	34
H-28	1,500	37	H-46	1,500	33
H-29	1,500	40	H-47	1,500	38

Table 5-9: Fire Flow Analysis Results for the Proposed Long-Term System					
Fire Hydrant No.	Available Flow (gpm)	Residual Pressure @ PDD (psi)	Fire Hydrant No.	Available Flow (gpm)	Residual Pressure @ PDD (psi)
H-30	1,500	39	H-49	1,500	40
H-31	1,500	38	H-51	1,500	39

Source: Stantec, 2024

Table 5-10: Average Water Demands (gpm) Per Term (Cumulative)							
Junction	Short-Term	Mid-Term	Long-Term	Junction	Short-Term	Mid-Term	Long-Term
J1	0.21	0.21	0.21	J11	N/A	N/A	0.21
J2	0.21	0.21	0.21	J12	N/A	N/A	1.74
J3	2.89	2.89	2.89	J13	N/A	N/A	16.16
J4	N/A	13.02	13.44	J14	N/A	N/A	6.51
J5	N/A	6.51	25.32	J15	N/A	N/A	16.16
J6	0.10	0.10	0.10	J16	N/A	N/A	6.51
J7	N/A	4.52	4.52	J17	N/A	9.65	9.65
J8	N/A	5.79	5.79	J18	N/A	0.72	0.72
J9	N/A	N/A	1.04	J19	N/A	N/A	0.78
J10	N/A	N/A	0.42	N/A	N/A	N/A	N/A

Source: Stantec, 2024

5.3 Wastewater Collection System

Developing the BKV infield area requires expanding the wastewater collection system to include additional transmission components and sizes needed to support the proposed facilities. The evaluation will include system conditions during an average daily flow and maximum daily flow. As part of the wastewater system evaluation, four wastewater collection system deficiencies were documented within the BKV infield area:

1. Surcharged sewer gravity mains
2. Force mains with high velocities (> 7 feet per second) / headloss
3. Pump capacity limitations
4. Low velocity force mains and gravity mains

If deficiencies were recorded, recommendations were made for system improvements via system extensions, diameter increases, additional looping zones, pump improvements, pumping stations, etc., to meet system requirements.

Design guidelines were established by HCUD Water, Reclaimed Water and Wastewater Construction Specifications Manual (2017):

- Peaking factor 3 for commercial wastewater flows
- Minimum 4-foot cover depth, but at least 5-foot when possible.

- Gravity mains sized to accommodate peak flow when flowing ½ full, but never less than 8-inches in diameter
- Minimum slope 0.004 ft/ft (0.40%) for 8-inch gravity sewer mains
- Manholes spaced no more than 350 feet apart
- Manhole depths less than 12 feet, when possible, otherwise, less than 30 feet.
- Wet wells less than 30 feet in depth

The HCUD Water, Reclaimed Water, and Wastewater Construction Specifications Manual also requires a minimum velocity of 2 feet per second (fps) for gravity mains greater than 12-inches in diameter when flowing half full. Since gravity mains with 8-inch diameters were selected for the BKV infield area, this guideline does not apply. The Florida Department of Environmental Protection (FDEP) recommends a 2 feet per second minimum velocity for gravity mains when flowing full. This velocity is translated to a minimum slope of 0.004 ft/ft for 8-inch gravity sewer mains, which is reflected in the HCUD Manual.

5.3.1 Phasing Plan

Force mains, both wet wells, and a portion of the gravity system are required for the short-term implementation plan, and the gravity system should be extended for both mid-term and long-term developments. This section summarizes the wastewater collection system extensions to be built for the short-term, mid-term, and long-term developments.

5.3.1.1 Short-Term

A wet well was placed to (1) minimize incoming gravity mains' invert depth, limiting to 30 feet deep but keeping them below 12 feet deep when possible, and (2) facilitate gravity mains flowing towards the planned wet well on Telecom Dr. (WW-122), which is both in the general downhill direction and towards the Airport Water Reclamation Facility. One wet well is needed to direct flows from building 5 across the runway to existing MH-323, since gravity flow is limited by pipe cover and slope requirement. The wet well should contain two pumps. For preliminary modeling purposes, the same pumps as are currently shown in the lift station "BK-LS10" were used in the new wet well WW-123. This is an Ebara 50DGFU63.7S (5 hp) pump. This pump selection was based on peak flow at the long-term development phase. It is expected that float elevations will have to be modified after each development phase to adjust pump ON and OFF times as wastewater flows increase with each development phase. The wet well was set at an 8-foot diameter with a bottom elevation of 40 feet, giving it a total depth of 29.4 feet. Gravity main, force main, laterals, and manhole information is shown in **Table 5-11.**

Table 5-11: Short-Term Wastewater Collection System Pipe Description		
Description	**Unit**	**Quantity**
8" PVC – Gravity Main	LF	347
8" PVC – Force Main	LF	880
6" PVC Lateral	LF	200
48" Manholes	EA	1

Source: Stantec, 2024

Short-term wastewater collection system developments are displayed in **Figure 5-6**, with gravity mains shown in yellow, wet wells in cyan, and force mains in magenta. Flows in and out of the wet well are summarized in **Table 5-12.**

Table 5-12: Short-Term Wastewater Collection System Wet Well Flows			
Description	**Inflow at ADF (gpm)**	**Inflow at PDF (gpm)**	**Pump Rate (gpm)**
WW-123	0.09	0.47	119
WW–122	122	134	497[1]

Source: Stantec, 2024

Note: [1] WW-122 design pump rate is 450 gpm per Mead and Hunt drawings (July 2024) and PDR (Dec. 2023)

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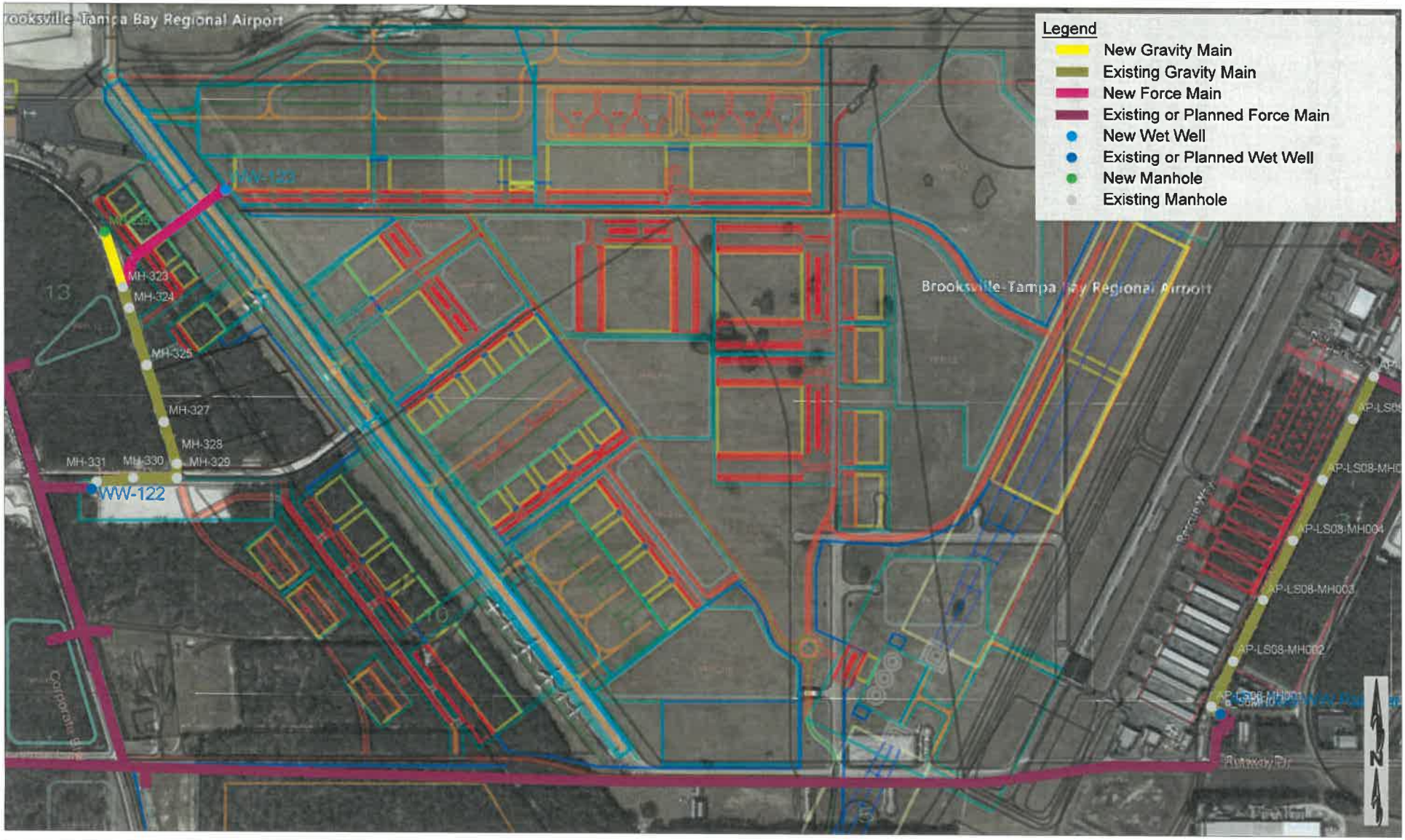

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Locations of Proposed Wastewater System for Short-Term Developments

Figure 5-6

5.3.1.2 Mid-Term

One additional wet well is needed for mid-term developments. The wet well should contain two pumps. For preliminary modeling purposes, the same pumps as are currently shown in the lift station "AP-LS06" were used in the new wet well WW-124. This is a Barnes 4SHMD (20hp) pump. This was selected based on peak flow at the long-term development phase. It is expected that float elevations will have to be modified after each development phase to adjust pump ON and OFF times as wastewater flows increase with each development phase. The wet well was set at an 8-foot diameter with a bottom elevation of 36 feet, giving it a total depth of 30 feet. Additional gravity mains, manholes, and laterals are recommended for the mid-term BKV Infield developments, as shown in **Table 5-13**. Proposed gravity mains are primarily 8-inches in diameter, with limited 10-inch diameter gravity mains included so the mains are less than ½ full during peak flow at the long-term development phase.

Table 5-13: Mid-Term Wastewater Collection System Pipe Description

Description	Unit	Quantity
8" PVC – Gravity Main	LF	7,124
10" PVC – Gravity Main	LF	106
8" PVC – Force Main	LF	257
6" PVC Lateral	LF	1,350
48" Manholes	EA	27
8" PVC – Gravity Main	LF	7,124

Source: Stantec, 2024

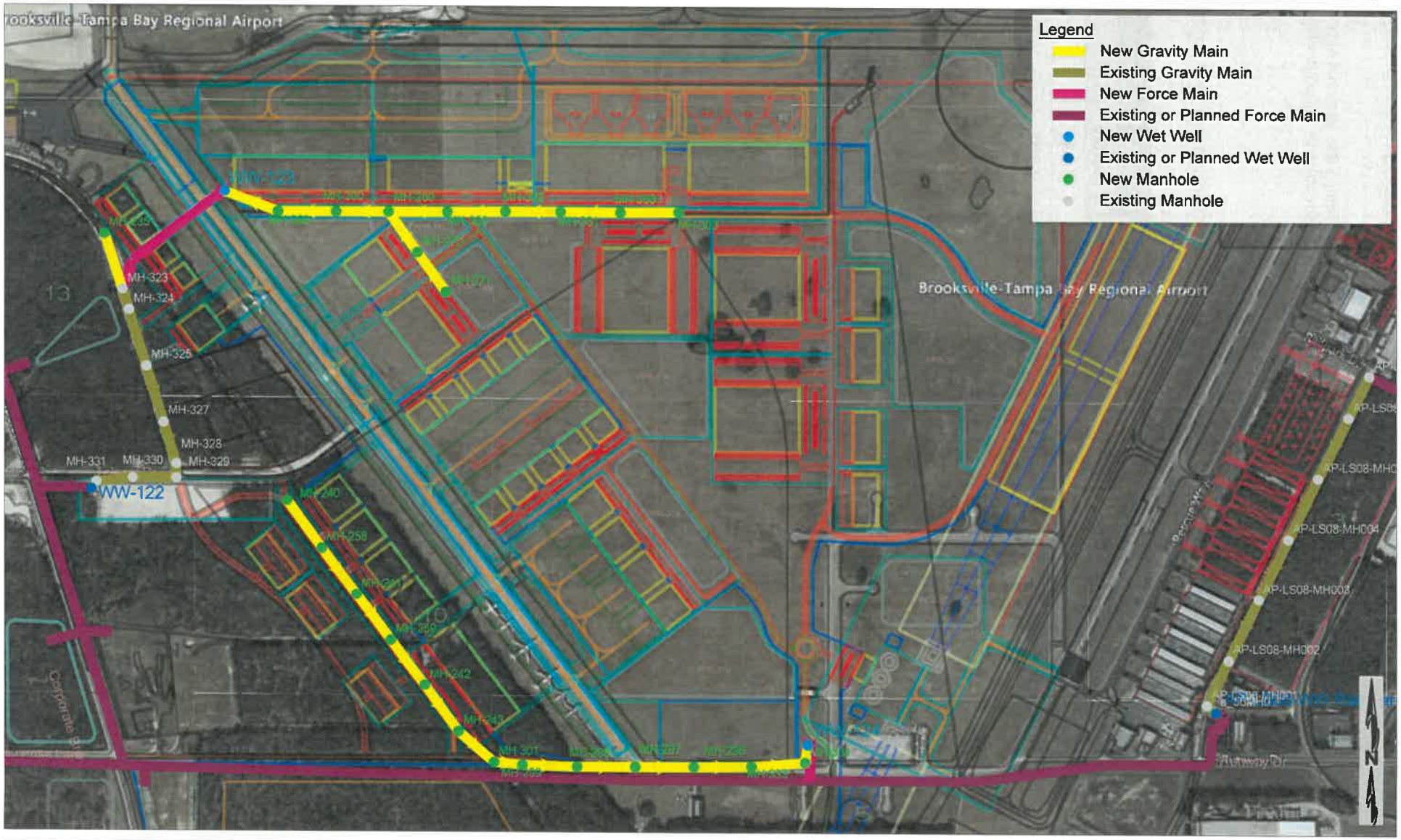
Mid-term wastewater collection system developments are displayed in **Figure 5-7**, with gravity mains shown in yellow, wet wells in cyan, and force mains in magenta. Flows in and out of the wet well are summarized in **Table 5-14**.

Table 5-14: Mid-Term Wastewater Collection System Wet Well Flows

Description	Inflow at ADF (gpm)	Inflow at PDF (gpm)	Pump Rate (gpm)
WW-123	18.1	54.2	119
WW-122	122	134	478[1]
WW-124	18.2	53.4	450

Source: Stantec, 2024

Note: [1] WW-122 design pump rate is 450 gpm per Mead and Hunt drawings (July 2024) and PDR (Dec. 2023)



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Locations of Proposed Wastewater System for Mid-Term Developments

Figure 5-7

5.3.1.3 Long-Term

Additional gravity mains, manholes, and laterals recommended for the long-term BKV Infield developments are summarized in **Table 5-15.**

Table 5-15: Long-Term Wastewater Collection System Pipe Description		
Description	**Unit**	**Quantity**
8" PVC – Gravity Main	LF	4,482
10" PVC – Gravity Main	LF	1,161
6" PVC Lateral	LF	650
48" Manholes	EA	13

Source: Stantec, 2024

Long-term wastewater collection system developments are displayed in **Figure 5-8,** with gravity mains shown in yellow, wet wells in cyan, and force mains in magenta. Flows in and out of the wet well are summarized in **Table 5-16.**

Table 5-16: Long-Term Wastewater Collection System Wet Well Flows			
Description	**Inflow at ADF (gpm)**	**Inflow at PDF (gpm)**	**Pump Rate (gpm)**
WW-123	19.8	59.4	119
WW-122	122	128	478[1]
WW-124	78.4	235	450

Source: Stantec, 2024

Note: [1] WW-122 design pump rate is 450 gpm per Mead and Hunt drawings (July 2024) and PDR (Dec. 2023)

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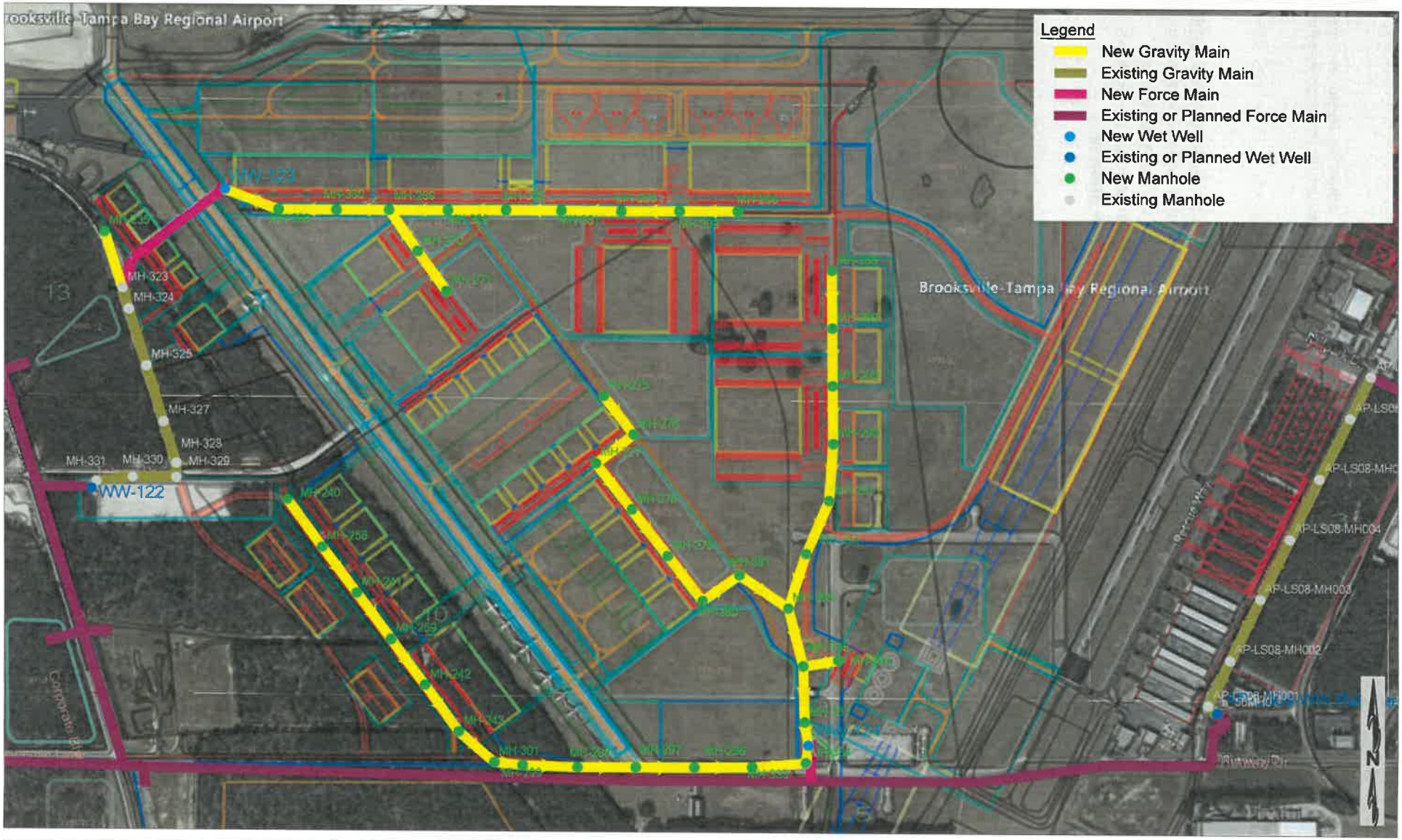

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Locations of Proposed Wastewater System for Long-Term Developments

Figure 5-8

5.3.2 Flow Requirements

Wastewater flows were based on water flows. Average daily flow was calculated by assuming that 90% of distributed water is ultimately introduced to the wastewater collection system. Peak daily demand was modeled in steady state. A peaking factor of 3 was applied, in accordance with the HCUD construction specifications manual. The additional peak flows were added to each respective manhole to allow for gravity main flow analysis.

5.3.3 Impact on Nearby Wet Wells

Pumps at nearby wet wells need to be re-evaluated during the design phase to account for the increased flows from the infield area developments and from the future diverted City of Brooksville Flows. AP-LS08-WW Rail Park pumps, which are located just southeast of the BKV infield area, need to be re-evaluated and sized up. Additional flows downstream from the infield IDP cause increased head on the AP-LS08 pumps, thus reducing flow compared to current conditions. Pump analysis should occur prior to short-term development construction and must include pumps at recommended wet wells within the BKV infield area and surrounding existing wet wells. Existing AP-LS08-WW Rail Park pumps and proposed WW-124 are of particular importance for pump analysis.

5.4 Electrical Utility Availability

Electrical utility availability was determined by contacting Sunshine 811 and Duke Energy. Sunshine 811 confirmed that Duke Energy, TECO People's Gas – Tampa, and AT&T exist in the BKV Infield area. Stantec also spoke with a Duke Energy representative and was informed that there is existing power in the area, with a control tower supported by underground wires. The Duke Energy representative also explained that high power needs would be discussed and planned at the development stage but is not expected to pose issues.

5.5 Utilities References

American Water Works Association (AWWA), M32 Computer Modeling of Water Distribution Systems, 4th Edition, 2017.

Barry Smith, Division Chief-Fire Prevention. Hernando County Fire Rescue, Email Correspondence. October 2024.

Congressional Budget Office; The Economic Outlook for 2023 to 2033 in 16 Charts; Webpage Last Updated February 2023. https://www.cbo.gov/publication/58957

Environmental Protection Agency (EPA), Lean & Water Toolkit: Appendix C, 2024.

Federal Reserve Bank of Cleveland, Inflation Expectations, Webpage Last Updated Nov. 2024. https://www.clevelandfed.org/indicators-and-data/inflation-expectations

Florida Fire Prevention Code (FFPC), Florida's State Fire Marshal, 8th Edition, 2024.

Hernando County Utilities Department (HCUD); Water, Reclaimed Water and Wastewater Construction Specifications Manual; Jan. 2013, Updated 2017.

Hernando County Water Master Plan, March 2021.

Hernando County Wastewater Master Plan, Sept 2021.

Morales, Martin, & Heaney. Methods for Estimating Commercial, Industrial and Institutional Water Use, 2009.

NFPA 220 Standard on Types of Building Construction, 2021 Edition

NFPA 409 Standard on Aircraft Hangars, 2021 Edition.

6 IMPLEMENTATION PLAN

This section includes the phasing, quantities, refined costs, and funding opportunities for each proposed project shown on the Infield Infrastructure Development Plan. In addition, the proposed development is analyzed to demonstrate the potential funding opportunities associated with the Plan.

Based on the refined alternative presented in Chapter 3, a list of proposed projects is presented in Table 3-3. The IDP evaluated each proposed project to understand its future cost and funding availability to provide general financial guidance to Hernando County regarding the recommended development in the Infield area of BKV.

6.1 Proposed Phasing Plan

To provide realistic assumptions regarding the funding available for the proposed projects, each project was placed into one of three general project phasing periods based on the ease of implementation, cost, permitting, commercial development, and logic of project sequencing. The objective was to establish an efficient project development and implementation order that meets the airport expansion needs and demand. Below are the project phasing periods used for this purpose.

- Short-Term Development Period – Projects anticipated to be implemented within years 0 to 5 of the airport plan (2025-2029),
- Mid-Term Development Period – Projects anticipated to be implemented between years 6 to 10 of the plan (2030-2034).
- Long-Term Development Period – Projects anticipated to be implemented between years 11 to 20 of the plan (2035-2044).

Although this study charts a course for planned development, it must be emphasized that the planning and development of an airport is a continuous process. The rehabilitation of existing facilities and the development of new facilities must be predicated on sustained demand, which justifies the costs of improvements.

6.2 Analysis of Priority Sites

Based on the airport goals, the County's vision, and the comments received during the phasing workshop held on July 15, 2024, the priority is to convert the old runway into a taxiway to provide airside access to the northwest of the Infield. The airport awarded a contract to design phase I of the project in 2024. The construction of the first portion of the taxiway is expected to be ready in the short term. Even though the west side of the taxiway has roadway access, the east side will depend on the development of landside access and the availability of utilities.

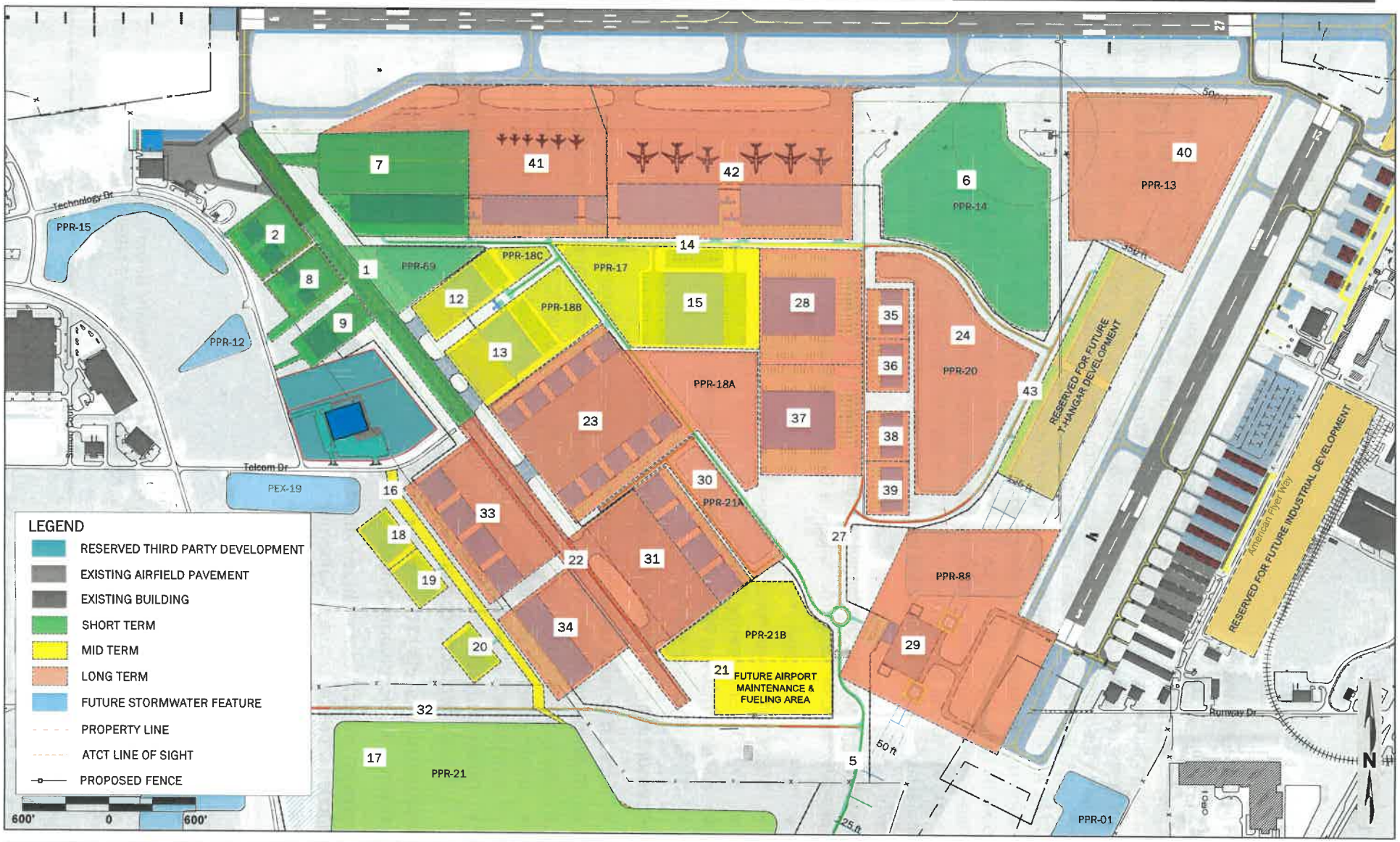
After evaluating the existing conditions, the actions required to unlock each development site, the availability of utilities, and the ease of implementation, a development priority was established.

The proposed projects have been prioritized and included in the development periods. The phasing plan is shown in **Table 6-1** and **Figure 6-1.**

Table 6-1: Phasing Plan		
Project Number	**Description**	**Implementation Year**
Short-Term Planning Period (2025-2029)		
1	New Taxiway-Phase I (PPR-69)	2026
2	Site-Prep Northwest (3.5 AC parcel)	2026
3	Water Distribution System-Phase I	2026
4	Wastewater Collection System - Phase I	2026
5	Road from Sergeant Mills Blvd to Infield Area	2026
6	Stormwater Improvements (PPR-14)	2028
7	Site-Prep Northwest Infield - Phase I	2028
8	Site-Prep (3.0 AC parcel)	2029
9	Site-Prep (40,000 SF Hangar)	2029
Mid-Term Planning Period (2030-2034)		
10	Water Distribution System-Phase II	2030
11	Wastewater Collection System - Phase II	2030
12	Site-Prep MRO (62,500 SF) (PPR-18C)	2030
13	Site-Prep MRO (100,000 SF) (PPR-18B)	2030
14	Road Development East-West Infield Area	2030
15	Site-Prep Industrial Development Infield (PPR-17)	2031
16	Roads Development - South of Telcom Dr	2032
17	Stormwater Improvements (PPR—21)	2032
18	Site-Prep Industrial Development West Side A	2033
19	Site-Prep Industrial Development West Side B	2033
20	Site-Prep Industrial Development West Side C	2033
21	Airport Maintenance & Fueling Facility (PPR-21B)	2034
Long-Term Planning Period (2035-2044)		
22	New Taxiway-Phase II	2035
23	Site-prep Apron and hangars (22,500 SF) (PPR-18A)	2035

Table 6-1: Phasing Plan		
Project Number	**Description**	**Implementation Year**
24	Stormwater Improvements (PPR-20)	2035
25	Water Distribution System-Phase III	2036
26	Wastewater Collection System - Phase III	2036
27	Road development south-north Infield Area	2037
28	Site-Prep Industrial Development Infield B	2038
29	AAM Facilities (PPR-88)	2039
30	Road development parallel to the new taxiway (PPR-21A)	2039
31	Site-Prep southeast apron and hangars (40,000 SF)	2039
32	Airport Service Road Extension	2040
33	Site-Prep southwest apron and hangars (40,000 SF)	2040
34	Site-Prep Southwest hangar (130,000 SF)	2041
35	Site-Prep Light industrial development West Side C	2042
36	Site-Prep for Light industrial development West Side D	2042
37	Site-Prep Industrial development Infield C	2043
38	Site-Prep for Light industrial development West Side F	2043
39	Site-Prep for Light industrial development West Side G	2043
40	Stormwater Improvements (PPR-13)	2044
41	Site-Prep Northwest - Phase II	2044
42	Site-Prep North-center	2044
43	Road Development to future T-hangar developments	2044

Source: Michael Baker International, Inc.



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Infield Development Phasing Plan

Figure 6-1

6.3 Cost Estimates

Based on the selected development concept, probable construction costs are estimated for the proposed infield infrastructure development projects at BKV. The order of magnitude cost estimates associated with the proposed projects are presented in 2024 dollars and include estimated engineering fees and contingencies. The cost estimates are escalated base on Inflation rates estimated using sources from Statistical Research Department [19](2024), Congressional Budget Office (2023), and Federal Reserve Bank of Cleveland (2024). A 5.0 percent inflation rate is used for short-term projects and a 2.3 percent inflation rate is applied to escalate mid and long-term projects. As time goes by, the values should be reviewed to determine if any project cost adjustments have occurred. Although construction project costs are highly variable due to the fluctuating cost of materials (e.g., asphalt, steel, and energy production), a reasonable estimate of future costs can be calculated by adjusting the costs by the appropriate Consumer Price Index (CPI) inflation factor.

For planning purposes, the following fees are added to the base construction cost as applicable based on set percentages of construction cost.

- 15% Contingency
- 50% Contingency for utility projects
- 8%-10% Engineering Design
- 8% Construction Phase Professional Services
- 5% Utility Relocations

Other assumptions to be considered are as follows:

- Erosion Control assumed to be 30% of Safety and Security
- Mobilization is 10% of all items, excluding owners allowance, unspecified work
- Owner's Allowance, unspecified Work is 3% of all work, excluding mobilization
- Construction Quality Control Program (CQCP) is 2% of all work excluding mobilization and owner's allowance, unspecified work
- Safety and Security is 3% of all work, excluding mobilization, owner's allowance, unspecified work, contractor quality control program (CQCP), and erosion control

The proposed projects in the infield development plan are categorized as Roadways, Airfield Improvements, Development Areas (site-prep), Stormwater Features and Utilities.

Roadways: projects that include extending or constructing a new road enabling access to proposed areas for future developments.

[19] Statistica Research Department; Projected Annual Inflation Rate in the United States from 2010 to 2029, Webpage Last Updated August 2024. https://www.statista.com/statistics/244983/projected-inflation-rate-in-the-united-states

Airfield Improvements: projects that allow airfield access for future aeronautical use developments. This category includes the conversion of the former runway to a taxiway and the advanced air mobility facilities.

Development Areas (Site Prep): these projects consider the necessary action to obtain ready sites for third-party development, including drainage and utility improvements, grading, surveying, and earthwork. Even though the IDP recommends specific types of facilities, such as corporate hangars or MROs, the cost estimate for those projects does not include the construction cost of any facility or airfield pavement. Also, the cost will not include clearing activities. Stormwater features related to the impervious areas are included in the cost; however, it is expected that its cost will be included in the construction of the facilities, which will be third-party funded.

Stormwater Features: as described in Chapter 4, drainage improvements are required to accommodate the proposed impervious areas. Some of the proposed retention ponds serve more than one project. Since those projects are envisioned to be developed across the 20-year planning period, some retention ponds are considered a single project that will be required to enable the development of future areas. Even though the estimated cost reflects the maximum extension needed to serve the proposed impervious areas on a specific basin, the construction of the pond could be phased as the impervious areas are built.

Water/Wastewater Utilities: Additional demands and flows were added to the model based on envisioned developments in the short, mid, and long-term. The cost estimate is split into three phases for the water/wastewater utilities, respectively, for each term. Expanding the potable water system and wastewater collection system is necessary to meet water and fire flow demands and to handle wastewater flows from the new developments. **Table 6-2** presents the cost estimates per project.

Table 6-2: Cost Estimates

Project Number	Description	Implementation Year	Estimated Cost*
Short-Term Planning Period (2025-2029)			
1	New Taxiway-Phase I (PPR-69)	2026	$12,342,528
2	Site-Prep Northwest (3.5 AC parcel)	2026	$30,684
3	Water Distribution System - Phase I	2026	$10,175,365
4	Wastewater Collection System - Phase I	2026	$1,891,772
5	Road from Sergeant Mills Blvd to Infield Area	2026	$15,384,941
6	Stormwater Improvements (PPR-14)	2028	$16,020,504
7	Site-Prep Northwest Infield - Phase I	2028	$115,018

Table 6-2: Cost Estimates			
Project Number	**Description**	**Implementation Year**	**Estimated Cost***
8	Site-Prep (3.0 AC parcel)	2029	$35,520
9	Site-Prep (40,000 SF Hangar)	2029	$28,416
		Total Short-Term	$56,024,748
Mid-Term Planning Period (2030-2034)			
10	Water Distribution System - Phase II	2030	$6,560,962
11	Wastewater Collection System - Phase II	2030	$6,081,621
12	Site-Prep MRO (62,500 SF) (PPR-18C)	2030	$964,901
13	Site-Prep MRO (100,000 SF) (PPR-18B)	2030	$2,485,479
14	Road Development East-West Infield Area	2030	$2,536,242
15	Site-Prep Industrial Development Infield (PPR-17)	2031	$4,047,724
16	Roads Development - South of Telcom Dr	2032	$9,182,614
17	Stormwater Improvements (PPR-21)	2032	$38,611,824
18	Site-Prep Industrial Development West Side A	2033	$26,228
19	Site-Prep Industrial Development West Side B	2033	$26,228
20	Site-Prep Industrial Development West Side C	2033	$26,228
21	Airport Maintenance & Fueling Facility (PPR-21B)	2034	$8,080,122
		Total Mid-Term	$78,630,174
Long-Term Planning Period (2035-2044)			
22	New Taxiway-Phase II	2035	$10,635,621
23	Site-prep Apron and hangars (22,500 SF) (PPR-18A)	2035	$8,100,730
24	Stormwater Improvements (PPR-20)	2035	$15,072,770
25	Water Distribution System - Phase III	2036	$2,704,481
26	Wastewater Collection System - Phase III	2036	$3,507,600
27	Road development south-north Infield Area	2037	$5,038,498

Table 6-2: Cost Estimates			
Project Number	**Description**	**Implementation Year**	**Estimated Cost***
28	Site-Prep Industrial Development Infield B	2038	$92,981
29	AAM Facilities (PPR-88)	2039	$12,920,834
30	Road development parallel to the new taxiway (PPR-21A)	2039	$7,450,581
31	Site-Prep southeast apron and hangars (40,000 SF)	2039	$148,747
32	Airport Service Road Extension	2040	$6,997,785
33	Site-Prep southwest apron and hangars (40,000 SF)	2040	$128,141
34	Site-Prep Southwest hangar (130,000 SF)	2041	$122,896
35	Site-Prep Light industrial development West Side C	2042	$16,763
36	Site-Prep for Light Industrial Development West Side D	2042	$16,763
37	Site-Prep Industrial Development Infield C	2043	$104,177
38	Site-Prep for Light Industrial Development West Side F	2043	$17,149
39	Site-Prep for Light Industrial Development West Side G	2043	$17,149
40	Stormwater Improvements (PPR-13)	2044	$16,679,326
41	Site-Prep Northwest - Phase II	2044	$263,144
42	Site-Prep North-center	2044	$368,402
43	Road Development to future T-hangar developments	2044	$7,150,878
		Total Long-Term	$97,555,415
		TOTAL	$232,210,337

Source: Michael Baker International and Stantec 2024.
Note: *Escalation of short-term projects 5%. Mid and long-term projects 2.3%.

Table 6-3 summarizes the Capital Improvement Plan by type of project, including an escalation of a 5 percent inflation rate for short-term projects and a 2.3 percent inflation rate for mid- and long-term projects.

Table 6-3: Cost Estimate by Project Category				
Project Category	**Short Term**	**Mid Term**	**Long Term**	**Total**
Airfield	$12,342,528	$-	$23,556,455.14	$35,898,983
Roadways	$15,384,941	$11,718,856	$26,637,741.57	$53,741,538
Drainage	$16,020,504	$38,611,824	$31,752,096.60	$86,384,425
Development Areas	$209,638	$7,576,789	$9,397,040.85	$17,183,468
Other	$-	$8,080,122	$-	$8,080,122
Utilities	$12,067,137	$12,642,583	$6,212,081.20	$30,921,801
Total	$56,024,748	$78,630,174	$97,555,415	$232,210,337

Source: Michael Baker International, Inc.

6.4 Sources of Funding

Large-scale development projects at an airport are typically beyond the normal annual budget capacity and cannot be supported solely with self-generated funds. In these situations, it is not uncommon for an airport to seek funding from outside sources. These sources can either provide funding for projects outright or be combined with one another to reach the necessary funding level.

In some cases, funding sources are capped on an annual or lifetime basis, such as with FAA entitlement funds. Therefore, it is not uncommon for airports to phase projects to maximize grants to collect the necessary funding. Most sources do not guarantee funding, and applicable projects must compete against one another.

Funding sources for this Financial Plan were analyzed and summarized from various governing bodies, including: The Federal Government, State Government, and Local funds. These potential funding sources include:

- Federal Government:
  - FAA Airport Improvement Program (AIP)
  - Bipartisan Infrastructure Law (BIL)
- State Government:
  - FDOT Grant Funds
- Local Government- Hernando County
- Public-Private Partnerships / Third-Party Development

The listed possible funding sources are not all-encompassing, as grant programs tend to open and close due to government funding availability. Therefore, it is recommended that when BKV is prepared to begin the initial planning for any project listed, the grant entity should coordinate with it to discuss the project's justification and benefits.

6.4.1 Federal Funding

FAA Airport Improvement Program (AIP)

Federal funding for airports is coordinated through the FAA. AIP funding is generated through taxes levied on passenger tickets and aviation fuel and is typically prioritized to enhance safety, security, capacity, and noise mitigation.

The two major sources of funding managed by the FAA are a part of the Airport Improvement Program, which, according to the FAA, "provides grants to public agencies — and, in some cases, to private owners and entities — for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems (NPIAS)."[20] The two categories of AIP funding are: entitlements grants and discretionary grants. It is estimated that about two-thirds of the AIP's annual funds are allocated to airports via entitlement grants based on a formula that considers airport activity, passengers, and/or cargo weight, depending on the airport. Discretionary funding is made up of the remaining one-third of the AIP's annual funds and is set aside for specific projects based on their overall importance and priority. AIP grants are to be used for specific eligible capital projects, equipment, and certain types of planning and environmental studies. The funds are programmed to cover no more than 90 percent of project costs, depending on statutory requirements, at airports the size of BKV. However, under the Reauthorization Act of 2024, it was established a special rule for the fiscal years 2025 and 2026 where "the government's share of allowable project cost for a grant made to a non-hub, or nonprimary airport in each of the fiscal year 2025 and 2026 shall be 95 percent"[21]. They cannot be used for airport operating expenses, debt financing, or interest costs.[22]

Accepting these grants from the FAA includes accepting certain obligations and conditions (Grant Assurances) required by the FAA. According to the FAA, these obligations generally include operating and maintaining the airport in a safe and serviceable condition, not granting exclusive rights, mitigating hazards to airspace, and charging, collecting, and using airport revenue properly[23].

As of the 2023-2027 NPIAS Report, the FAA classified BKV as a national general aviation airport. General aviation airports are public-use airports that do not have scheduled service or have less than 2,500 annual passenger boardings. As a National Airport, BKV supports the national and state systems by providing communities with access to national and international markets in multiple states and throughout the United States.

This category impacts the amount of funding BKV receives from the FAA AIP entitlement fund (general aviation entitlement) annually. On average, BKV receives $150.000 of

[20] FAA - https://www.faa.gov/airports/aip
[21] FAA Reauthorization Act of 2024 SEC. 708
[22] https://www.faa.gov/airports/aip/overview#grant
[23] https://www.faa.gov/sites/faa.gov/files/airports/aip/grantapportion_data/FY-2022-Primary-Entitlements.pdf

entitlement funds, depending on the level of appropriations from Congress, annually. It is expected that with the Reauthorization Act of 2024, this amount will increase consistently, with the overall AIP funding increased from 3.35 billion per year to 4.0 billion per year starting in Fiscal Year 2025

FAA Order 5100.38D, Airport Improvement Program (AIP) Handbook, sets forth the official policy and procedures to be used in the administration of AIP grants. **Table 6-4** lists typical examples of eligible and ineligible AIP projects.

Table 6-4: Examples of Eligible vs. Ineligible AIP Projects

Eligible Projects	Ineligible Projects
Runway construction/rehabilitation	Maintenance equipment and vehicles
Taxiway construction/rehabilitation	Office and office equipment
Apron construction/rehabilitation	Fuel farms*
Airfield lighting	Landscaping
Airfield signage	Artworks
Airfield drainage	Aircraft hangars*
Land acquisition	Industrial Park development
Weather observation stations (AWOS)	Marketing plans
NAVAIDs such as REILs and PAPIs	Training
Planning studies	Improvements for commercial enterprises
Environmental studies	Maintenance or repairs of buildings
Safety area improvements	
Airport layout plans (ALPs)	
Access roads only located on airport property	
Removing, lowering, moving, marking, and lighting hazards	
Glycol Recovery Trucks/Glycol Vacuum Trucks**	

Source: FAA AIP Overview, FAA website.
*May be eligible. Contact your local Airport District or Regional Office for more information.
**To be eligible, the vehicles must be owned and operated by the airport and meet the Buy American Preference specified in the AIP grant. Contact your local Airport District or Regional Office for more information.

In addition, the following must also apply for FAA to consider a project for AIP funding:
The project sponsorship requirements have been met.
The project is reasonably consistent with the plans of planning agencies for the development of the area in which the airport is located.
Sufficient funds are available for the portion of the project not paid for by the Federal Government.
The project will be completed without undue delay.
The airport location is included in the current version of the NPIAS.
The project involves more than $25,000 in AIP funds.
The project is depicted on a current airport layout plan approved by FAA. All safety issues have been addressed.

Bipartisan Infrastructure Law

The Bipartisan Infrastructure and Investment Jobs Act (Bipartisan Infrastructure Law or BIL) was enacted and signed into law November 15, 2021. The Bipartisan Infrastructure Law authorizes up to $108 billion for public transportation – the largest federal investment in public transportation in the nation's history. The purpose of the BIL legislation is to advance public transportation in America's communities through four key priorities: safety, modernization, climate, and equity. The BIL includes approximately $25 billion for the National Airspace System, and approximately $5 billion is for improvements to FAA-owned facilities and equipment. FAA's Office of Airports (ARP) will administer the remaining

approximately $20 billion in grant funds for airport infrastructure, terminal development, including multimodal terminal development, including on-airport rail access projects, and airport-owned airport traffic control towers.[24] However, the Bipartisan Infrastructure Law will distribute these funds over the five-year period FY 2022 through FY 2026.

To date, nearly $9 billion in Airport Infrastructure Grant (AIG) funding has been available to airports nationwide. For BKV Fiscal Year 2024 $851,000 were allocated[25].

Approximately $4.85 billion ($970 million annually) is distributed by the competitive Airport Terminal Program (ATP). Airports can compete for ATP grants under BIL. The grants can be used for justified terminal development projects as defined under 49 USC 7102(28), including multi-modal terminal development and on-airport rail access projects. The sponsor matches 20 percent for large- and medium-hub airports and five percent for small-hub, non-hub, and non-primary airports.

6.4.2 State Funding - Florida Aviation Grant Program

This program was established to fund projects relating to airport planning, capital improvement, land acquisition, and economic development. The funding assists in providing a safe, cost-effective, and efficient statewide aviation system. FDOT grant funds help airports build and maintain runways and taxiways, eliminate airport hazards, protect airspace, develop plans, acquire land, and build terminals and other facilities.

All publicly owned airports in Florida that are part of the Florida Aviation System Plan (FASP) are eligible for funding from the Florida Department of Transportation (FDOT). To qualify for the Florida Aviation Grant Program, airport projects must align with the airport's designated role in the FASP and with the approved comprehensive plan of the local government. Additionally, capital projects must be included in an FDOT-approved airport master plan and/or airport layout plan, have an airport sponsor (local government), and be entered into the Florida Aviation Database (FAD) through the Joint Automated Capital Improvement Program (JACIP).

BKV, located in District 7, is designated as a General Aviation Airport in the FASP. This means that when a BKV project is funded by the FAA, FDOT may provide up to 80 percent of the remaining (non-federal) share of project costs. FDOT may provide up to 80 percent of the total project costs when no federal funding is available.

The Florida Aviation Grant program encompasses eligible projects that promote airport growth and development to help airports become self-sustaining. Examples of Economic Development projects eligible for funding are:

- Any airport improvement and land purchase that will enhance economic impact.
- Buildings for lease
- Industrial Park infrastructure and buildings

[24] FAA - Bipartisan Infrastructure Law Frequently Asked Questions- February 2022

[25] https://www.faa.gov/bil/airport-infrastructure

- Terminals constructed for the purpose of generating revenue through leases.
- Industrial Park marketing programs

6.4.3 Local Funding

Local airport owners and sponsors, such as counties, cities, and/or airport authorities, are frequently responsible for costs associated with airport development projects that remain after federal and state shares have been applied. In cases where outside funding is not enough to cover the total project cost, or if a project does not apply to any funding sources, the airport sponsor may provide the local share from its annual cash flow or available cash reserves. Additionally, it is desired that general aviation airports generate enough revenue to cover their operating expenses and the local match for federal and state grants.

6.4.4 Public Private Partnerships / Third-Party Development

Public Private Partnerships are "arrangements, typically medium to long term, between the public and private sectors whereby some of the services that fall under the responsibilities of the public sector are provided by the private sector, with clear agreement on shared objectives for delivery of public infrastructure and/or public services." These arrangements provide airports an opportunity to develop projects crucial to growth, without absorbing the financial burden of the construction and operation costs.

However, these arrangements also require airports to work closely with outside operators and could potentially result in less airport involvement during certain capital development projects. Many airports use private or third-party investment when the planned improvements will be primarily used by a private business or other organization. Such projects are not ordinarily eligible for federal funding. Projects of this kind typically include hangars, fixed based operator facilities, fuel storage, exclusive aircraft parking aprons, industrial aviation use facilities, non-aviation office/commercial/industrial developments, and other similar projects. Private development proposals are considered on a case-by-case basis. Often, airport funds for infrastructure, preliminary site work, and site access are required to facilitate privately developed projects on airport property.

6.5 Funding Plan

As a part of the IDP Study, a comprehensive list of recommended development projects is proposed in Chapter 6. **Table 6-5** outlines a proposed funding strategy breaking down the projects into the three timelines previously detailed in section 6-1: Short-Term Funding (2025-2029), Mid-Term Funding (2030-2034), and Long-Term Funding (2035-2044). It is important to note that this strategy does not include a financial feasibility analysis, and the intent is to provide a roadmap for the airport and the County regarding potential sources of funding that can be used for the project development.

The projections should be used for planning purposes only and do not imply that funding will be available. Each year indicates the initiation of design and/or environmental efforts, and it is assumed that construction will be undertaken either in the same year or the following year.

It is recommended that the proposed strategy be utilized as the genesis of a more in-depth planning session when developing the airport's annual Airport Capital Improvement Plan (ACIP) submission to the FAA.

As described in section 6.3, some drainage improvements to accommodate the proposed development have been listed as single projects. Even though **Table 6-5** lists those projects in a specific year, their construction can be phased as the impervious areas are built. Its size should be reviewed once the final design of the third-party development is determined. In addition, the pond's construction cost should be refined with the final design, and its funding source may change in response to the negotiation with the tenant.

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Table 6-5: Funding Plan							
No.	**Description**	**Year**	**Estimated Cost***	**Federal**	**State**	**Local**	**Third-Party**
Short-Term Planning Period (2025-2029)							
1	New Taxiway-Phase I (PPR-69)	2026	$12,342,528	$11,108,275	$987,402	$246,851	$-
2	Site-Prep Northwest (3.5 AC parcel)	2026	$30,684	$-	$15,342	$15,342	$-
3	Water Distribution System - Phase I	2026	$10,175,365	$-	$5,087,682	$5,087,682	$-
4	Wastewater Collection System - Phase I	2026	$1,891,772	$-	$945,886	$945,886	$-
5	Road from Sergeant Mills Blvd to Infield Area	2026	$15,384,941	$-	$12,307,953	$3,076,988	$-
6	Stormwater Improvements (PPR-14)	2028	$16,020,504	$-	$12,816,403	$3,204,101	$-
7	Site-Prep Northwest Infield - Phase I	2028	$115,018	$-	$92,014	$23,004	$-
8	Site-Prep (3.0 AC parcel)	2029	$35,520	$-	$28,416	$7,104	$-
9	Site-Prep (40,000 SF Hangar)	2029	$28,416	$-	$22,733	$5,683	$-
Total Short-Term			$56,024,748	$11,108,275	$32,303,832	$12,612,641	$-
Mid-Term Planning Period (2030-2034)							
10	Water Distribution System - Phase II	2030	$6,560,962	$-	$3,280,481	$3,280,481	$-
11	Wastewater Collection System - Phase II	2030	$6,081,621	$-	$3,040,810	$3,040,810	$-
12	Site-Prep MRO (62,500 SF) (PPR-18C)	2030	$964,901	$-	$346,477	$86,619	$531,806
13	Site-Prep MRO (100,000 SF) (PPR-18B)	2030	$2,485,479	$-	$919,959	$229,990	$1,335,531
14	Road Development East-West Infield Area	2030	$2,536,242	$-	$2,028,993	$507,248	$-
15	Site-Prep Industrial Development Infield (PPR-17)	2031	$4,047,724	$-	$1,540,858	$385,215	$2,121,651

Table 6-5: Funding Plan							
No.	Description	Year	Estimated Cost*	Federal	State	Local	Third-Party
16	Roads Development - South of Telcom Dr	2032	$9,182,614	$-	$7,346,091	$1,836,523	$-
17	Stormwater Improvements (PPR-21)	2032	$38,611,824	$-	$30,889,460	$7,722,365	$-
18	Site-Prep Industrial Development West Side A	2033	$26,228	$-	$20,983	$5,246	$-
19	Site-Prep Industrial Development West Side B	2033	$26,228	$-	$20,983	$5,246	$-
20	Site-Prep Industrial Development West Side C	2033	$26,228	$-	$20,983	$5,246	$-
21	Airport Maintenance & Fueling Facility (PPR-21B)	2034	$8,080,122	$-	$6,464,097	$1,616,024	$-
Total Mid-Term			$78,630,174	$-	$55,920,175	$18,721,012	$3,988,987
Long-Term Planning Period (2035-2044)							
22	New Taxiway-Phase II	2035	$10,635,621	$9,572,059	$850,850	$212,712	$-
23	Site-prep Apron and hangars (22,500 SF) (PPR-18A)	2035	$8,100,730	$-	$6,297,995	$1,574,499	$228,237
24	Stormwater Improvements (PPR-20)	2035	$15,072,770	$-	$12,058,216	$3,014,554	$-
25	Water Distribution System-Phase III	2036	$2,704,481	$-	$1,352,241	$1,352,241	$-
26	Wastewater Collection System - Phase III	2036	$3,507,600	$-	$1,753,800	$1,753,800	$-
27	Road development south-north Infield Area	2037	$5,038,498	$-	$4,030,798	$1,007,700	$-
28	Site-Prep Industrial Development Infield B	2038	$92,981	$-	$74,385	$18,596	$-
29	AAM Facilities (PPR-88)	2039	$12,920,834	$-	$8,901,447	$2,225,362	$1,794,026
30	Road development parallel to the new taxiway (PPR-21A)	2039	$7,450,581	$-	$5,960,465	$1,490,116	$-

Table 6-5: Funding Plan							
No.	Description	Year	Estimated Cost*	Federal	State	Local	Third-Party
31	Site-Prep southeast apron and hangars (40,000 SF)	2039	$148,747	$-	$118,997	$29,749	$-
32	Airport Service Road Extension	2040	$6,997,785	$-	$5,598,228	$1,399,557	$-
33	Site-Prep southwest apron and hangars (40,000 SF)	2040	$128,141	$-	$102,513	$25,628	$-
34	Site-Prep Southwest hangar (130,000 SF)	2041	$122,896	$-	$98,317	$24,579	$-
35	Site-Prep Light industrial development West Side C	2042	$16,763	$-	$13,410	$3,353	$-
36	Site-Prep for Light Industrial Development West Side D	2042	$16,763	$-	$13,410	$3,353	$-
37	Site-Prep Industrial development Infield C	2043	$104,177	$-	$83,342	$20,835	$-
38	Site-Prep for Light Industrial Development West Side F	2043	$17,149	$-	$13,719	$3,430	$-
39	Site-Prep for Light Industrial Development West Side G	2043	$17,149	$-	$13,719	$3,430	$-
40	Stormwater Improvements (PPR-13)	2044	$16,679,326	$-	$13,343,461	$3,335,865	$-
41	Site-Prep Northwest - Phase II	2044	$263,144	$-	$210,515	$52,629	$-
42	Site-Prep North-center	2044	$368,402	$-	$294,721	$73,680	$-
43	Road Development to future T-hangar developments	2044	$7,150,878	$-	$5,720,703	$1,430,176	$-
Total Long-Term			$97,555,415	$9,572,059	$66,905,250	$19,055,843	$2,022,263
TOTAL			$232,210,337	$20,680,334	$155,129,257	$50,389,496	$6,011,250

Source: Michael Baker International and Stantec 2024.

Note: *Escalation of short-term projects 5%. Mid and long-term projects 2.3%.

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STORMWATER MASTER PLAN UPDATE

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REVISED JULY 2025

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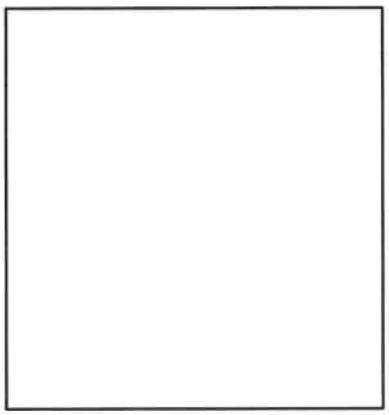
ELECTRONIC CERTIFICATION:



I, Paul Snead P.E., hereby state that this report, as listed in the above Table of Contents, is, to the best of my knowledge and belief, true and correct and represents the described work in accordance with current established engineering practices. I hereby certify that I am a Licensed Professional Engineer in the State of Florida practicing with Michael Baker International, and that I have supervised the preparation of and approve the evaluations, findings, opinions and conclusions hereby reported.

THIS ITEM HAS BEEN DIGITALLYSIGNED AND SEALED BY

ON THE DATE ADJACENT TO THE SEAL. PRINTED COPIES OF THIS DOCUMENT ARE NOT CONSIDERED SIGNED AND SEALED AND THE SIGNATURE MUST BE VERIFIED ON ANY ELECTRONIC COPIES.

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Paul Snead P.E.
Florida P.E. No. 56982

1.0 INTRODUCTION

Brooksville-Tampa Bay Regional Airport (BKV) spans approximately 2,300 acres and is located in Hernando County, Florida. The airport location is shown on **Figure A.1** in **Appendix A**. BKV is owned and operated by Hernando County (County) who has contracted Michael Baker International, Inc. (Michael Baker) to update the Stormwater Master Plan (SWMP) based on existing conditions and proposed future development. This report includes stormwater management recommendations based on concept level design analysis in compliance with State and Hernando County regulatory requirements and Federal Aviation Administration (FAA) design criteria and wildlife hazard management guidelines. The stormwater management requirements for the proposed developments presented herein will require additional field investigation, design, and permitting at the final design stage.

BKV is in south-central Hernando County approximately 4 miles south of SR 50 (Cortez Boulevard) and is bordered to the west by SR 589 (Suncoast Parkway), to the east by US 41 (Broad Street), and to the north by Spring Hill Drive. There are commercial, residential, and undeveloped areas surrounding the airport. A land use map of the vicinity is included as **Figure A.6** in **Appendix A.**

The purpose of this report is to document existing conditions, minimize environmental impacts and provide preliminary stormwater management ponds based on our concept analysis for planned future development. Future development assumptions were based on the Airport Layout Plan (ALP) dated May 2020 and the Existing and Proposed Development Map, which are provided in **Appendix B and C.** The proposed pond locations identified in this report will be reviewed by the County and FAA and submitted to the Southwest Florida Water Management District (SWFWMD) for a Conceptual Environmental Resource Permit (ERP). The stormwater recommendations presented in this report will require further investigation, design, and permitting.

2.0 DATA COLLECTION

The data collection phase of this SWMP update included the following tasks:

- Review of existing plans and permits
- Review of the previous SWMP by Coastal Engineering Associates (October 2004)
- Field Reviews
- Limited on-site Survey and Geotechnical investigations
- Limited on-site Wetland Review
- Coordination with SWFWMD and Airport Staff

The following sections present additional information and the results of our data collection efforts.

2.1 Existing Plans & Permits

Michael Baker performed a thorough review of the existing permits on file at SWFWMD and as-built plans provided by the County as part of our research to develop an understanding of the existing drainage conditions on the airport. Michael Baker reviewed over 50 permits and permit modifications. A list of the permit numbers and names with relevant excerpts is included as **BKV ERP Summary Table** in **Appendix D.** These permits, design plans and calculations provided information that was utilized to evaluate existing drainage patterns for use in preparing the existing condition stormwater model.

2.2 Field Investigations

As part of our investigation of existing conditions, Michael Baker performed a site visit and collected limited survey and geotechnical information to confirm existing drainage patterns, site topography constraints, and develop concept level design parameters used to evaluate existing and proposed pond performance.

Michael Baker environmental staff visited the site on July 28, 2022 and August 16, 2022. Documentation of the environmental field visits is further detailed in *Section 3.3 Wetlands and Surface Waters* of this report.

A limited geotechnical investigation was performed by MC Squared, LLC to provide subsurface information including groundwater levels, hydraulic conductivity, soil types and other related information that our design team utilized in our concept level stormwater assessment. The geotechnical field investigation was performed in April 2022 and the Geotechnical Engineering Services Data Report (June 3, 2002) is included in **Appendix G.** Additional information regarding the geotechnical characteristics of the site is included in *Section 3.2 Soils and Groundwater.*

2.3 Previous Stormwater Master Plan

In response to changes from Michael Baker International's initial submission of the stormwater master plan, significant modifications have been implemented to ensure the plan's accuracy. Notably, the revised plan now incorporates updated hydrology to provide a more accurate representation of stormwater runoff within the project area. This includes a thorough reassessment of the basin areas, proposed ponds, and floodplain compensation.

The primary changes noted in this update to the SWMP as compared to the previous SWMP include:

- 2018 LiDAR is utilized
- Included new concept analysis for planned future development
- Included new developments constructed since the 2022 SWMP.

2.4 Coordination

The Michael Baker team coordinated with the BKV Airport and SWFWMD to develop the scope and design criteria for developing the proposed stormwater management concepts for this SWMP. On April 28, 2022, Michael Baker staff attended a virtual pre-application meeting with SWFWMD to discuss the stormwater management criteria, environmental criteria, and permitting approach. The minutes of the meeting are included in **Appendix H.**

On June 20, 2022, a Michael Baker representative had a discussion with BKV staff to discuss any known flooding or stormwater maintenance issues. The minutes of this discussion are included in **Appendix H.**

3.0 Existing Site Conditions

3.1 Topography

Aerial imagery was downloaded from the FDOT APLUS website and files dated 2020 were downloaded for the purposes of this study. USGS 2018 LiDAR and topographic data and limited on-site survey was used to evaluate existing site grades. Based on our review of this information existing site topography includes mild to moderate slopes with closed depressional areas and elevations ranging from +41 to +91 ft NAVD88. USGS topographic and contour maps of the project area are included on the **Pre-Development Maps** in **Appendix B.**

3.2 Soils and Groundwater

Subsurface conditions at existing and proposed pond locations was evaluated by geotechnical consultant MC Squared, LLC to provide information regarding soil types as well as groundwater levels and flow parameters. The findings of their field study are included in their report dated June 3, 2022 and included in **Appendix G.**

The results of the geotechnical investigation indicate the groundwater table fluctuates significantly between seasonal lows typically encountered in the late spring before the rainy season begins and the seasonal highs which are typically encountered near the end of September when the normal rainy season

ends. Most of the borings did not encounter groundwater to the 10-ft boring termination depths. Seasonal high groundwater levels are estimated to be in the range of 4 to 6 ft deep at the boring locations. Subsurface soil types are generally fine sands with silt, silty fine sands and clayey fine sands. Field testing results report a wide range of infiltration values ranging from greater than 20 ft per day for some of the fine sands to no infiltration for some of the clayey sands. For purposes of estimating aquifer parameters for pond recovery the clayey fine sands would be considered the bottom of the aquifer.

3.3 Wetlands and Surface Waters

The following references were used to approximate the limits of wetland and surface waters within the study area:

- Wetland information from previous studies at BKV
- U.S. Fish and Wildlife Service (USFWS) National Wetlands Inventory (NWI) mapping
- Southwest Florida Water Management District Florida Land Use, Cover, and Forms Classification System (FLUCS) mapping
- Digital Elevation Model (DEM) mapping derived from light detection and ranging (LIDAR) data.

No flagged wetland delineation or field verification with permitting agencies was conducted, therefore this task results in the development of an approximation that identifies potential wetlands that may be subject to the jurisdiction and permitting authority of the Southwest Florida Water Management District (SWFMWD) under the Environmental Resource Permitting program and subject to jurisdiction and permitting authority of the Florida Department of Environmental Protection (FDEP) under the federal Clean Water Act Section 404 permit program.

Limited ground truthing was conducted within the study area limits in some areas. The focal areas for the ground truthing were areas where NWI or FLUCS data indicated the presence of wetlands as well as areas where the DEM indicated depression landforms that surface runoff would naturally drain towards and potentially accumulate, resulting in the potential presence of wetlands. These areas were evaluated in the field for evidence of the presence or absence of wetland soil, vegetation, or hydrological characteristics.

Based on the data review and the ground truthing effort, a small pond on the south side of the American Aviation general aviation development in the northeast portion of the Airport's property was the only natural non-wetland surface water identified in the study area. Other man-made ditches, swales, and stormwater ponds are classified as "other surface waters." No streams or creeks occur in the study area. While "other surface waters" are important for their stormwater treatment, floodplain storage, and conveyance functions, as long as those functions are adequately compensated for in association with modifications for new projects at the airport and as long as adequate treatment and storage is provided for new impervious surface, other mitigation is not typically required for changes to these features.

The wetland approximation is presented in **Figure A.5** in **Appendix A.** The largest area of wetland at BKV is in the northeastern portion of the study area, just south of the American Aviation general aviation development. This area includes the previously mentioned pond and adjacent forested and shrub wetlands that, together with the pond, comprise approximately 6.3 acres.

The remaining potential wetland areas on BKV property are predominantly isolated wetland depressions that range in size from approximately 0.2 to 2 acres. Some of these depressions are located within the mowed maintained airfield, where much of the area is used for production of hay. Other wetland depressions are scattered within wooded areas of the Airport.

Two of the potential wetlands, including one in the northeastern corner of the Airport's property and another that is approximately 2,500 feet northeast of the southwestern corner of the Airport's property appear to be centered on potential karst features (sinkholes) based on field review conducted at those sites. Future development at BKV will need to continue to take karst feature characteristics into

consideration as part of planning and pre-construction site evaluation.

3.4 Protected Species Potentially Occurring Within the Study Area

Available protected species data were reviewed to develop a list of species that are afforded special protection status due to federal or state regulations. Sources of data for this review included:

- Protected species information from previous studies conducted at BKV;
- USFWS list of species generated by the USFWS' Information for Planning and Consultation (IPaC) website;
- Florida Natural Areas Inventory's (FNAI) tracking list for Hernando County;
- FNAI's Biodiversity Matrix; and,
- Various sources for species accounts that include habitat descriptions for species thought to occur in Hernando County.

Based on these various species lists and taking into consideration the habitat requirements of the species listed and the habitats that occur within the study area, a list of species with the potential to occur in the study area was developed (**Table 1**).

Table 1. Protected Species Potentially Occurring within the SWMP Study Area

Scientific Name	Common Name	Federal Status	State Status	Likelihood of Occurence
Falco sparverius paulus	Southeastern American kestrel	None	State Threatened	Documented – foraging
Mycteria americana	Wood stork	Threatened	Federally Threatened	Documented – foraging
Egretta caerulea	Little blue heron	None	State Threatened	Documented – foraging
Haliaeetus leucocephalus	Bald eagle	BGEPA*	None	Documented – transient
Drymarchon corais couperi	Eastern indigo snake	Threatened	Federally Threatened	Potential
Gopherus polyphemus	Gopher tortoise	Candidate	State Threatened	Documented
Stilosoma extenuatum	Short-tailed snake	None	State Threatened	Potential
Pituophis melanoleucus	Pine snake	None	State Threatened	Potential
Danus plesippus	Monarch butterfly	Candidate	None	Potential
Antigone canadensis pratensis	Florida sandhill crane	None	State Threatened	Documented – foraging
Athene cunicularia floridana	Florida burrowing owl	None	State Threatened	Potential
Falco sparverius paulus	Southeastern American kestrel	None	State Threatened	Documented – foraging
Notophthalmus perstriatus	Striped newt	None	State Candidate	Low potential
Clitoria fragrans	Scrub pigeonwing	Threatened	State Endangered	Potential
*Federal Bald and Golden Eagle Protection Act.				

Of the species in **Table 1**, the species with the greatest potential to require special coordination and permitting for future developments and projects associated with the SWMP is the gopher tortoise. Gopher tortoises are common within BKVs property and are known to occur within open areas lacking tree cover, in areas along the edges of wooded areas, and, to a lesser extent, within more open woodlands on BKV property. A gopher tortoise survey conducted by a State of Florida-authorized gopher tortoise agent is likely to be required for any project involving new ground disturbance at BKV. If gopher tortoise burrows are found, a Gopher Tortoise Conservation Permit from the Florida Fish and Wildlife Conservation Commission (FWC) will be required if the gopher tortoise burrow will be impacted by proposed stormwater structures. Excavation of burrows and relocation of gopher tortoises to an approved recipient site may also be required.

Another species that is federally-listed, the eastern indigo snake, may also affect permitting for projects proposed in association with the SWMP. Although based on the information reviewed this species has not been documented to occur on BKV property, habitat in the study area is suitable for this species. Therefore, projects at BKV that require federal authorization may be conditioned with a requirement that the construction contractor implement the USFWS' *Standard Protection Measures for the Eastern Indigo Snake*. For projects impacting a large area with large numbers of gopher tortoise burrows (which can also be used by indigo snakes), Consultation with the USFWS may be required.

Although multiple federal and/or state-protected bird species have been observed at BKV, these observations have been of birds that are using habitats on-airport for foraging (little blue heron, wood stork, southeastern American kestrel) or are birds that are just flying over BKV property (bald eagle). No nesting of listed bird species has been documented at BKV. It should also be noted that BKV is not within the core foraging area of any documented wood stork colonies.

For any new project that involves ground disturbance at BKV, a general protected species survey should be conducted to determine whether suitable habitat for state or federally protected species is present at the site and to determine if any additional special coordination, special purpose surveys, or permitting needs to be initiated with the FWC or USFWS.

3.5 Floodplains

Existing floodplains have been delineated based on Federal Emergency Management Agency (FEMA) National Flood Insurance maps for Hernando County with effective date December 2021. In addition, administrative floodplains for the Squirrel Prairie, Powell and Pithlachascottee R./Bear creek Watersheds have also been obtain and delineated for purpose of this study. An excerpt of each floodplain overlain on an aerial of the study area is shown as **Figures A.7A, 7B, 7C and 7D** in **Appendix A.**

The existing FEMA floodplains include both Type AE and A, which have determined and undetermined flood elevations, respectively. The known floodplain elevations range from approximately +64 to +67 ft NAVD88 and are primarily located within the depressions in the grassed infield at the east end of Runway 9/27. However, there are several floodplains located in vicinity of the adjacent developments; most notably on the northeast area of the airport where the floodplain is shown to inundate portions of Taxiway A2, A4, and B1 (see ALP), the adjacent infield areas, as well as encroaching upon multiple buildings.

The County's administrative floodplains differ from the FEMA map. Squirrel Prairie watershed covers eastern portions of the airport, the Powell watershed covers northern and middle areas of the airport, and the Bear Creek cover south and western portions of the airport. The Base Flood Elevation for each of the watershed areas were determined and used to quantify required floodplain compensation per proposed impacted area. Based on the pre-app meeting held with SWFWMD, equivalent compensating storage for all 100-year, 24-hour riverine floodplain impacts must be provided. Cup-for-cup storage in dedicated areas of excavation is the preferred method of compensation

An impact floodplain map was created to determine what portions of the proposed development encroach on the existing floodplains. This map is included in **Appendix A, Figure A.8.** The impact volume was estimated by multiplying the encroachment/impact area by the difference in elevation between existing ground and base flood elevation. The required compensating volume will be provided by the proposed pond which is hydraulically connected to where the impact is proposed. A summary table for these calculations is provided in **Appendix D.**

4.0 EXISTING DRAINAGE PATTERNS

The project is primarily located within the Crews Lake Outlet basin (WBID 1392A1) with a small portion of the northwest corner of the airport located within an unnamed closed basin (WBID 1380). Neither of these basins are considered impaired by the Florida Department of Environmental Protection (FDEP). Surface drainage is primarily overland sheet flow along mild to moderate slopes to depressional areas with no outlets. These depressional areas drain primarily through groundwater infiltration and some overtop as a result of storms with high rainfall, intensity and/or duration. The following sections provide additional details about our assessment of the existing drainage basins and ponds.

4.1 Drainage Basins

Our assessment of the drainage patterns across the study area included the delineation of **88** existing drainage basins. The drainage divides were delineated based on review of contours produced from LiDAR survey data, and existing permits and as-built plans. The existing drainage basins are presented in Figures B.1 to B.19 in **Appendix B.**

4.2 Stormwater Ponds

Our evaluation of the existing ponds within the study area included review of existing permits and as-built plans. Based on this evaluation we have identified 54 stormwater ponds of which 2 are wet detention ponds (PEX-01 and PEX-02) and the remaining are dry retention. The pond names and associated SWFMD ERP permit numbers are listed on the Pond Summary Table in **Appendix D.**

4.3 Conveyances and Outfalls

Existing conveyances, including ditches and stormsewer, are located throughout the project area and serve the purpose to convey runoff across impoundments such as roads, taxiways, runways, and other infrastructure to an existing pond or depressional area. Our team has surveyed the significant stormsewer sections and these are shown on the Pre-Development Drainage Map figures in **Appendix B** and included in the Pre-Development ICPR reports in **Appendix E.**

5.0 STORMWATER MANAGEMENT CRITERIA

There are several regulatory agencies that have jurisdiction over the Airport's stormwater management systems including SWFWMD, FAA, and the County. Meeting these agencies' stormwater design requirements and obtaining the required permits will be a requirement of the planned developments discussed in this SWMP. Further investigation, design, and permitting will be required during the final design phase of each of the proposed improvements presented within this SWMP.

SWFWMD rules are the controlling criteria for a majority of the stormwater design elements for this SWMP; specifically water quality, water quantity, and floodplain compensation. The FAA provides guidance on dry pond recovery, acceptable flood levels and the locations of stormwater management facilities for the safety of airport airside elements. FAA stormwater criteria is documented in *FAA Advisory Circular (AC) 150-5320-5D – Airport Drainage.*

The following stormwater management design criteria were used in the development of the proposed stormwater management facilities for this SWMP:

Southwest Florida Water Management District

Water Quality

- On-line retention shall treat runoff from 1" of rainfall from contributing area; or as an alternative, ½" of runoff from contributing if basin area is less than 100 acres.
- Wet detention shall treat 1" of runoff from contributing area.
- Water Quality Treatment is required for entire project area and any contributing off-site flows.

- Treatment function of any filled ditches shall be replaced.
- Compensating treatment of existing untreated runway pavement to offset new construction which cannot be treated is acceptable.
- Net water quality improvement (pre/post nutrient loading) is not required.

Attenuation

- Post-development 25-year, 24-hour peak discharge rate shall be equal to or less than pre-development peak discharge rates. Pre-development discharge rates can only be exceeded if demonstrated it will not cause an adverse offsite impact.
- For closed basin outfalls, limit the post-development 100-year discharge volume to the pre-development 100-year, 24-hour volume.
- Demonstrate the project will not increase flood stages up- and down-stream of the project areas.

Floodplain Compensation

- Provide equivalent compensating storage for all 100-year, 24-hour riverine floodplain impacts. Tabulations of cup-for-cup impacts and compensation shall be provided at 0.5-foot increments to demonstrate impact and compensation occur at same levels. Storage modeling is otherwise required and will include modeling of the 10-, 25- and 100-year storm events for pre- and post-development conditions. The modeling may include reduced discharge to floodplain as applicable as part of the calculations.

Federal Aviation Administration

Surface Hydrology (AC 150/5320-5D)

- For the 5-year storm event there shall be no encroachment of runoff on taxiway and runway pavements (including paved shoulders). *Section 2-2.4.2*
- The center 50 percent of runways; the center 50 percent of taxiways serving these runways; and helipad surfaces along the centerline should be free from ponding resulting from storms of a 10-yr frequency and intensity. *Section 2-2.5*

Pond Recovery (AC 150/5200-33C)

- Airside ponds shall be designed for maximum 48-hour detention (recovery) period and are to remain completely dry between storm events. *Section 2.3.2* It is noted that volume recovery was not evaluated for the ponds for this study. Review of percolation rates and groundwater levels indicate the site is well drained with the potential to satisfy recovery criteria; however, this criterion should be further evaluated during final design and adjustments to the pond design made as necessary.

Hernando County

Per Section 26-50 of the County's land development code, drainage stormwater systems shall be designed in accordance with the requirements of the Southwest Florida Water Management District. Additional drainage requirements are provided in the County's Facility Design Guidelines, which include providing a minimum of 6" of freeboard between the design high water elevation and the lowest provided berm elevation surrounding the detention/retention area. This parameter shall be confirmed at final design as pond shape and grading can influence peak stages. Besides the freeboard requirement, based upon our review of these documents, there are no County criteria that are more restrictive then the applicable SWFWMD and FAA criteria previously mentioned.

Hernando County participates in the FEMA National Flood Insurance Program (NFIP) and subsequently impacts to a floodplain located within and along the airport boundary will require coordination with the County's Floodplain Manager to determine if a Floodplain Development Permit or Approval is required. We recommend this coordination during the final design and permitting stages of projects which may have runoff and/or fill impacts to the mapped floodplains.

6.0 FUTURE DEVELOPMENT CONSIDERATIONS

The proposed stormwater pond recommendations were determined with consideration of future development plans provided in the infield Infrastructure Development Plan finalized in 2025, and the Airport Layout Plan (ALP) updated in May 2020. The resulting future development assumptions including the layout of future buildings, roads and other impervious surface used for purposes of this SWMP are displayed on the Proposed Development exhibit in **Appendix C.**

The proposed development locations include both airside and landside. On the airside, notable improvement is within the northwest quadrant of the infield as well as two new taxiways. Additional hangars are proposed along future Taxiway C on the east side and significant new development is proposed landside on the southwest quadrant of the airport. Some of the proposed developments impact existing ponds or depressional areas which are accounted for in this study.

For the airport's total property area of **2,300** ac the proposed development has increased the overall percent impervious from **14% to 39% or 325 ac to 889 ac** in terms of total impervious area.

7.0 POND SITING METHODOLOGY

The airport has 32 existing ponds which include two wet detention ponds and 30 dry retention ponds. To accommodate the future development assumptions, we have identified **55** total ponds which is a combination of **30** existing ponds to remain and **25** proposed ponds. All of the proposed ponds are dry retention with no outfall with the exception of the two existing wet detention ponds at the northeast corner of the airport.

The factors considered in identifying the proposed pond locations include topography, groundwater levels, proposed development, and environmental considerations. The following sections describe our methodology for identifying the proposed pond locations:

7.1 Proposed Pond Design

The first step in the pond siting process was to evaluate the stormwater volume requirements for each basin with consideration of the proposed impervious layout that was presented in *Section 6.0 Future Development Considerations*. For each basin we determined the available storage for retention of the 100-yr / 24-hr storm event for comparison with the required storage for future development. For any basins with a storage deficit, either the existing pond was reconfigured to provide additional storage and/or a proposed pond was provided. For this study, we conservatively sized the ponds to provide storage for the 100-yr post-development runoff volume plus floodplain compensation. For pond systems which do not provide the total 100-yr runoff volume, the peak stage was checked with consideration of infiltration during the storm to confirm it is below the top of berm elevation. Final design adjustment can be made to store the 100-yr pre/post difference if an internal outfall can be maintained which could reduce the required pond sizes. The location of the proposed ponds is shown on the Post-Development Drainage maps in **Appendix C.**

For the proposed ponds we assessed the seasonal high groundwater level to establish the proposed pond bottom elevation. Pond bottom elevations were set at least 2 feet above the seasonal high groundwater level and top of berm elevations set at or near existing ground or adjacent existing infrastructure such as runways, taxiways, or roadways. Additionally, vertical soil storage between the pond bottom and the seasonal high groundwater elevations was included in our pond routing calculations, however, horizontal seepage was not included for most ponds, only selected ponds which did not satisfy the stage requirement are assigned with horizontal seepage in the model. The assumed pond and seasonal high groundwater elevations as well as the soil storage approach will require review and confirmation during the final design stage for each planned development.

Volume recovery of the 100-yr / 24-hr storm is required for each of the no-discharge dry retention pond sites. Preliminary review of the limited geotechnical investigation indicate there are highly permeable

soils with horizontal conductivity rates of greater than 20 feet per day which can accommodate the required recovery requirements; however, additional investigation will be required during the final design and permitting phase. A table of seasonal high-water levels for each of the pond sites is included in **Appendix D**.

7.2 Avoidance and Minimization of Wetland Impact

The development areas and proposed stormwater ponds depicted in the stormwater master plan avoid most of the wetlands identified in the approximation. The exceptions are two very small potential wetlands located just north of Sergeant Lea Mills Boulevard in the southern portion of the Airport's property, and the apparent sinkhole and the associated wetlands in the northeast corner of the Airport's property. If it is determined that all of these potential wetlands are isolated, which appears to be the case, they may not be subject to FDEP permitting under Section 404 of the Clean Water Act. For the two areas on the north side of Sergeant Lea Mills Boulevard, if they are determined to be subject to SWFWMD jurisdiction, but they are less than 0.1 acre in size, it is possible that SWFWMD would not require mitigation for impacts to these areas. Impacts to the sinkhole and associated potential wetland in the northeast corner of the Airport's property would likely require compensatory mitigation from the SWFWMD because this area appears to be greater than 0.1 acre in size.

7.3 Pond Design Considerations For Wildlife Hazard Management

Federal Aviation Administration (FAA) Advisory Circular (AC) 150/5200-33C establishes the recommended minimum general separation criteria between an airport's air operations area (AOA) and hazardous wildlife attractants. For airports that serve turbine powered aircraft, such as BKV, AC 150/5200 specifies a recommended minimum separation distance of 10,000 feet between the AOA and hazardous wildlife attractants. If an attractant "could cause hazardous wildlife movement into or across the approach or departure airspace," AC 150/5200-33C recommends a separation distance of 5 miles between the AOA and the hazardous wildlife attractant.

Wet ponds, ditches, and swales that hold water for extended periods of time can be attractants for wildlife that create hazards for aircraft operations. AC 150/5200-33C provides a number of recommendations regarding design and functional characteristics of stormwater treatment facilities that are located at a distance less than the recommended separation distance. Since the ponds that will be incorporated into the SWMP are going to be located less than 10,000 feet from the AOA (either within the AOA or on airport property very near the AOA), the ponds included in the SWMP should include these recommendations. The first of these recommendations is that the ponds should be "designed, engineered, constructed, and maintained to allow a maximum 48-hour detention period after the design storm and remain completely dry between storms."[1] AC 150/5200-33C also recommends that detention basins be designed to incorporate steep side slopes, have banks that are lined with rip rap, and be narrow or linear in shape.[2] These characteristics help to make the basin be less attractive for foraging and nesting birds. Basins with these characteristics reduce visibility for birds that are foraging within a basin and make it more difficult for them to detect approaching predators. Rip-rap lined banks are also less attractive for foraging birds in comparison to natural vegetation.

If it is not possible to design a basin to dry down within 48 hours of the design storm due to local characteristics such as a high water table, and the basin has to be designed for wet retention; it is recommended that the basin be designed so that the bottom elevation is 2.5 feet or greater below the mean low water elevation so that the pond will not be suitable foraging habitat for wading birds. In such situations every effort should also be made to incorporate steeply sloping banks to limit the available foraging habitat for wading birds along the shoreline. If the wet pond is still attracting hazardous wildlife, the airport should incorporate physical barriers such as bird balls, wire grids, pillows, or netting to prevent

[1] FAA, "AC 150/5200-33B Hazardous Wildlife Attractants on or Near Airports," https://www.faa.gov/documentLibrary/media/Advisory_Circular/AC_150_5200-33B.pdf, September 28, 2007.
[2] Ibid.

wildlife from using the pond.[3]

All ponds should be designed to allow access for maintenance equipment so that they can be maintained free of vegetation to the maximum extent possible. Banks and surrounding areas should be designed so that mowers can readily access the area around the pond and, for dry ponds, the center of the pond. For wet ponds herbicide application may also be needed to control emergent vegetation.

Designers may also consider the use of green stormwater infrastructure best management practices such as bioretention cells where this can be accomplished without increasing wildlife hazards, particularly avoiding exceeding of the 48-hour maximum detention period and avoiding the creation of habitat that attracts wildlife.[4] As with ponds bioretention swales should be designed to allow easy access of maintenance equipment so that overgrowth of vegetation that would attract wildlife does not occur.

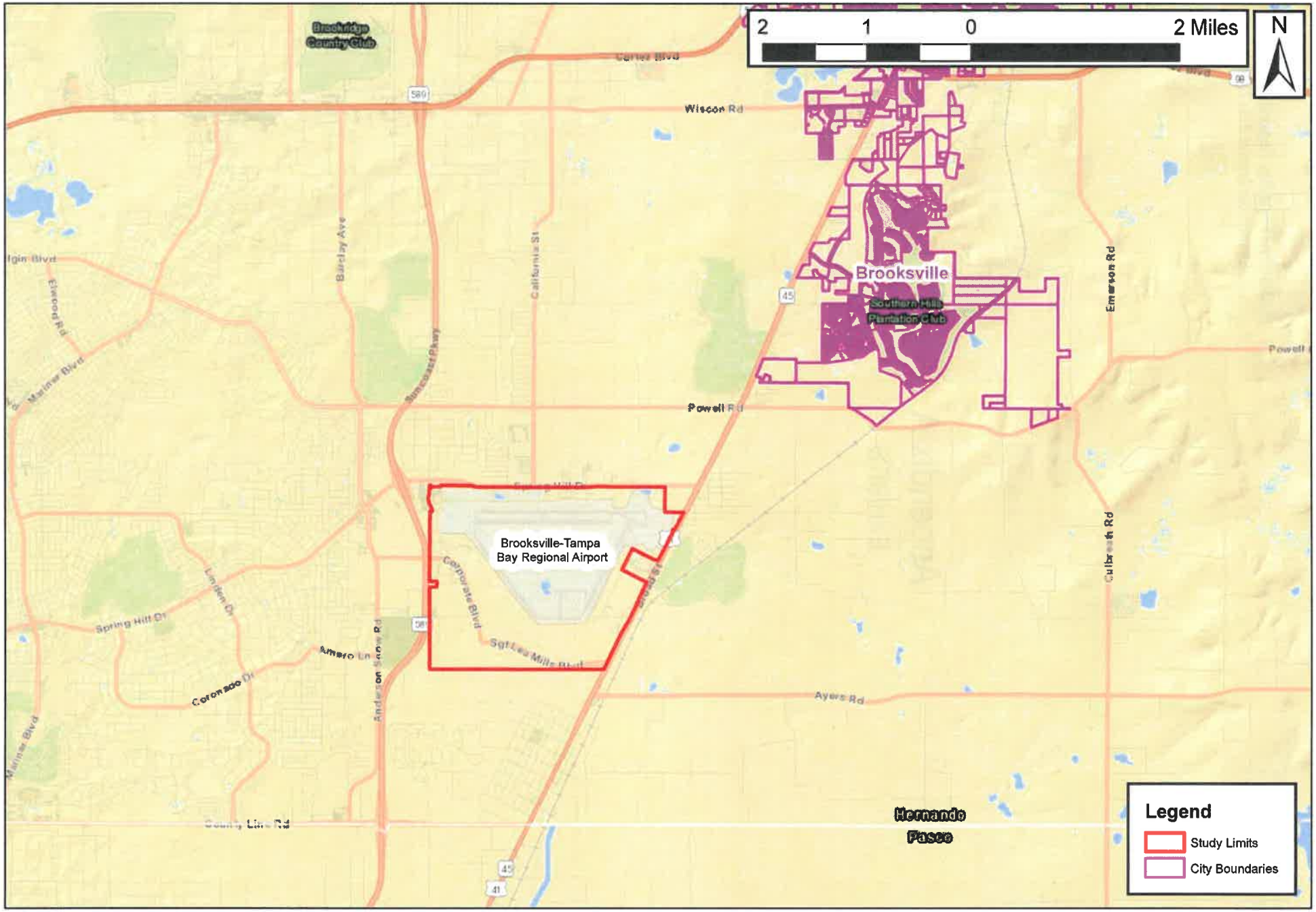
8.0 CONCLUSIONS

The results of this update to the BKV SWMP indicate there is sufficient onsite property to accommodate regulatory stormwater criteria for the proposed future development. The post-development drainage maps provided in **Appendix C** provide the locations and sizes of the ponds proposed for this concept level study. Further investigation to include additional geotechnical and a more detailed stormwater assessment will be required during the final design phase to confirm the pond requirements.

[3] Ibid.

[4] Airports Cooperative Research Program, "Research Report 174: Green Stormwater Infrastructure," http://nap.naptionalacademies.org/24817, 2017.

Appendix A
EXHIBITS



Stormwater Master Plan
Figure A.1 Project Location / Vicinity Map

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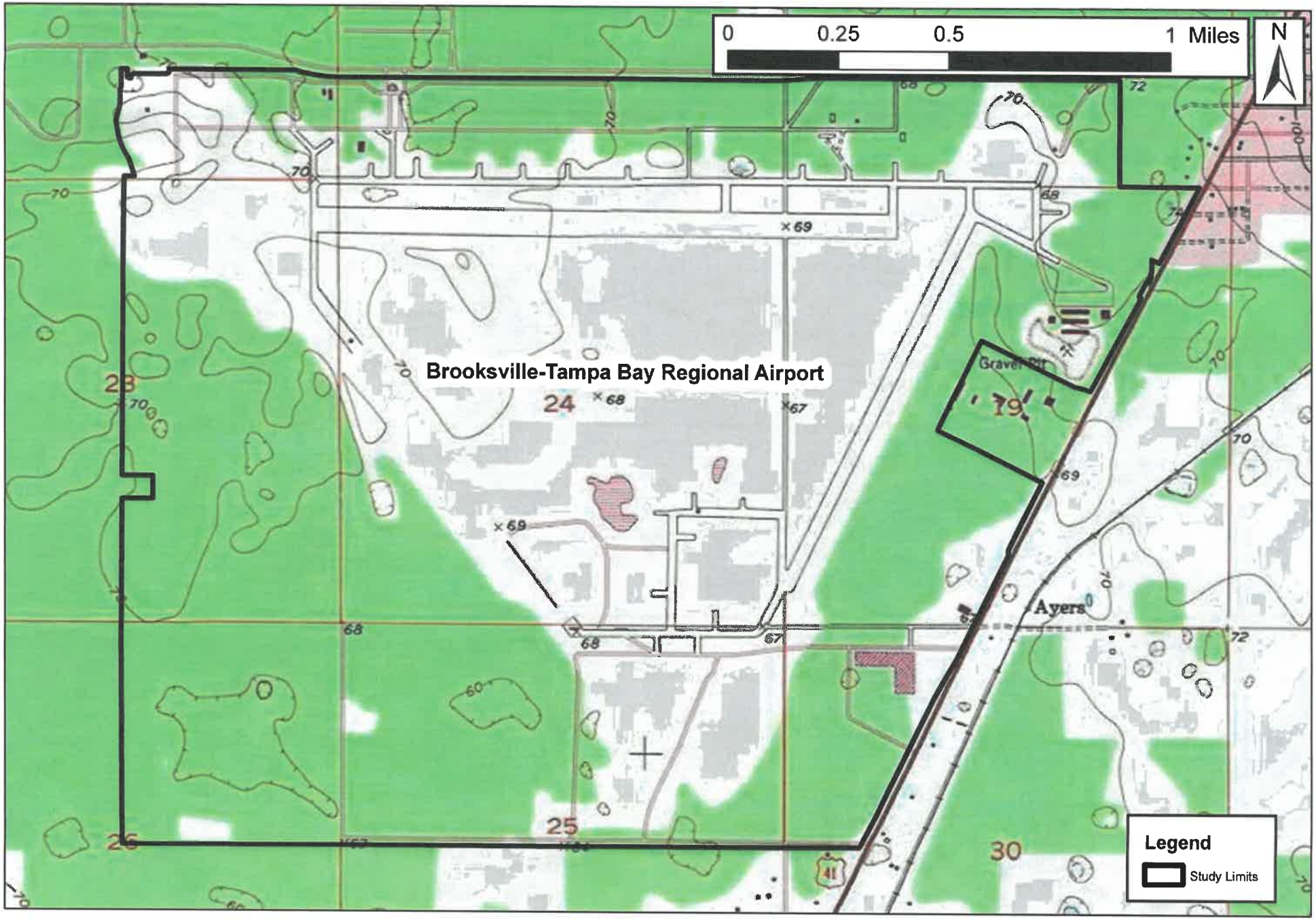

Stormwater Master Plan
Figure A.2 USGS Quad Map

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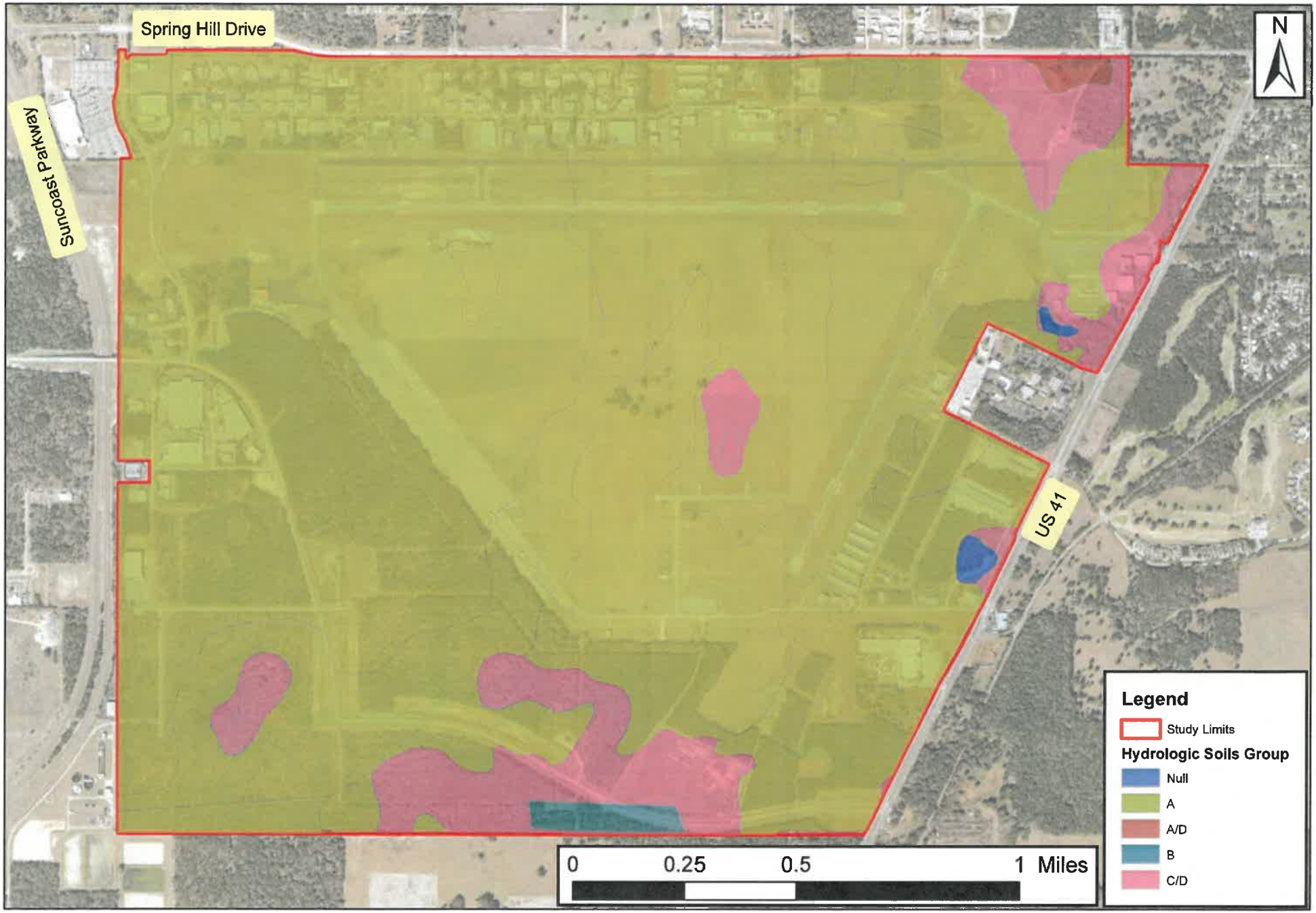

Stormwater Master Plan
Figure A.3 NRCS Soils Map

Michael Baker INTERNATIONAL

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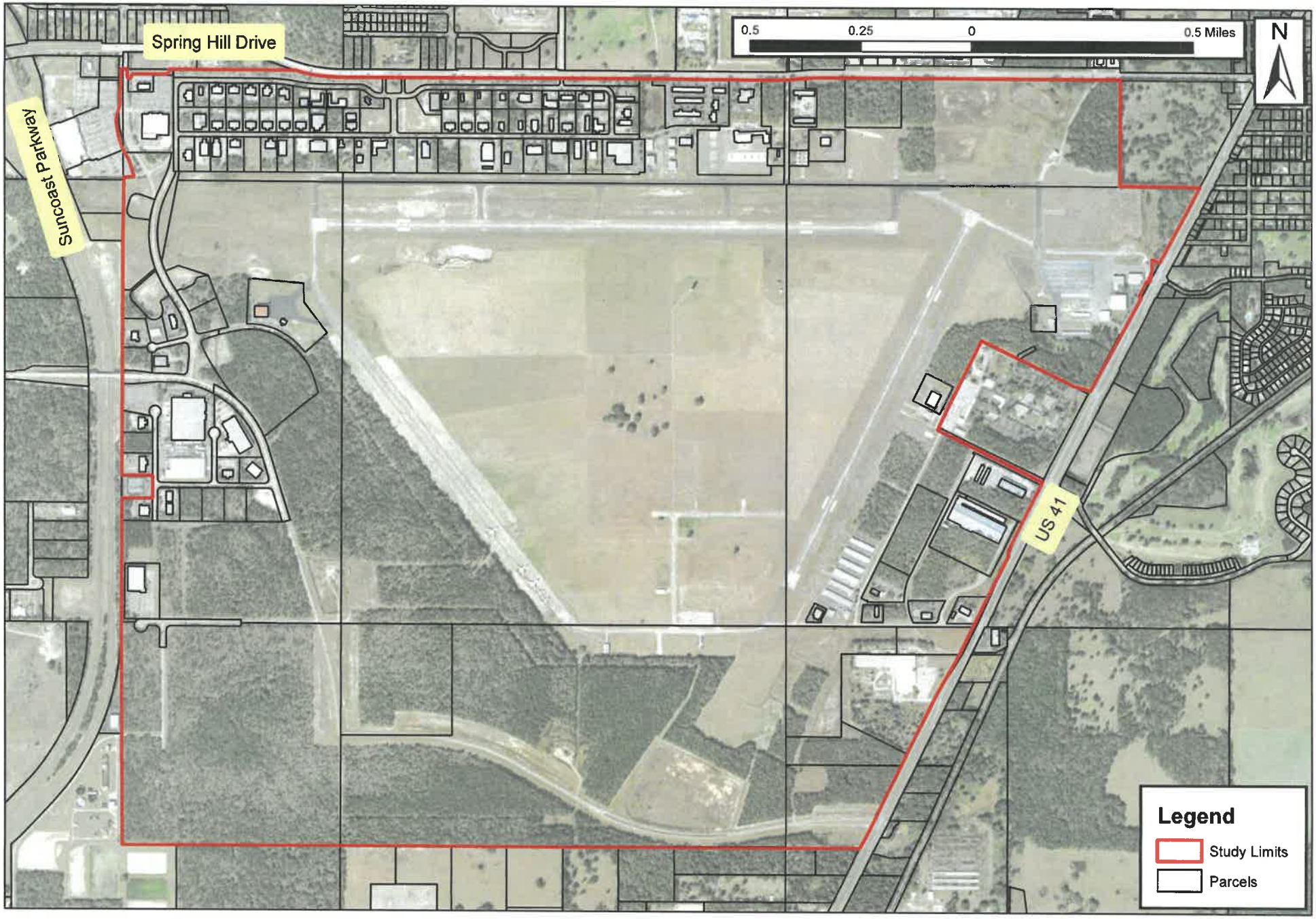
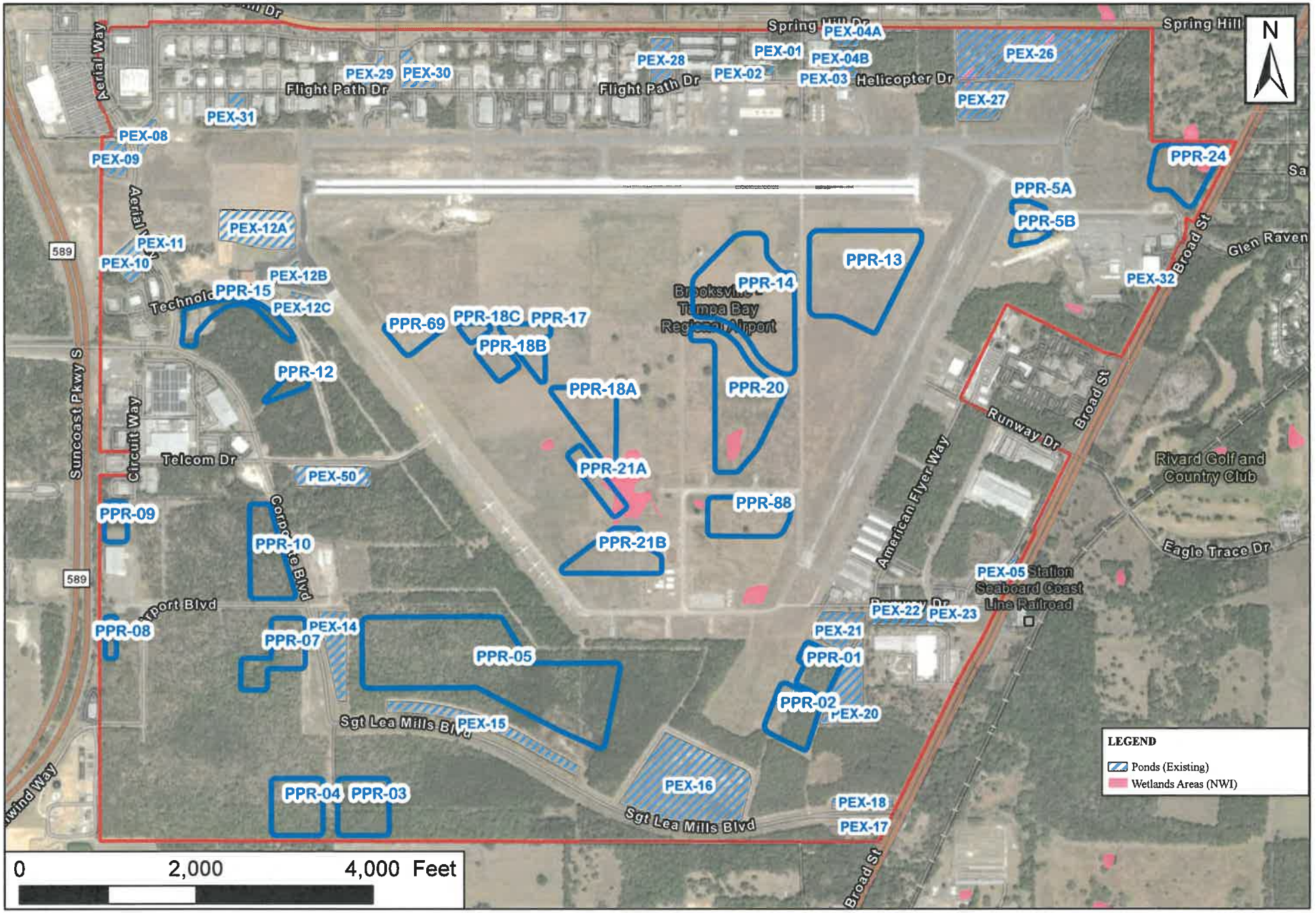


Stormwater Master Plan
Figure A.4 Parcels Map

Michael Baker INTERNATIONAL

2175



Stormwater Master Plan
Figure A.5 Wetland Map

Michael Baker INTERNATIONAL

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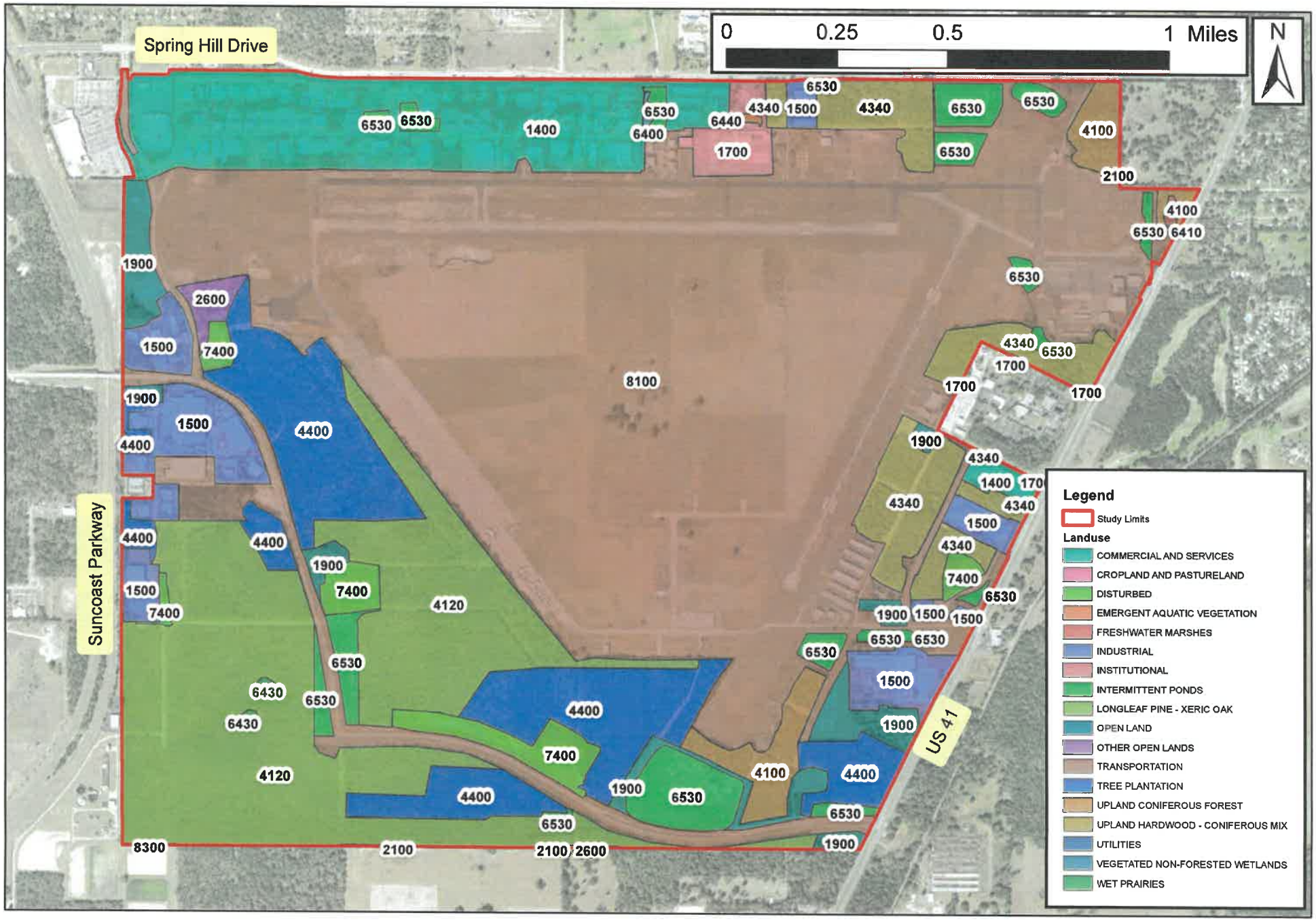

Stormwater Master Plan
Figure A.6 Landuse Map

Michael Baker INTERNATIONAL

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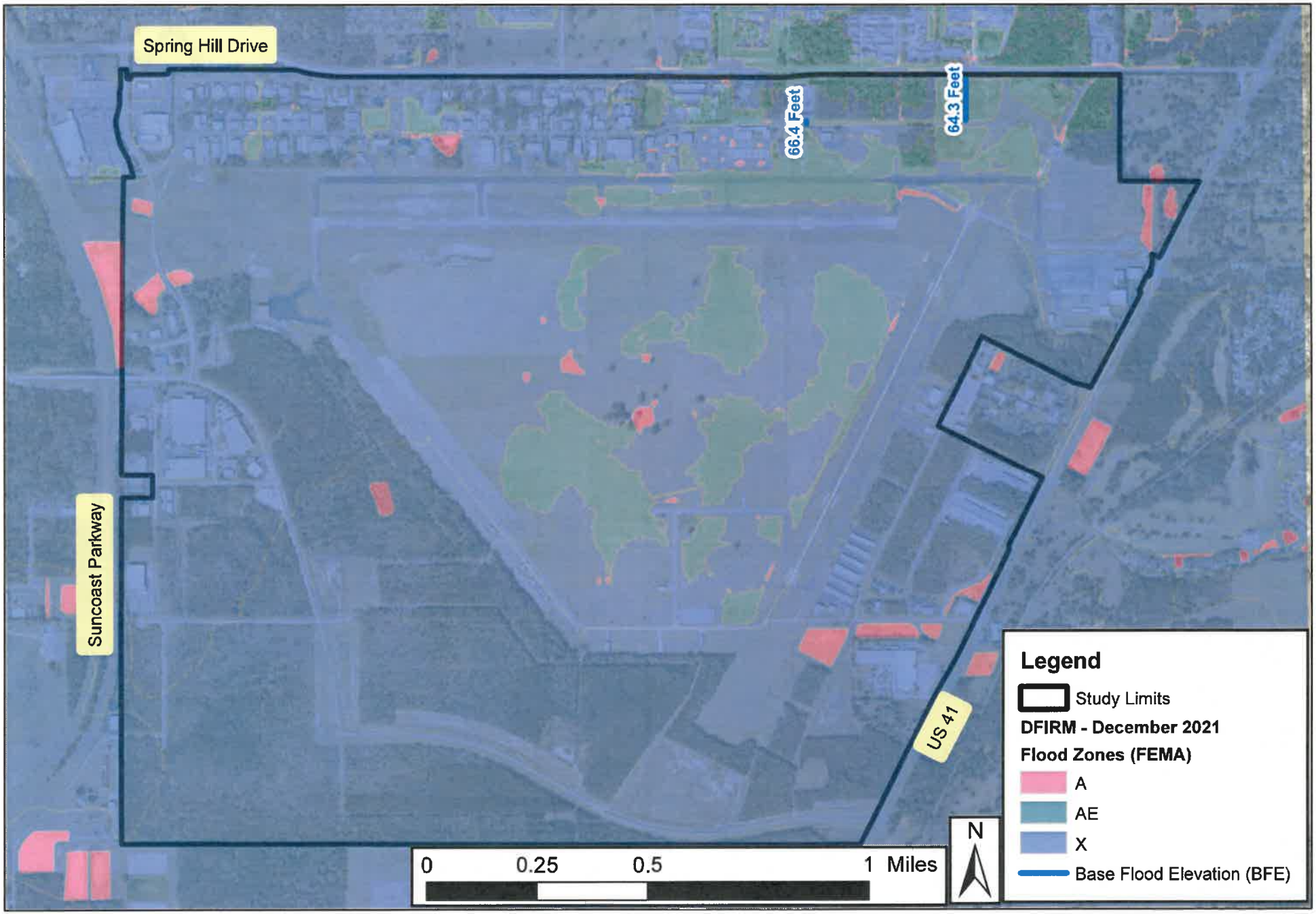
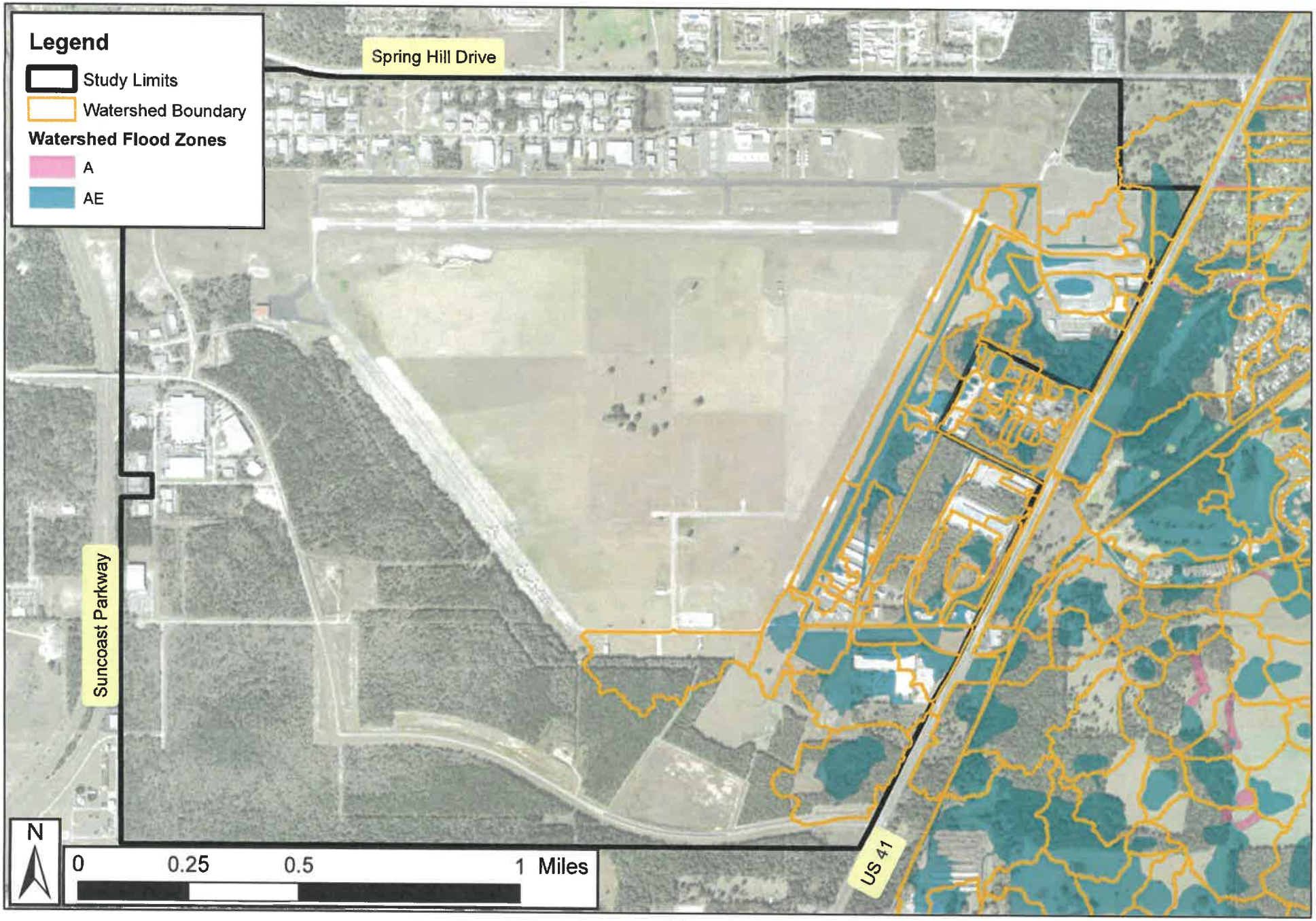


Stormwater Master Plan
Figure A.7A FEMA Floodplains Map

Michael Baker INTERNATIONAL

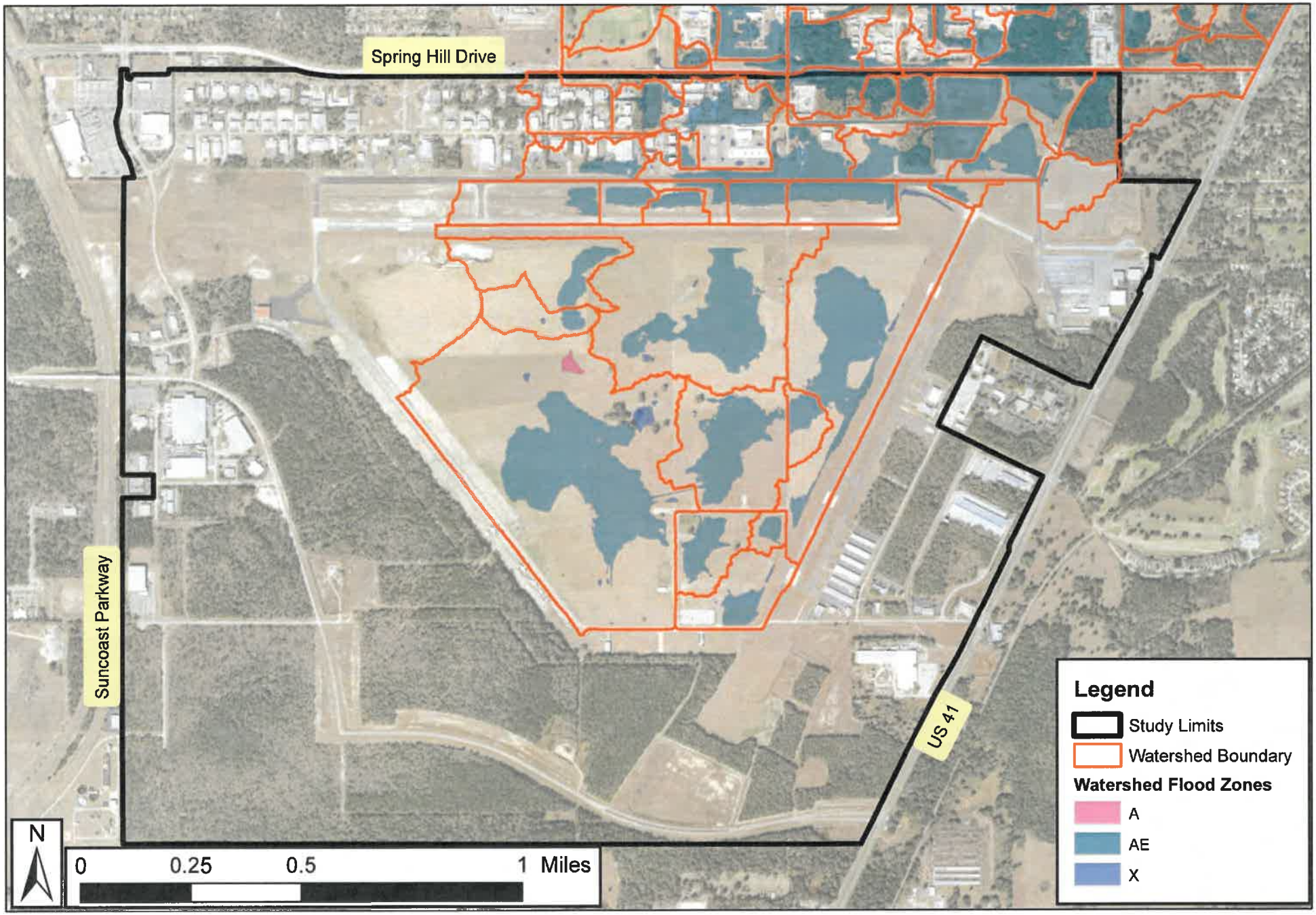
2178



Stormwater Master Plan
Figure A.7B Squirrel Prairie Watershed Floodplains Map

Michael Baker INTERNATIONAL

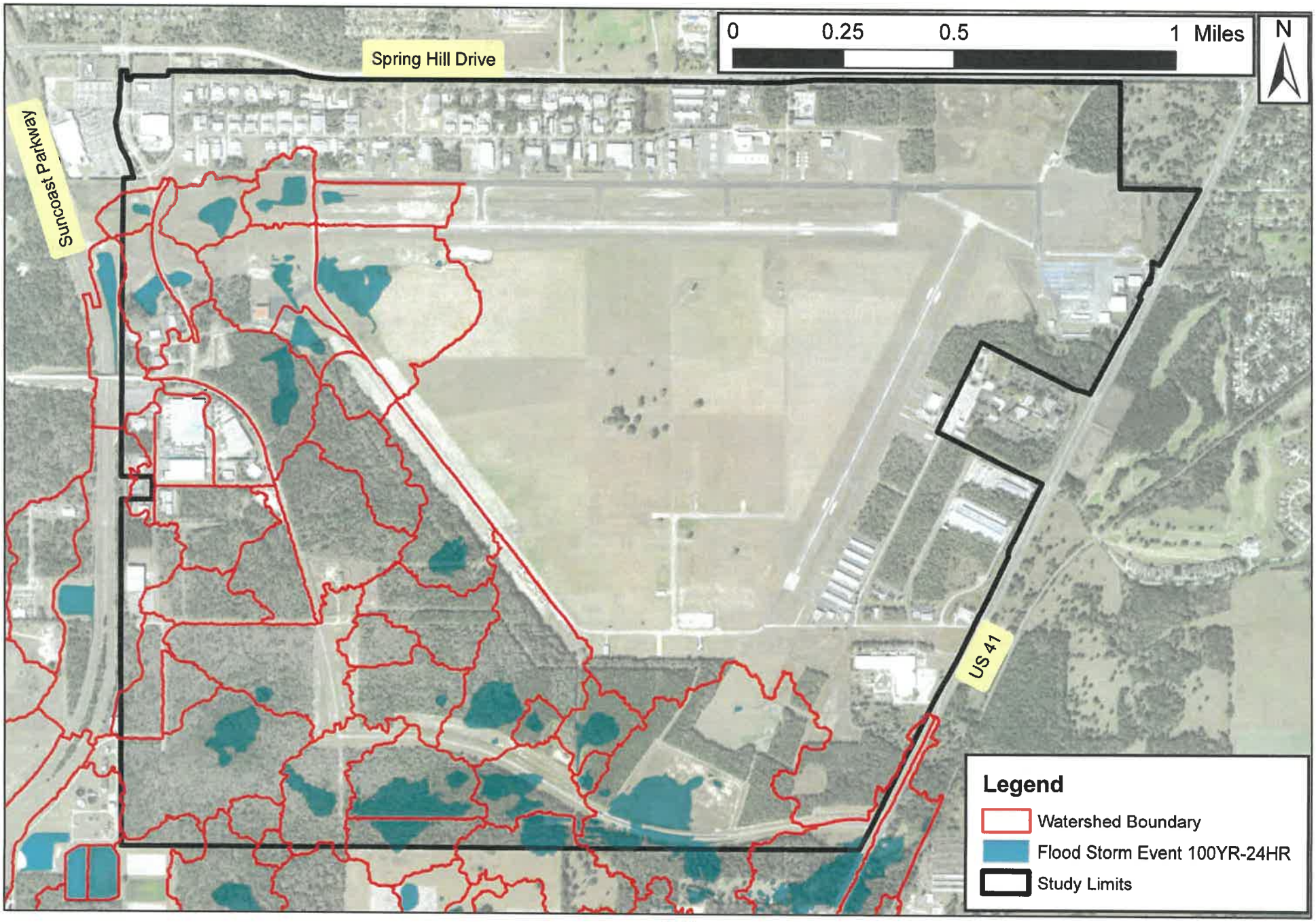
2179



Stormwater Master Plan
Figure A.7C Powell Watershed Floodplains Map

Michael Baker INTERNATIONAL

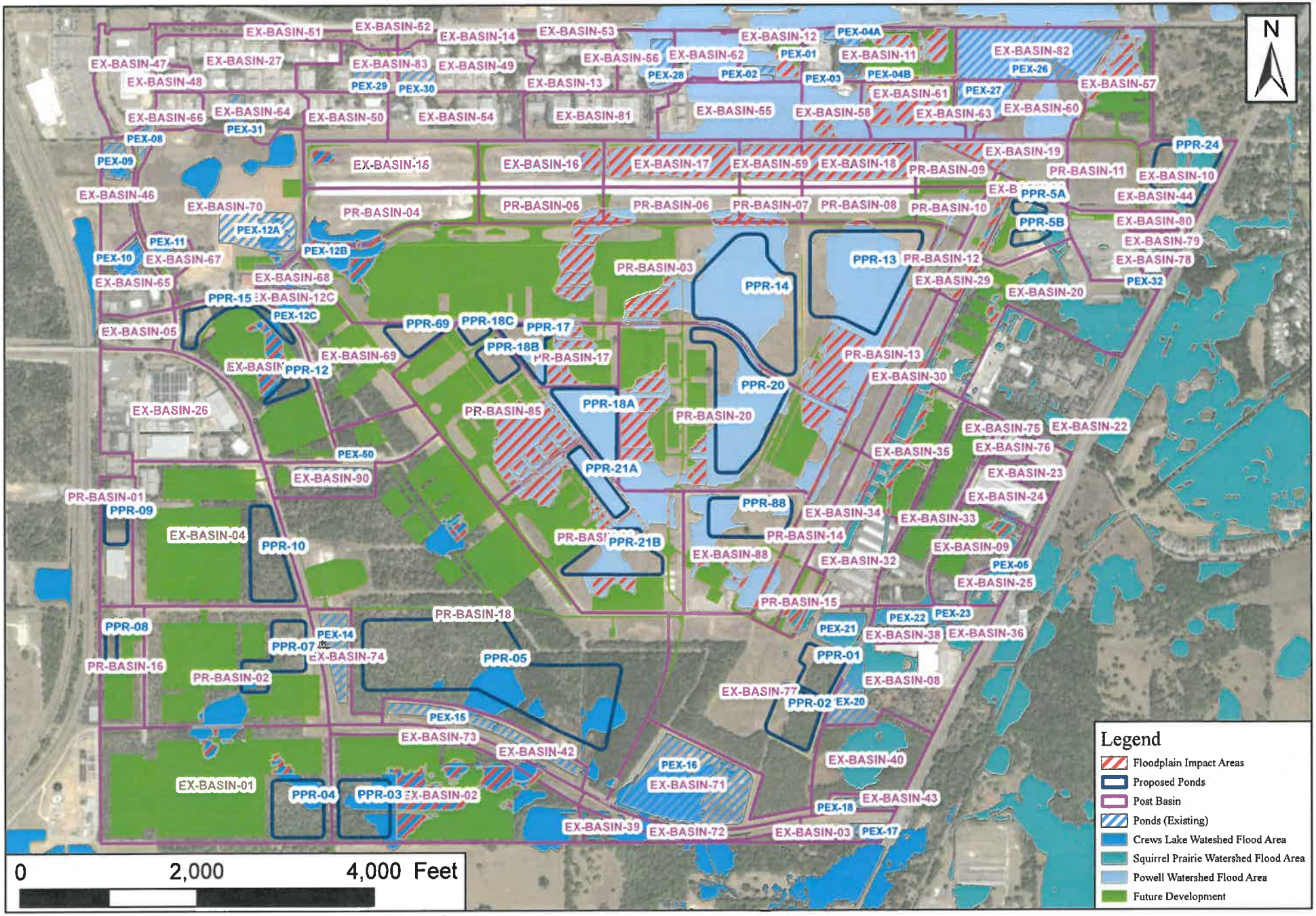
21180



Stormwater Master Plan
Figure A.7D Bear Creek Watershed Floodplains Map

Michael Baker INTERNATIONAL

21181



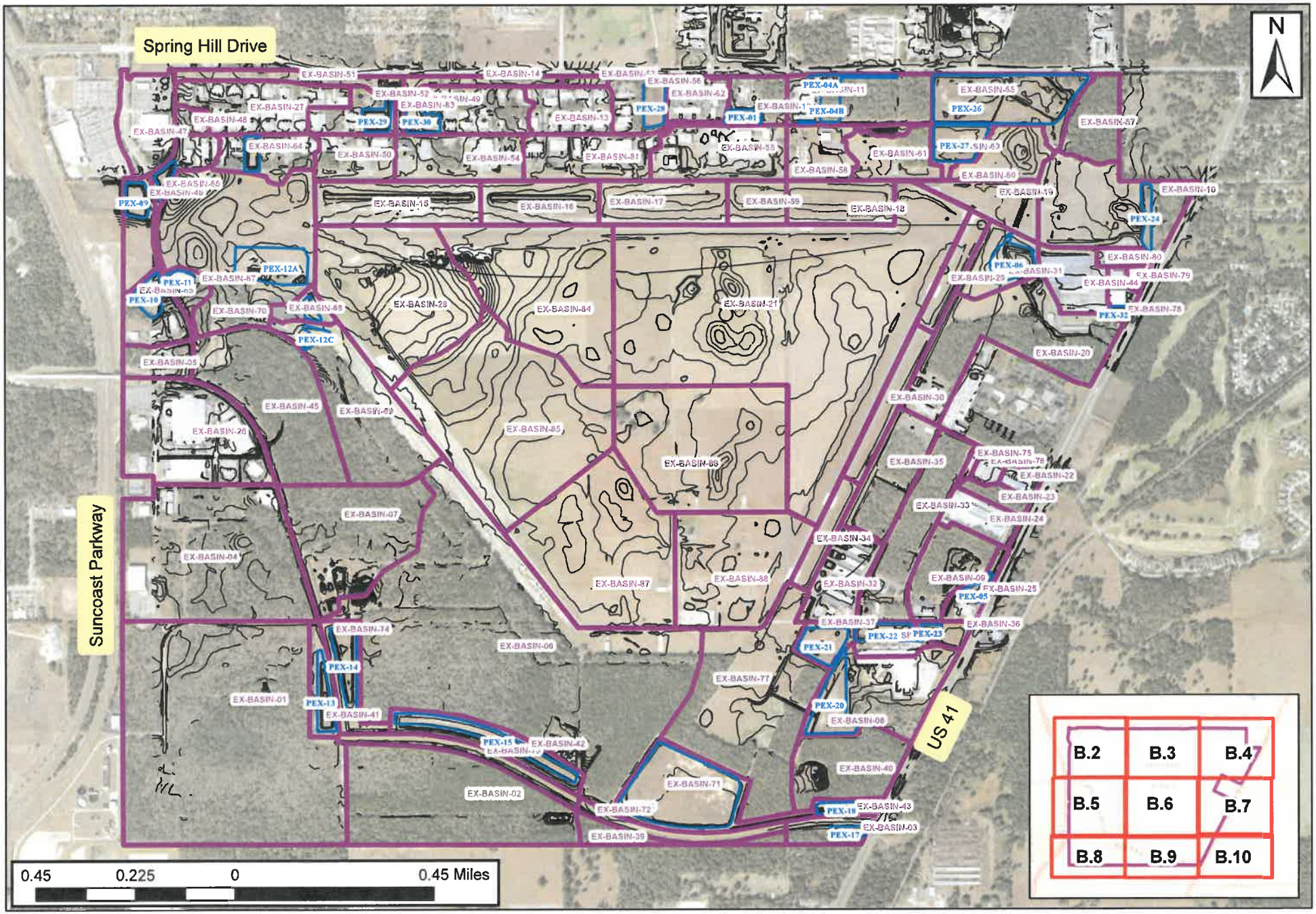
Stormwater Master Plan
Figure A.8 Floodplain Impacts Map

Michael Baker INTERNATIONAL

2182

Appendix B

PRE-DEVELOPMENT DRAINAGE AND ICPR SCHEMATIC MAPS



Stormwater Master Plan
Figure B.1 Pre-Development Map

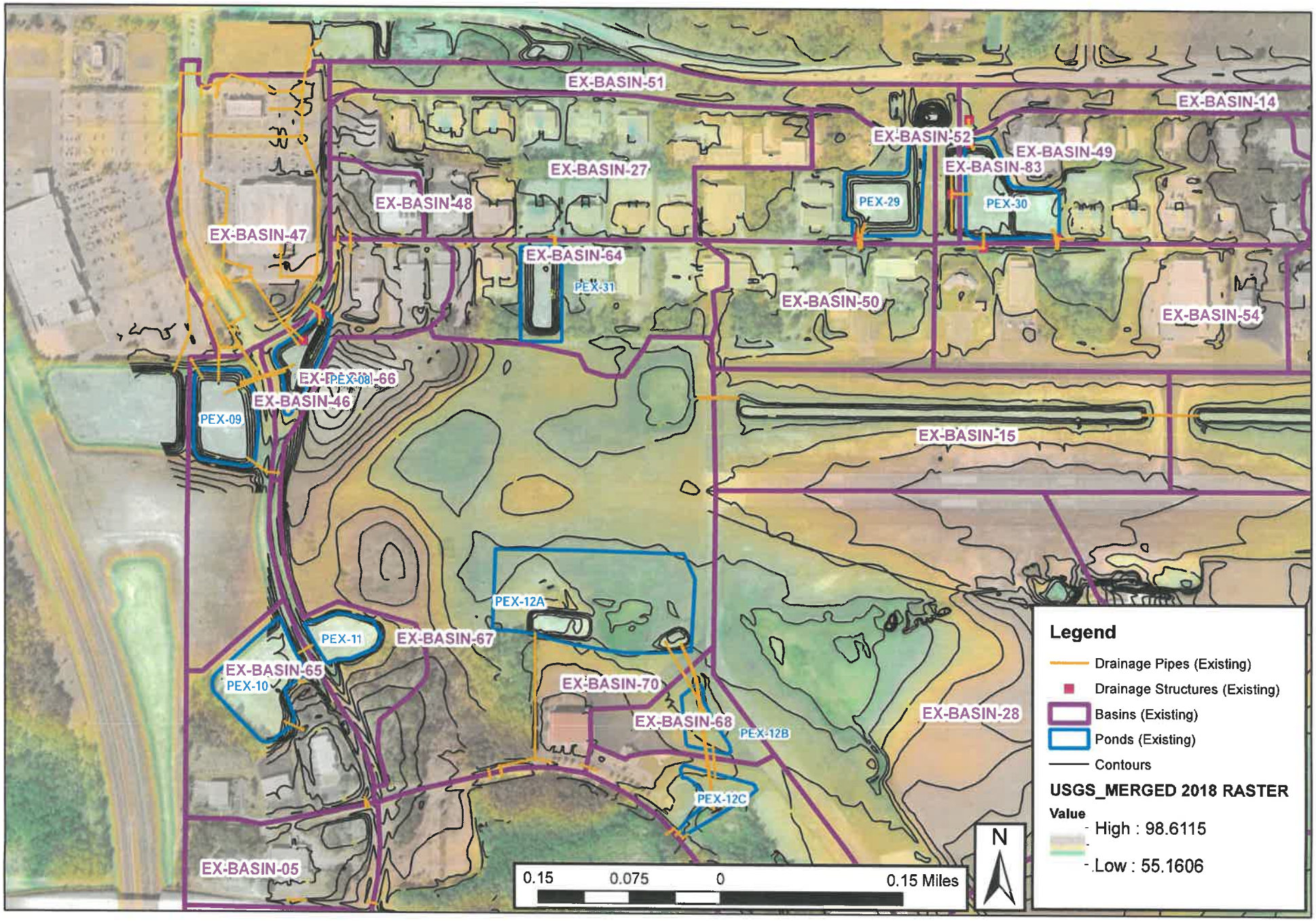
Legend

Ponds (Existing) —— Contours

Basins (Existing)

Michael Baker INTERNATIONAL

21184



Stormwater Master Plan
Figure B.2 Pre-Development Map

Michael Baker INTERNATIONAL

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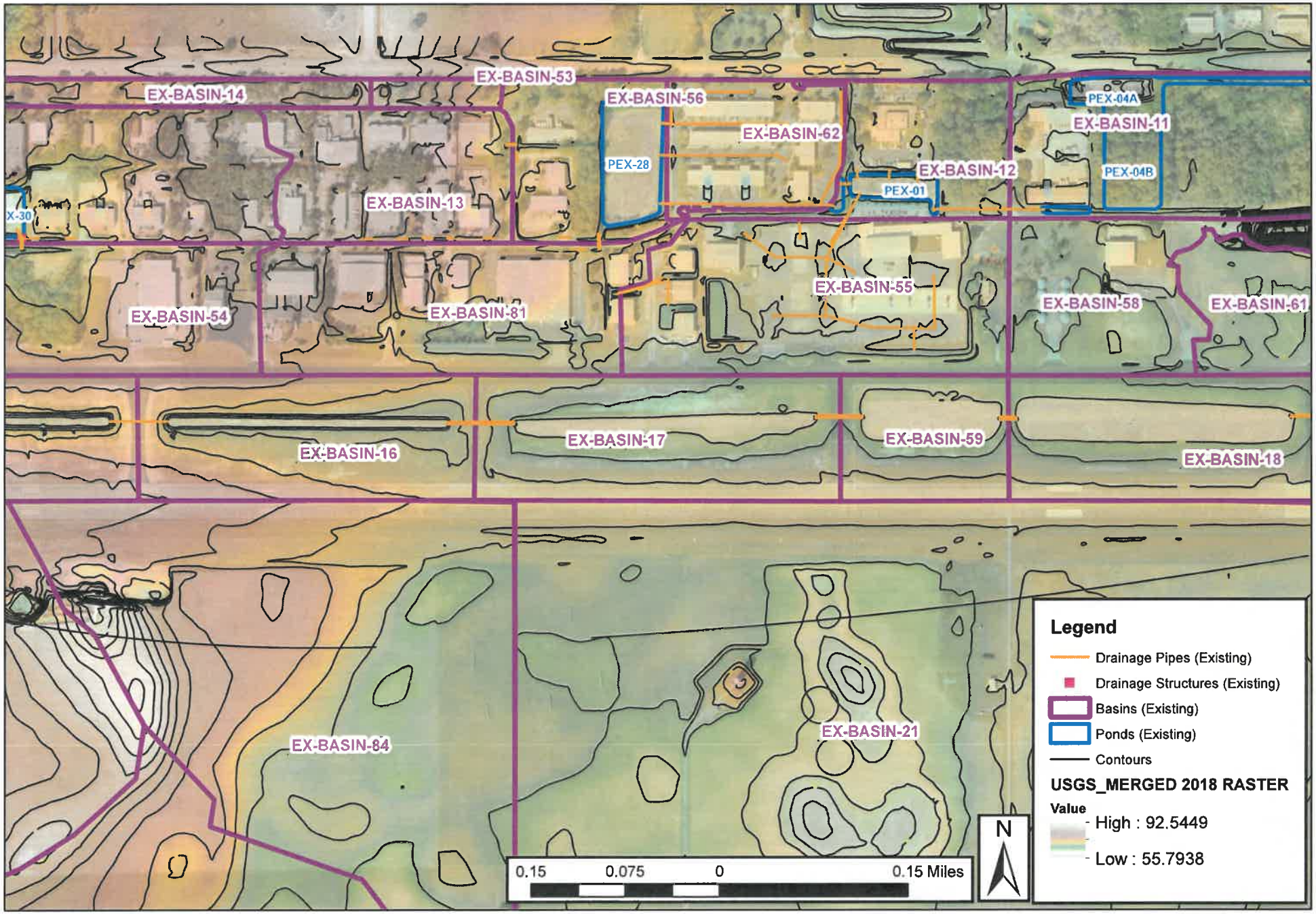

Stormwater Master Plan
Figure B.3 Pre-Development Map

Michael Baker INTERNATIONAL

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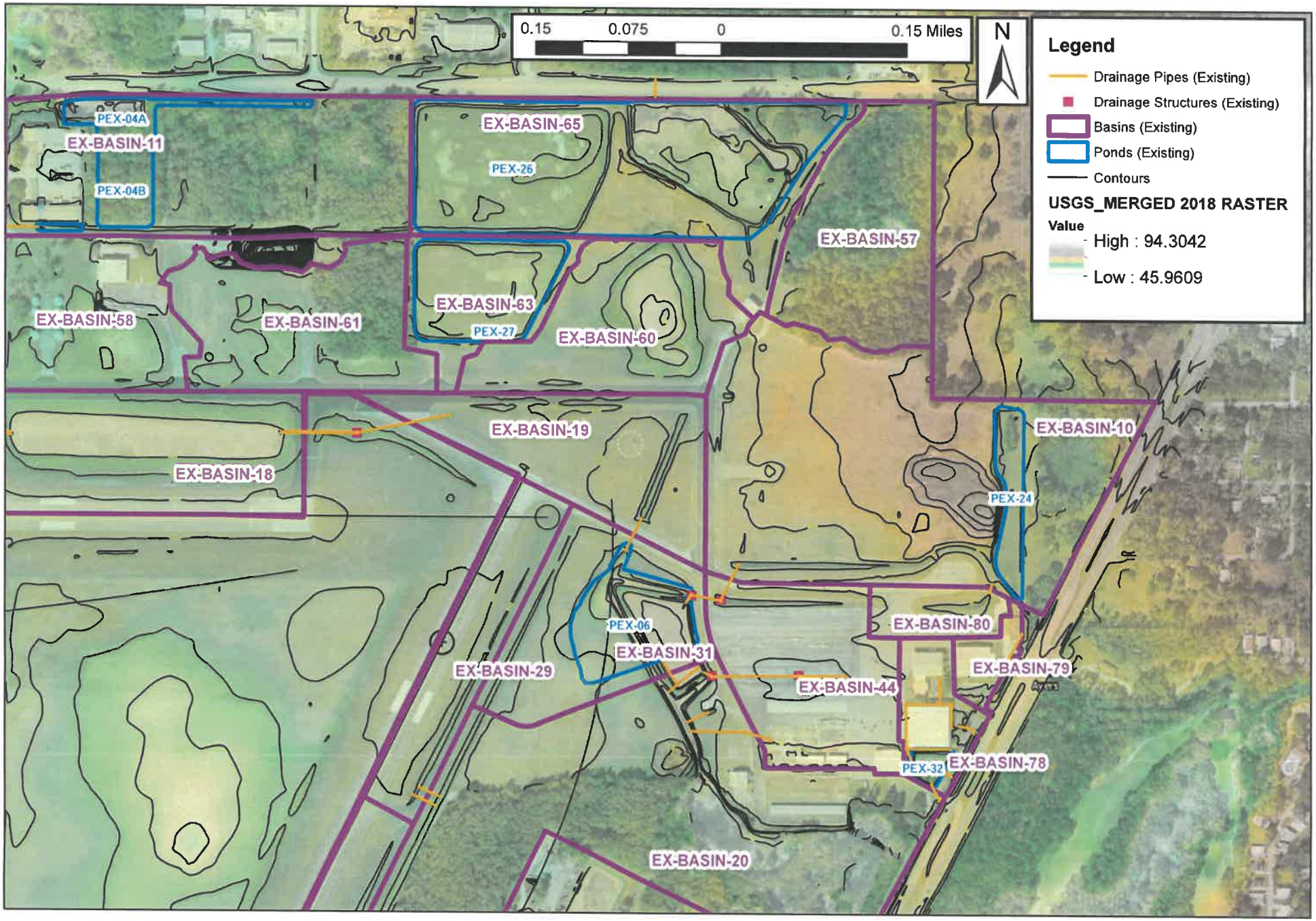
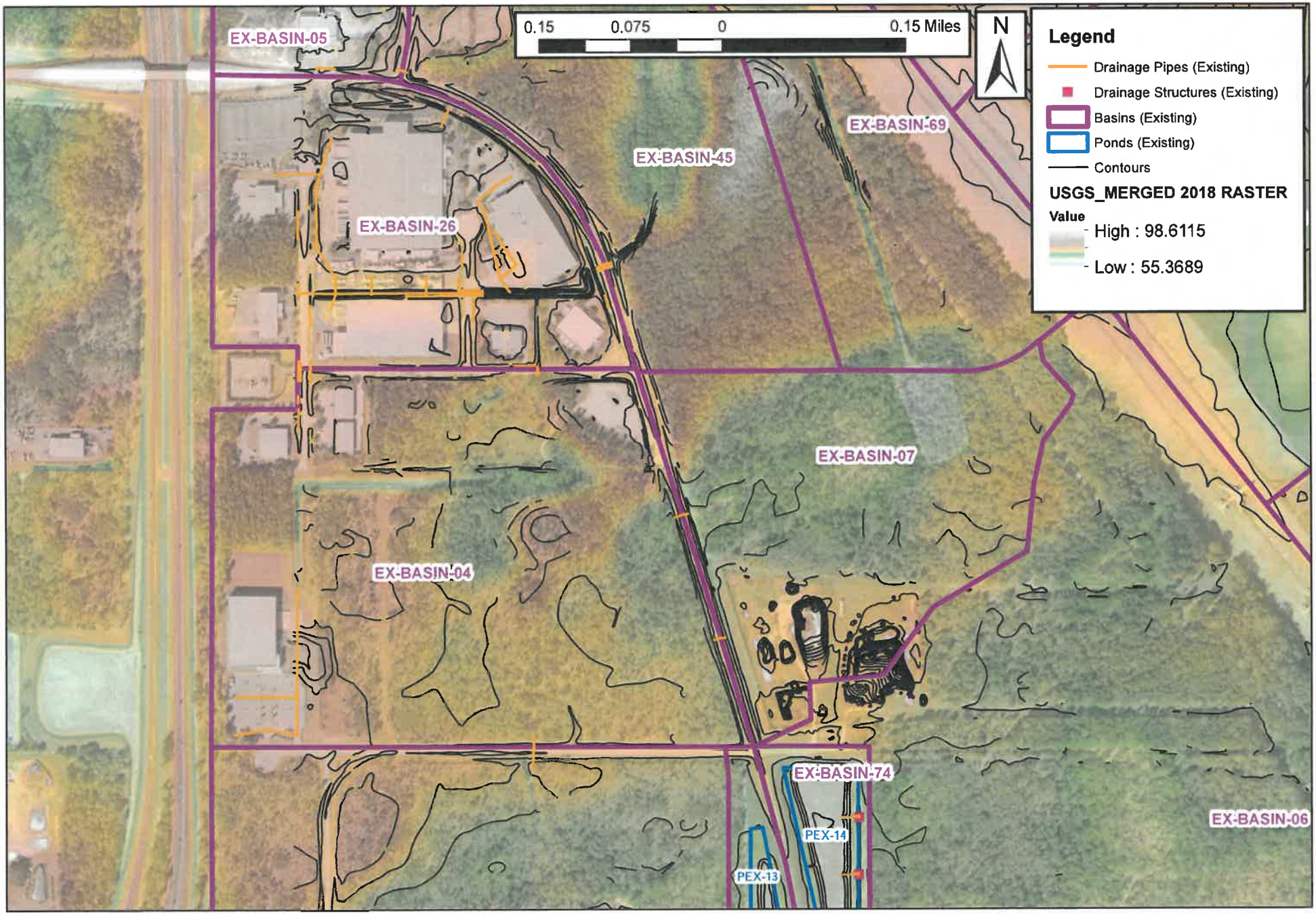


Stormwater Master Plan
Figure B.4 Pre-Development Map

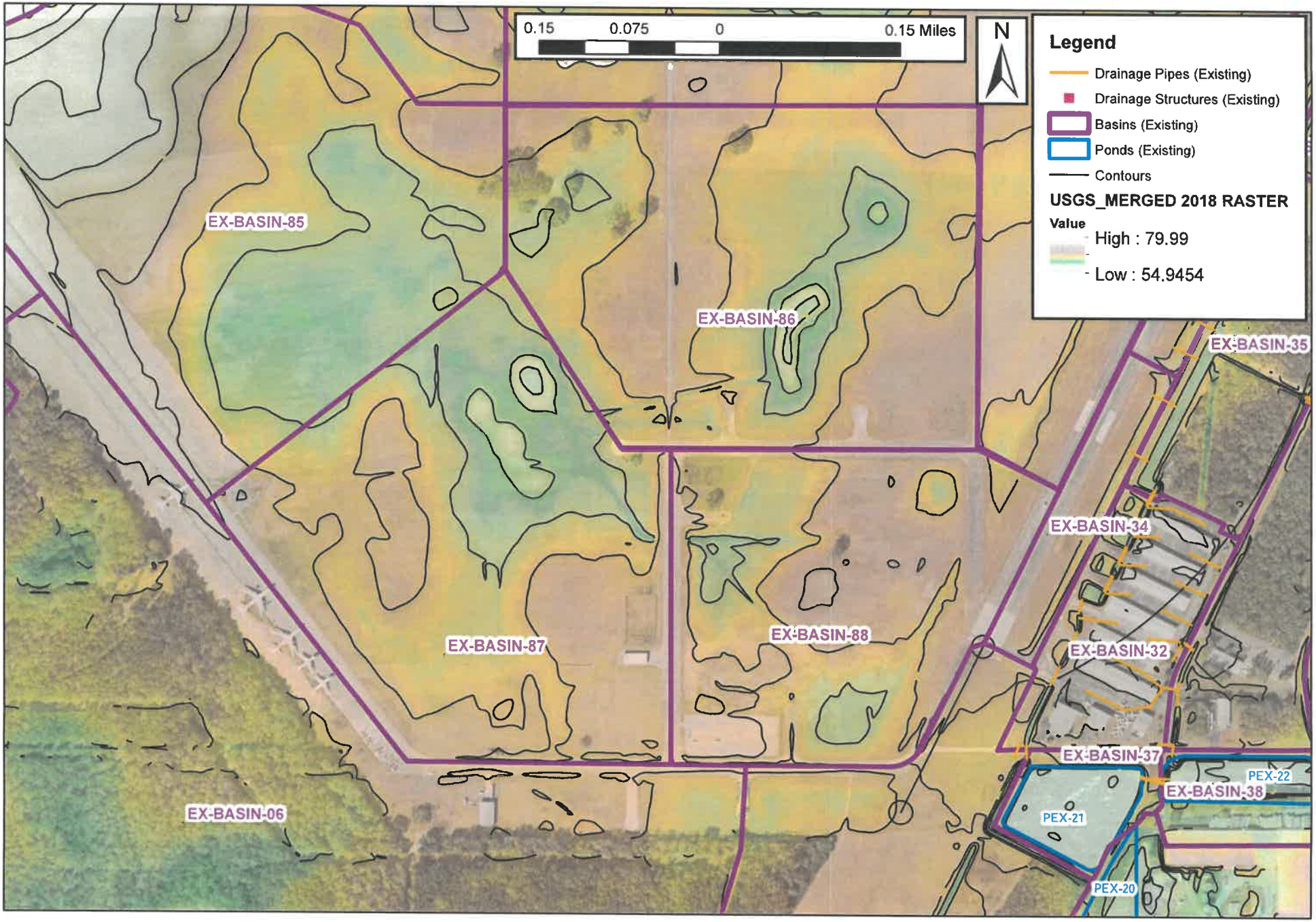
Michael Baker INTERNATIONAL



Stormwater Master Plan
Figure B.5 Pre-Development Map

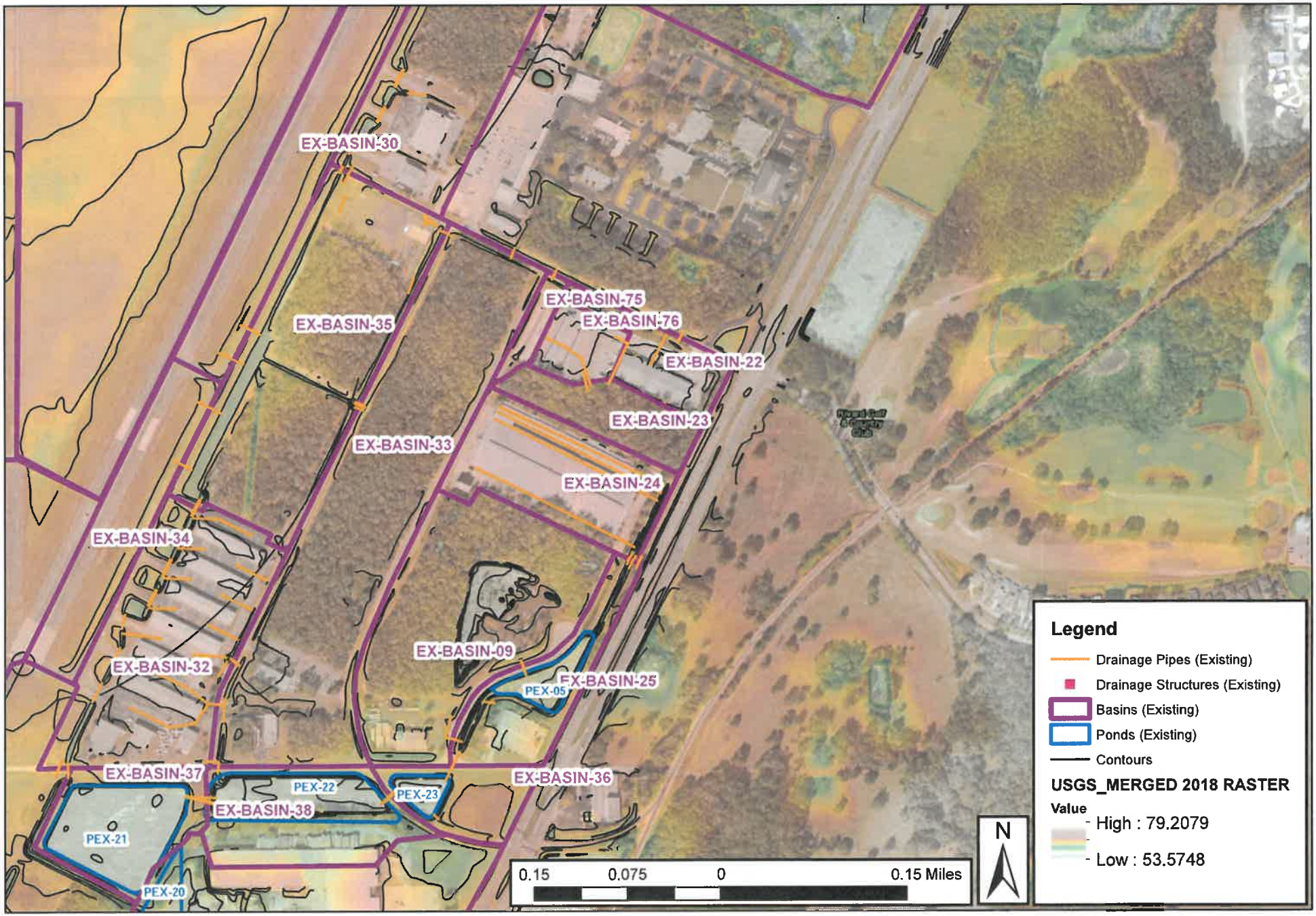
Michael Baker INTERNATIONAL

21188



Stormwater Master Plan
Figure B.6 Pre-Development Map

Michael Baker INTERNATIONAL



Stormwater Master Plan
Figure B.7 Pre-Development Map

Michael Baker INTERNATIONAL

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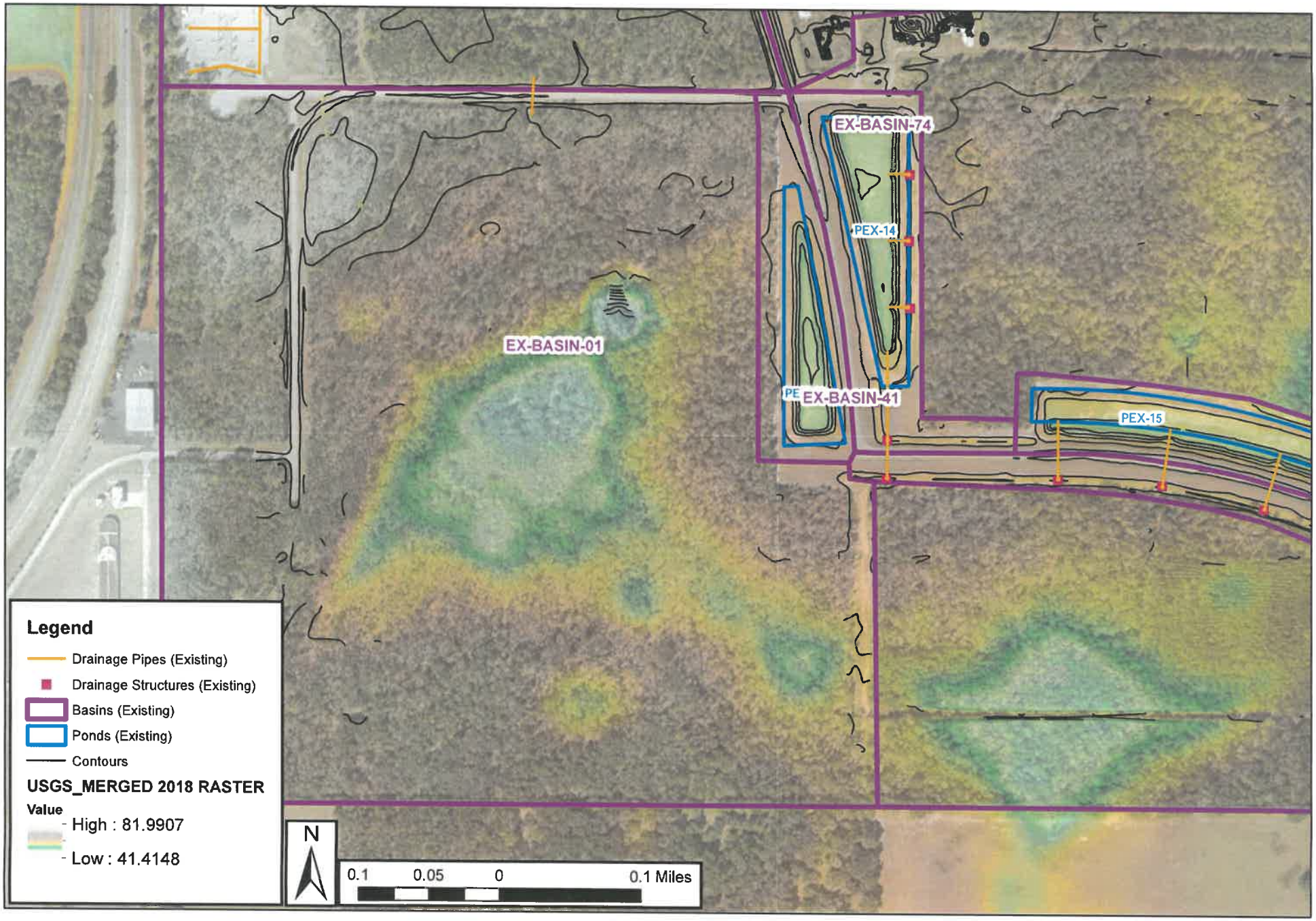

Stormwater Master Plan
Figure B.8 Pre-Development Map

Michael Baker INTERNATIONAL

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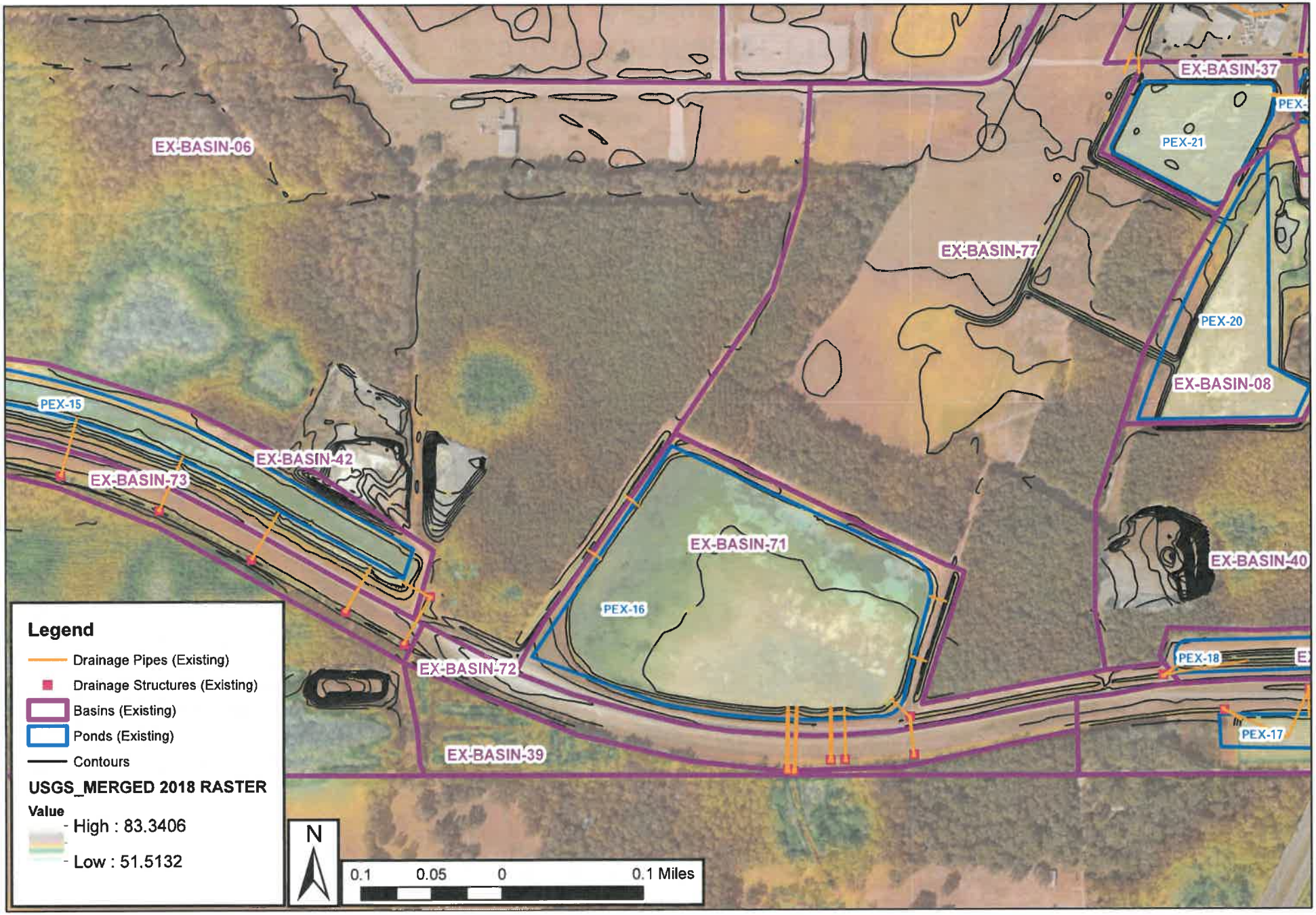

Stormwater Master Plan
Figure B.9 Pre-Development Map

Michael Baker INTERNATIONAL

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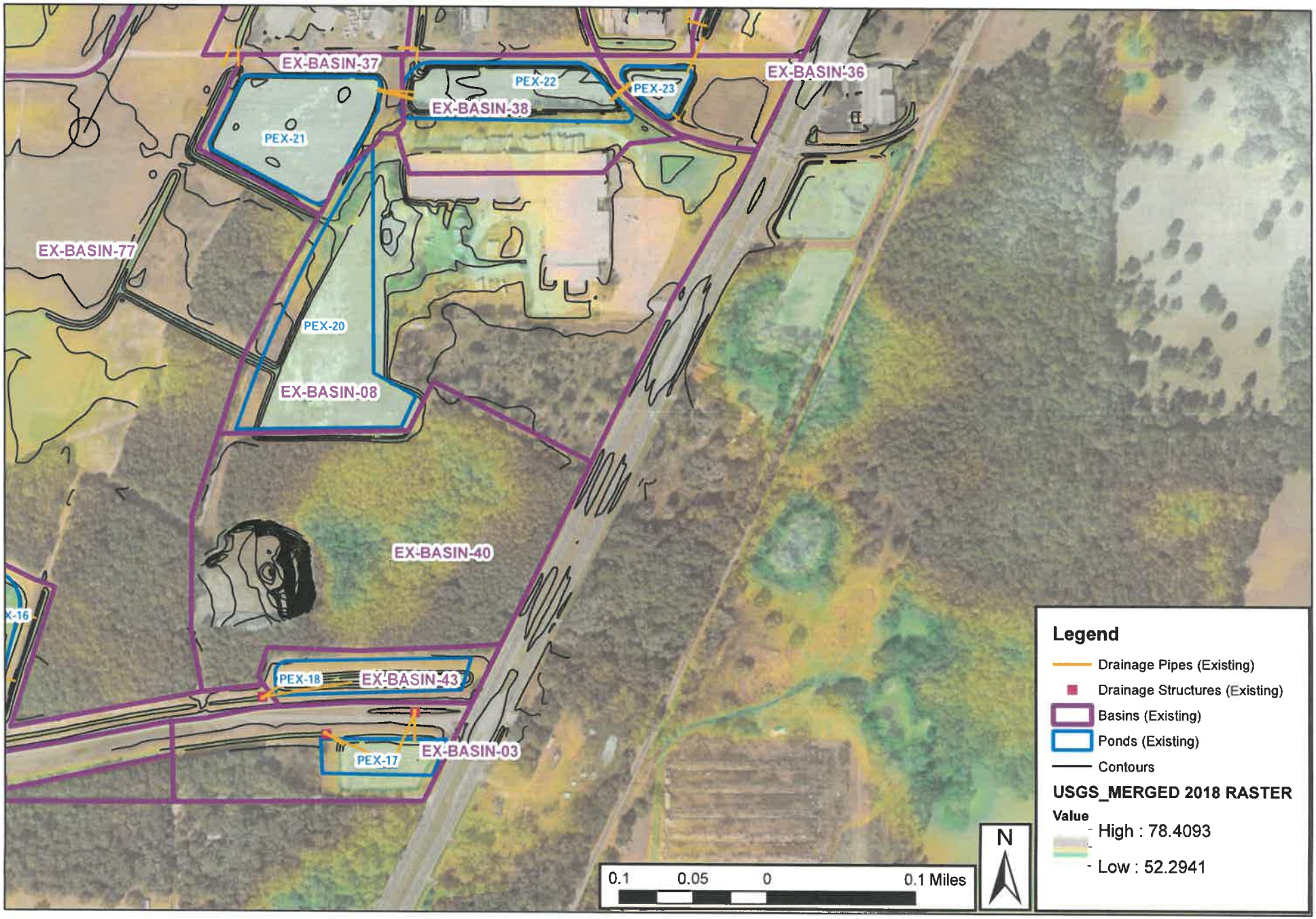
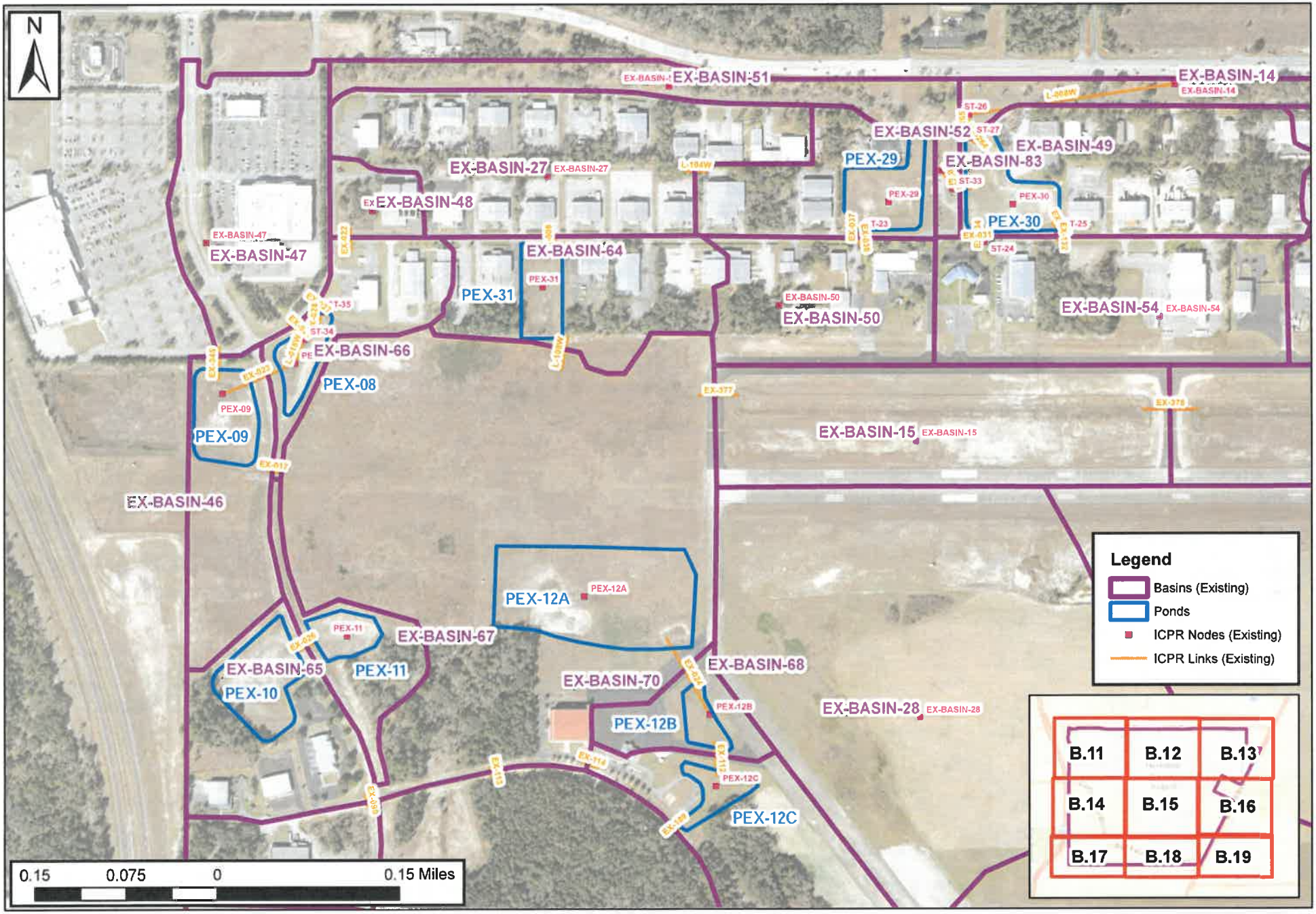


Stormwater Master Plan
Figure B.10 Pre-Development Map

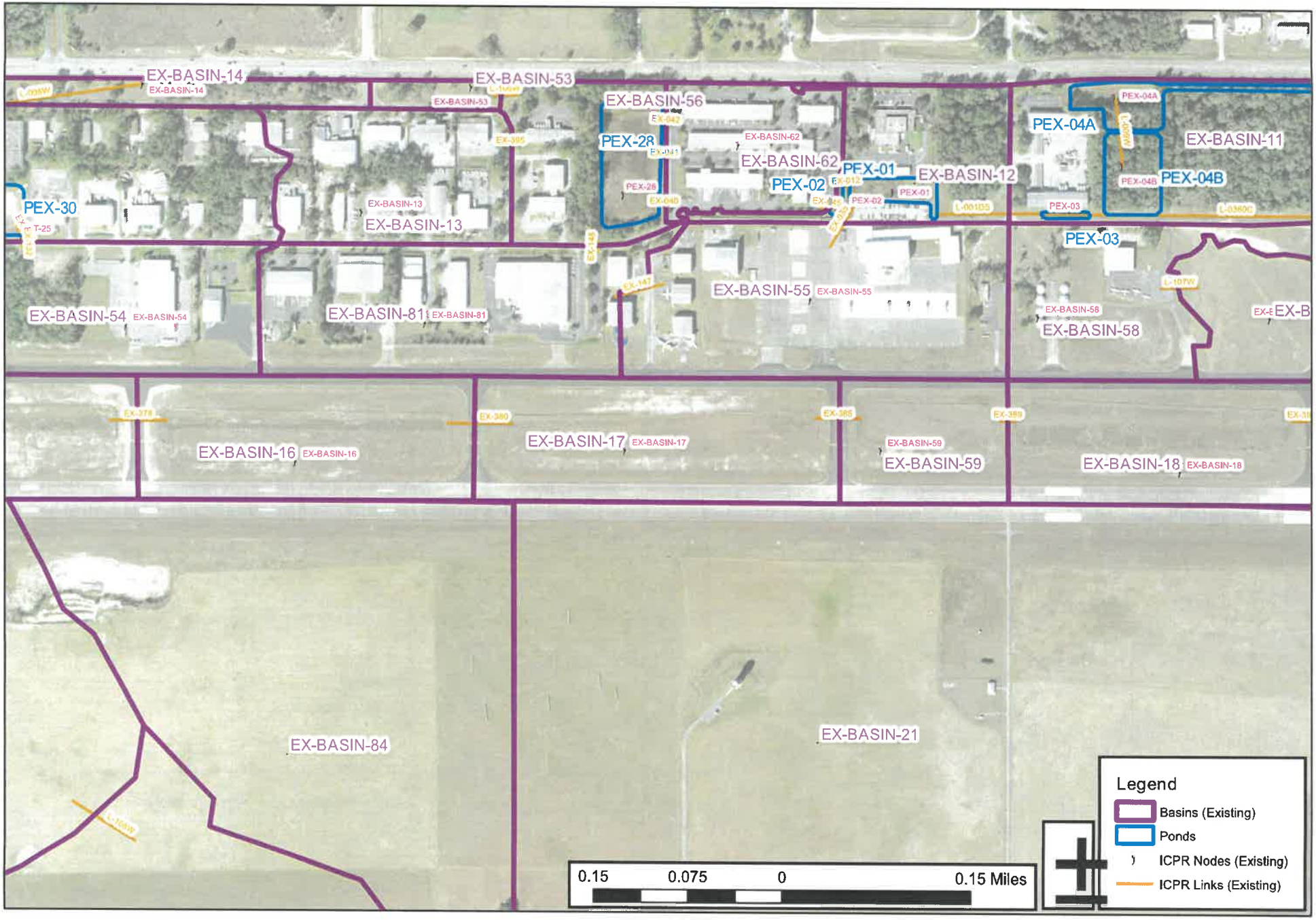
Michael Baker INTERNATIONAL



Stormwater Master Plan
Figure B.11 ICPR Pre-Schematic Map

Michael Baker INTERNATIONAL

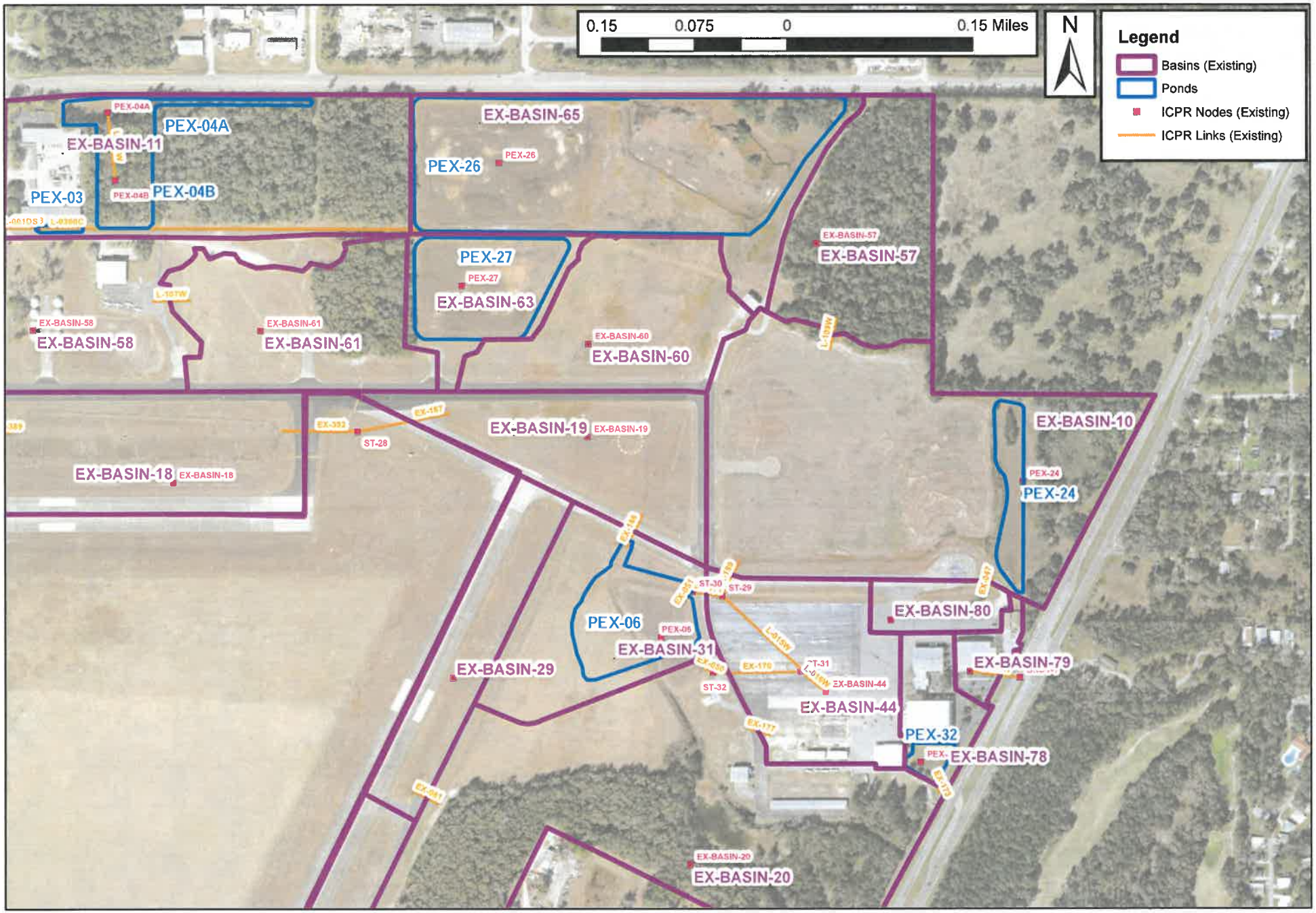
2194



Stormwater Master Plan
Figure B.12 ICPR Pre-Schematic Map

Michael Baker INTERNATIONAL

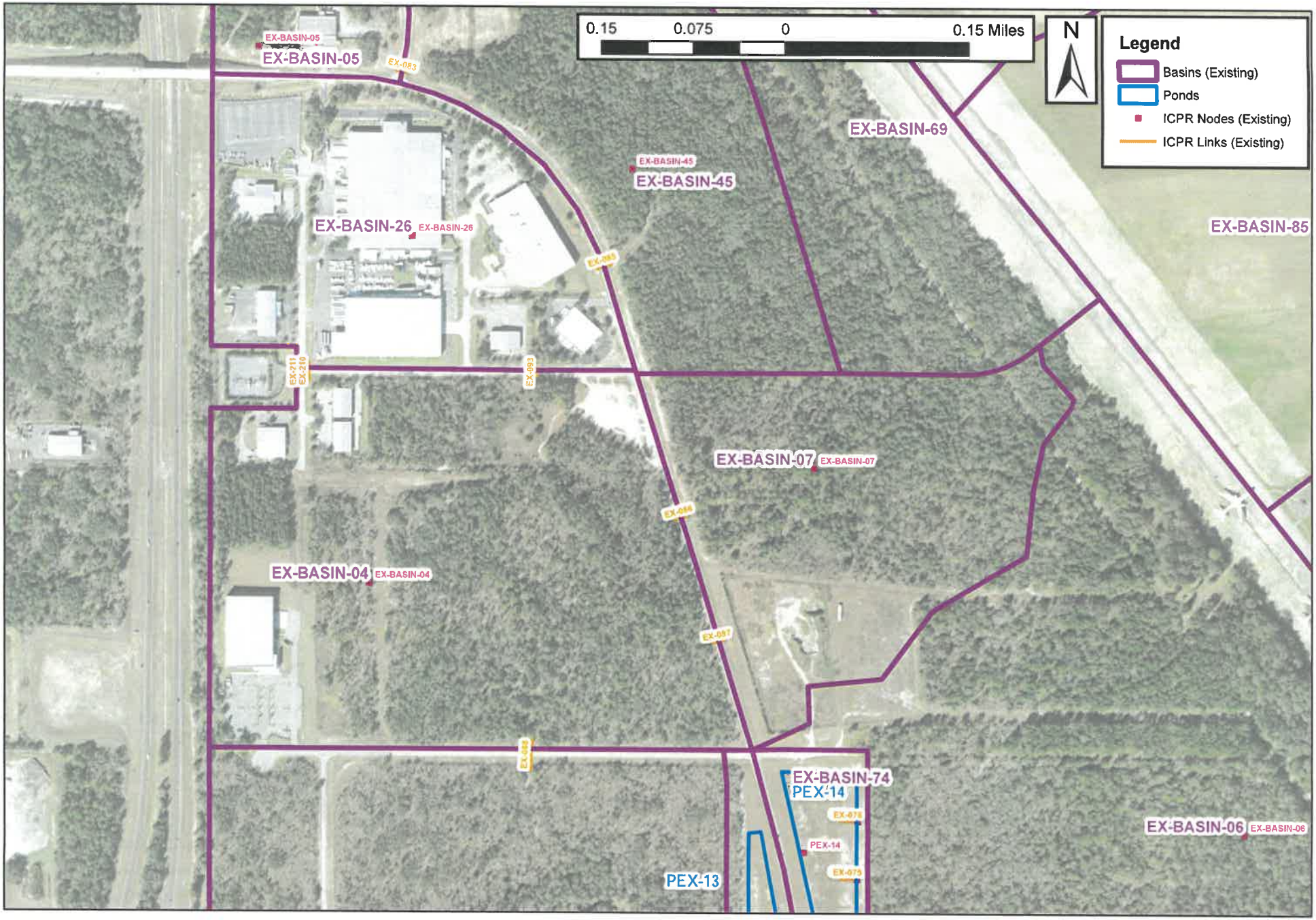
2195



Stormwater Master Plan
Figure B.13 ICPR Pre-Schematic Map

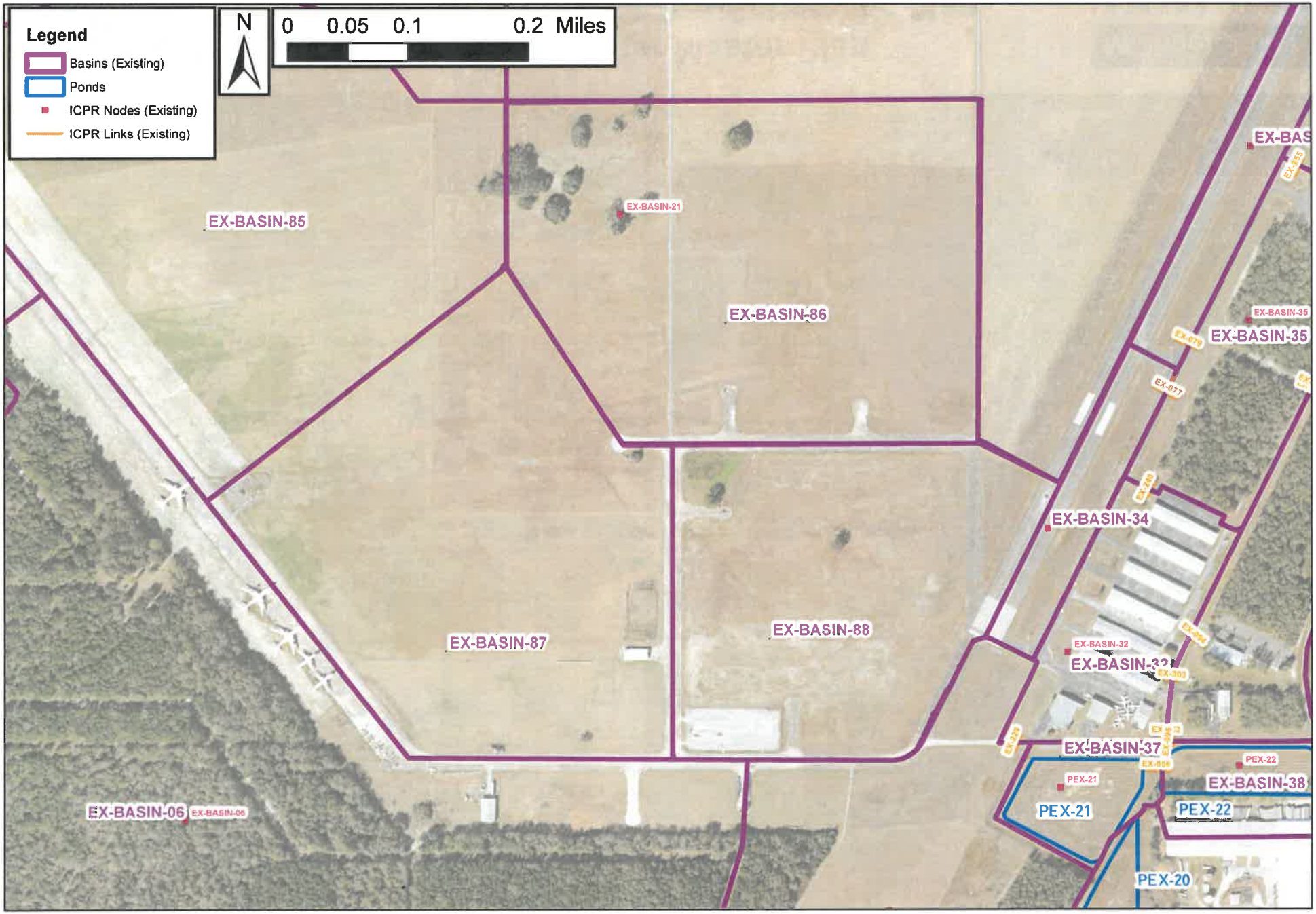
Michael Baker INTERNATIONAL

2196



Stormwater Master Plan
Figure B.14 ICPR Pre-Schematic Map

Michael Baker INTERNATIONAL



Stormwater Master Plan
Figure B.15 ICPR Pre-Schematic Map

Michael Baker INTERNATIONAL

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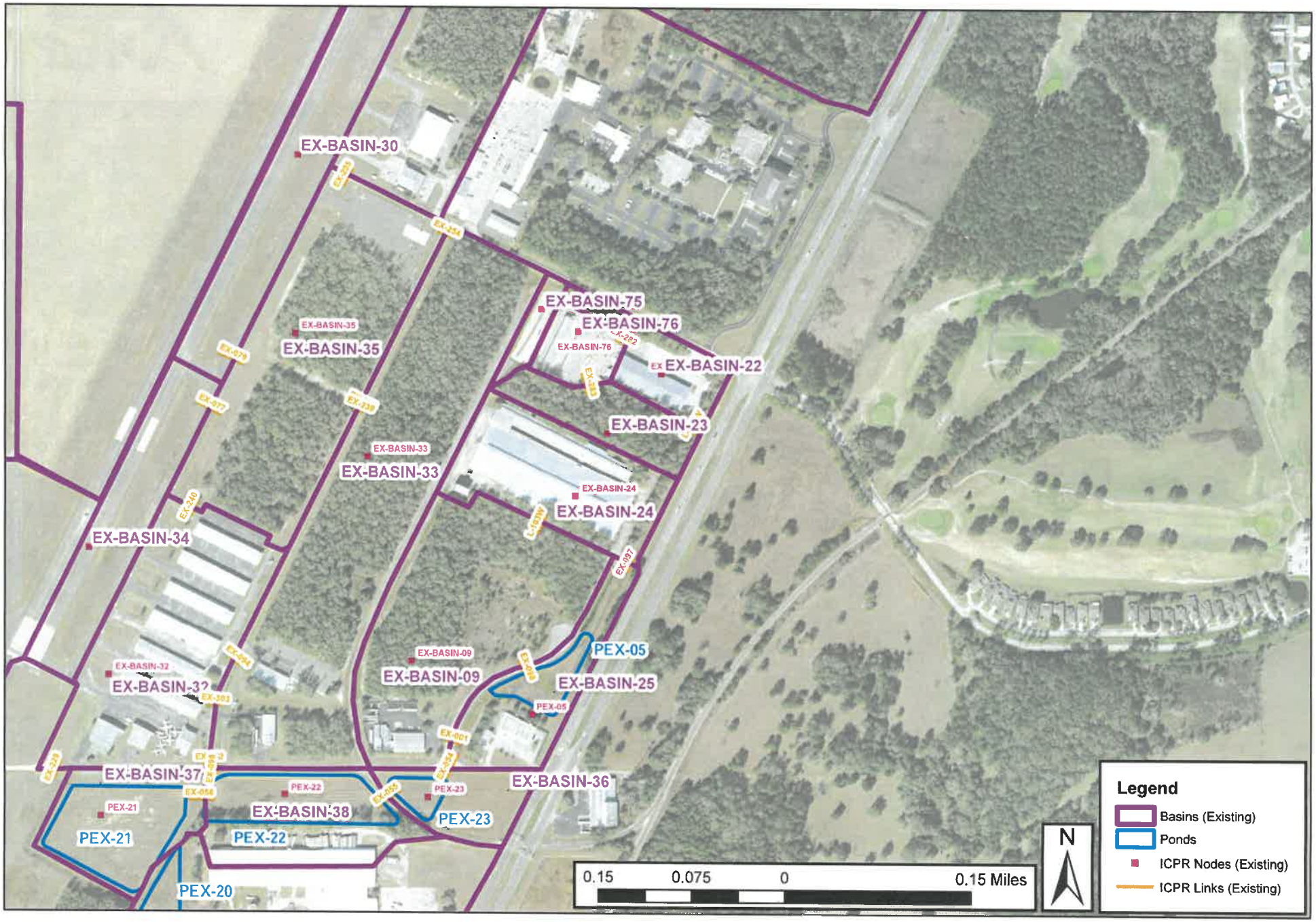

Stormwater Master Plan
Figure B.16 ICPR Pre-Schematic Map

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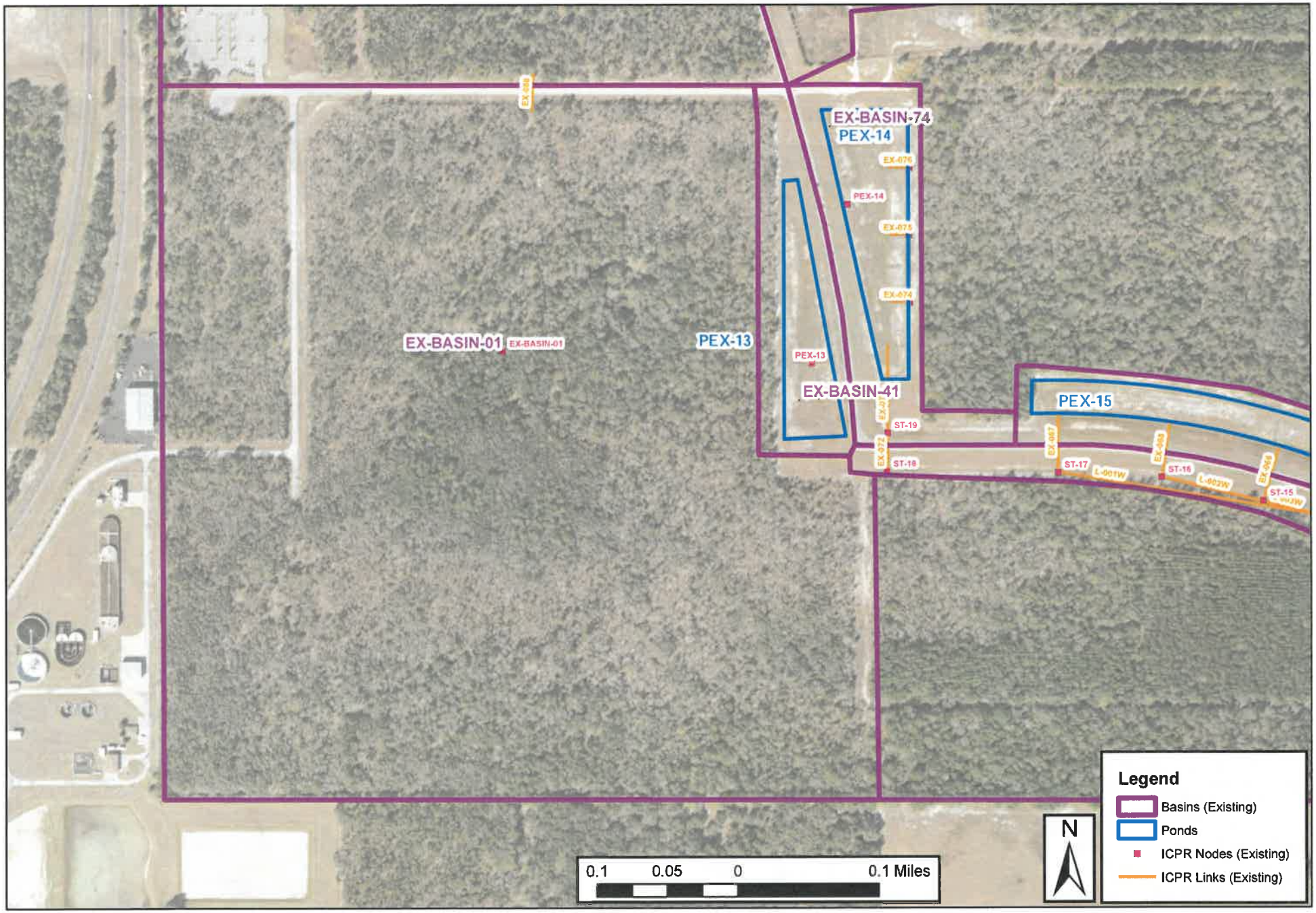

Stormwater Master Plan
Figure B.17 ICPR Pre-Schematic Map

Michael Baker INTERNATIONAL

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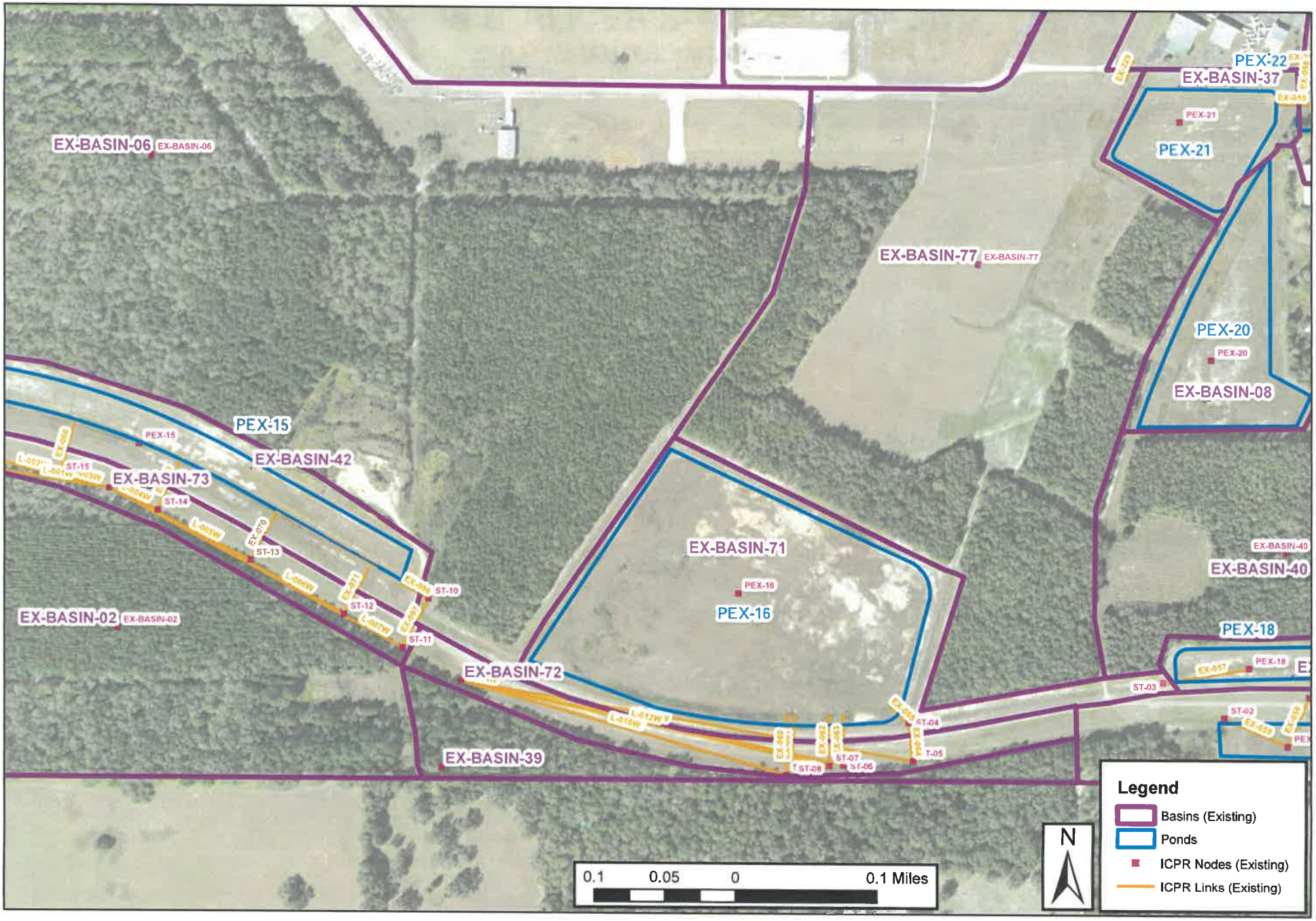

Stormwater Master Plan
Figure B.18 ICPR Pre-Schematic Map

Michael Baker INTERNATIONAL

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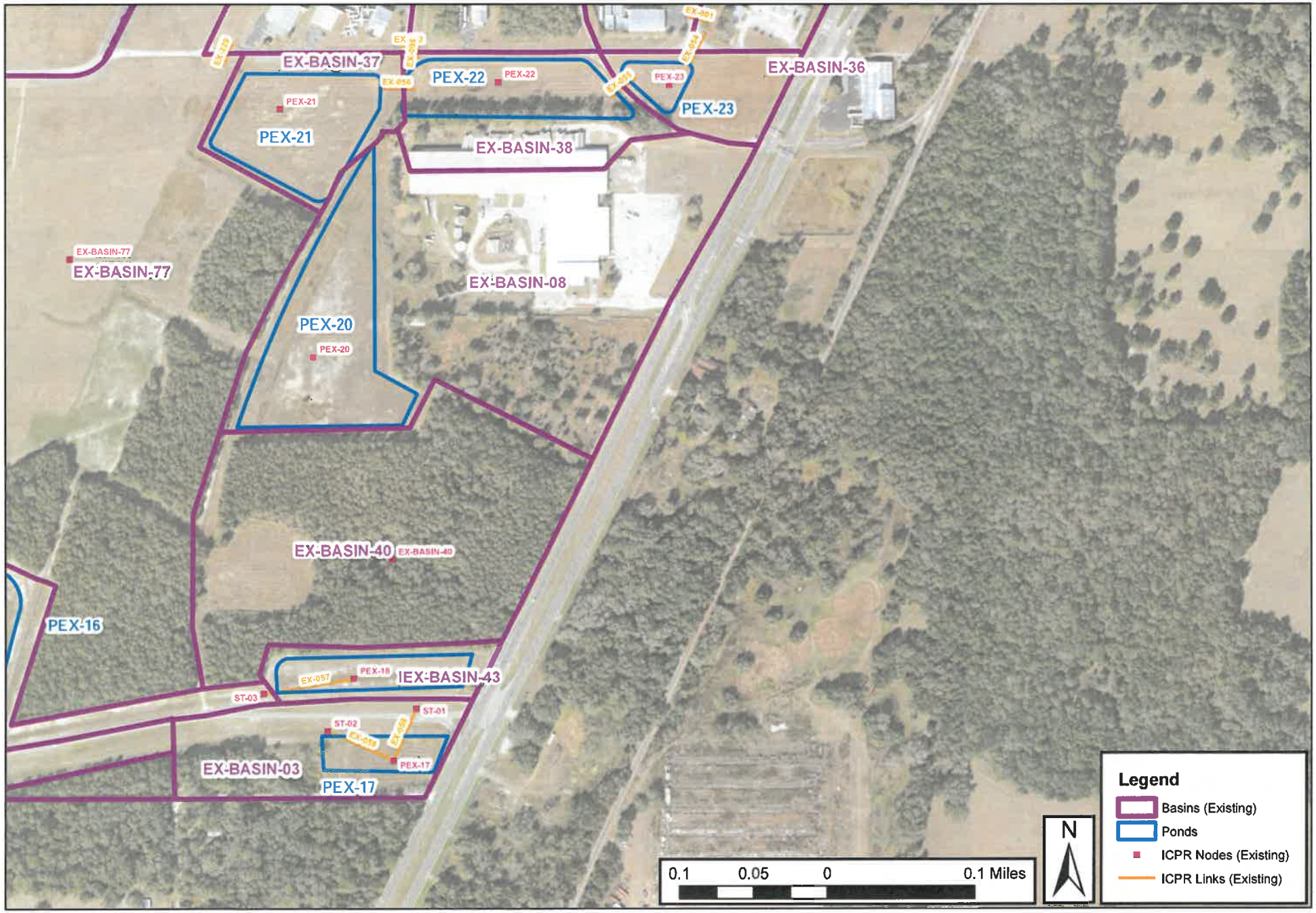


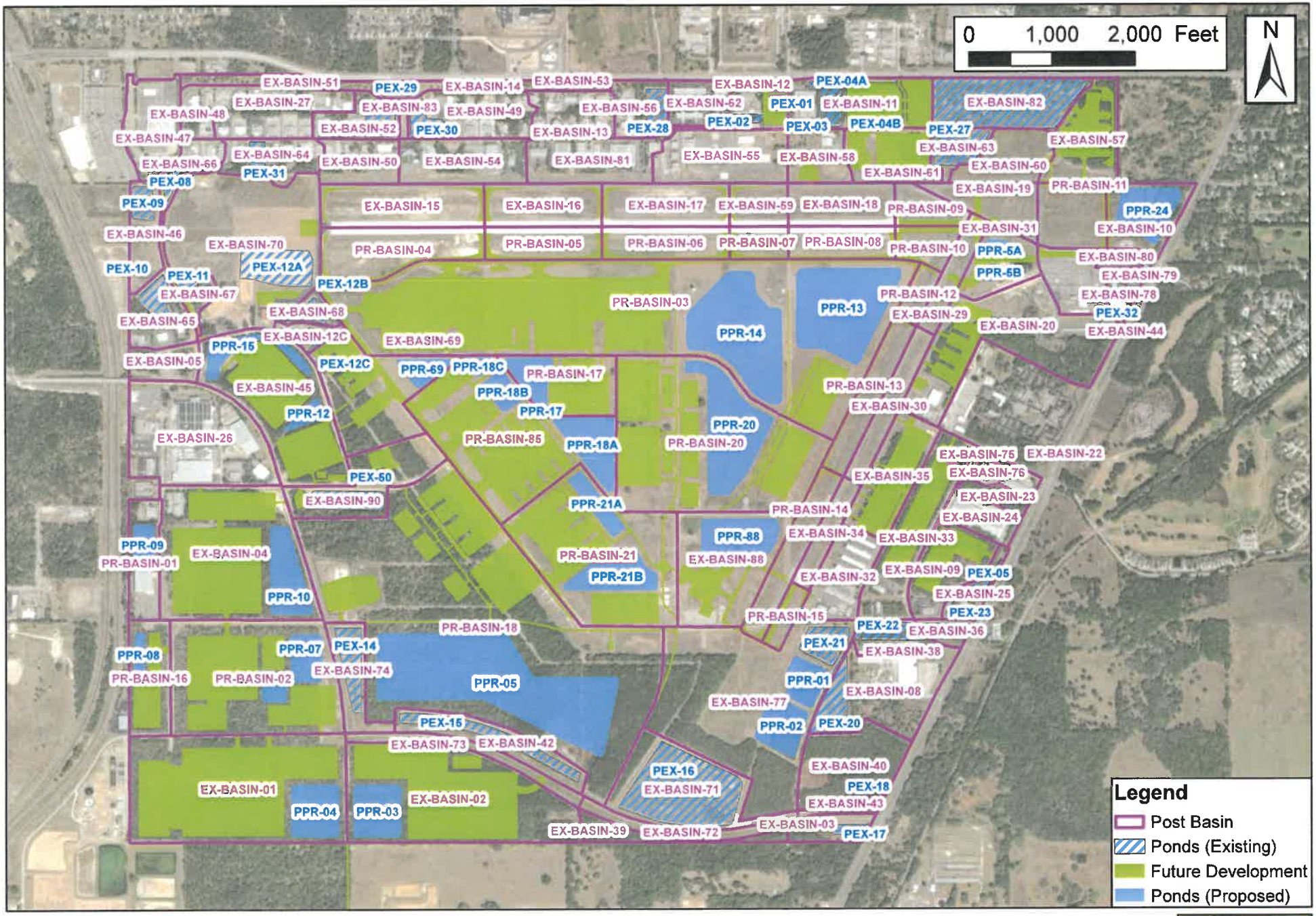
Stormwater Master Plan
Figure B.19 ICPR Pre-Schematic Map

Michael Baker INTERNATIONAL

2202

Appendix C

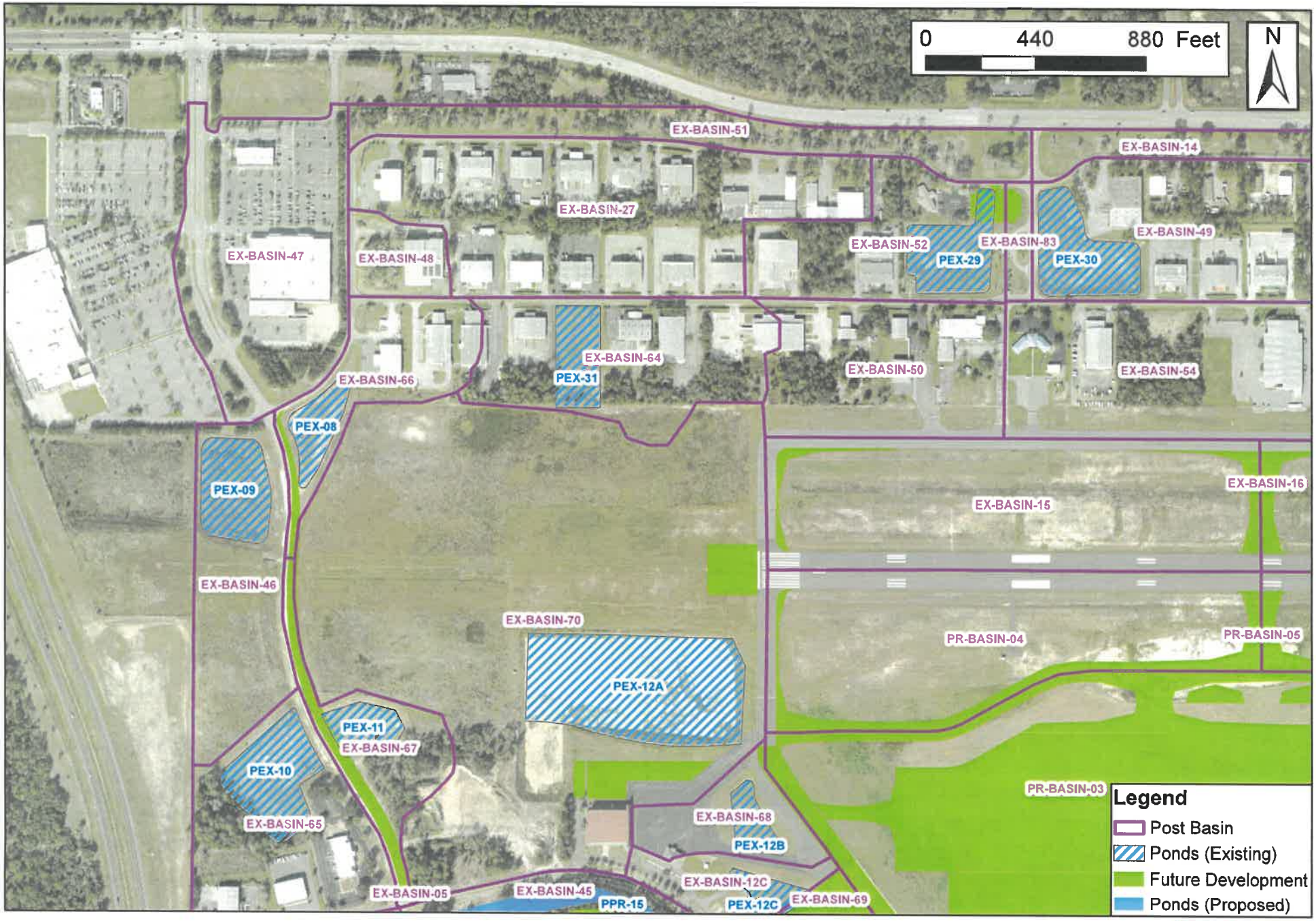
POST-DEVELOPMENT DRAINAGE AND ICPR SCHEMATIC MAPS



Stormwater Master Plan
Figure C.1 Post Development Map

Michael Baker INTERNATIONAL

2204



Stormwater Master Plan
Figure C.2 Post Development Map

Michael Baker INTERNATIONAL

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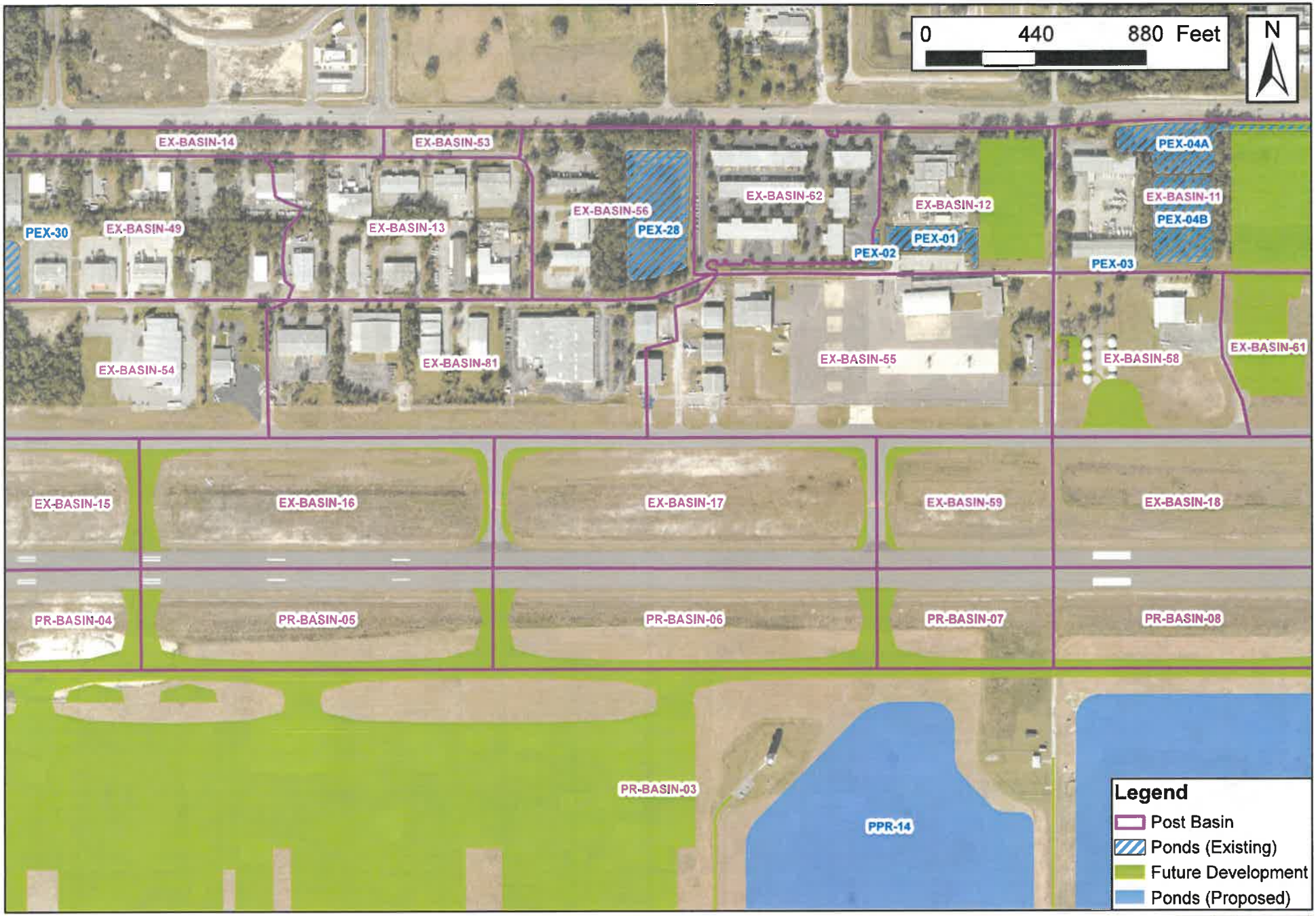

Stormwater Master Plan
Figure C.3 Post Development Map

Michael Baker INTERNATIONAL

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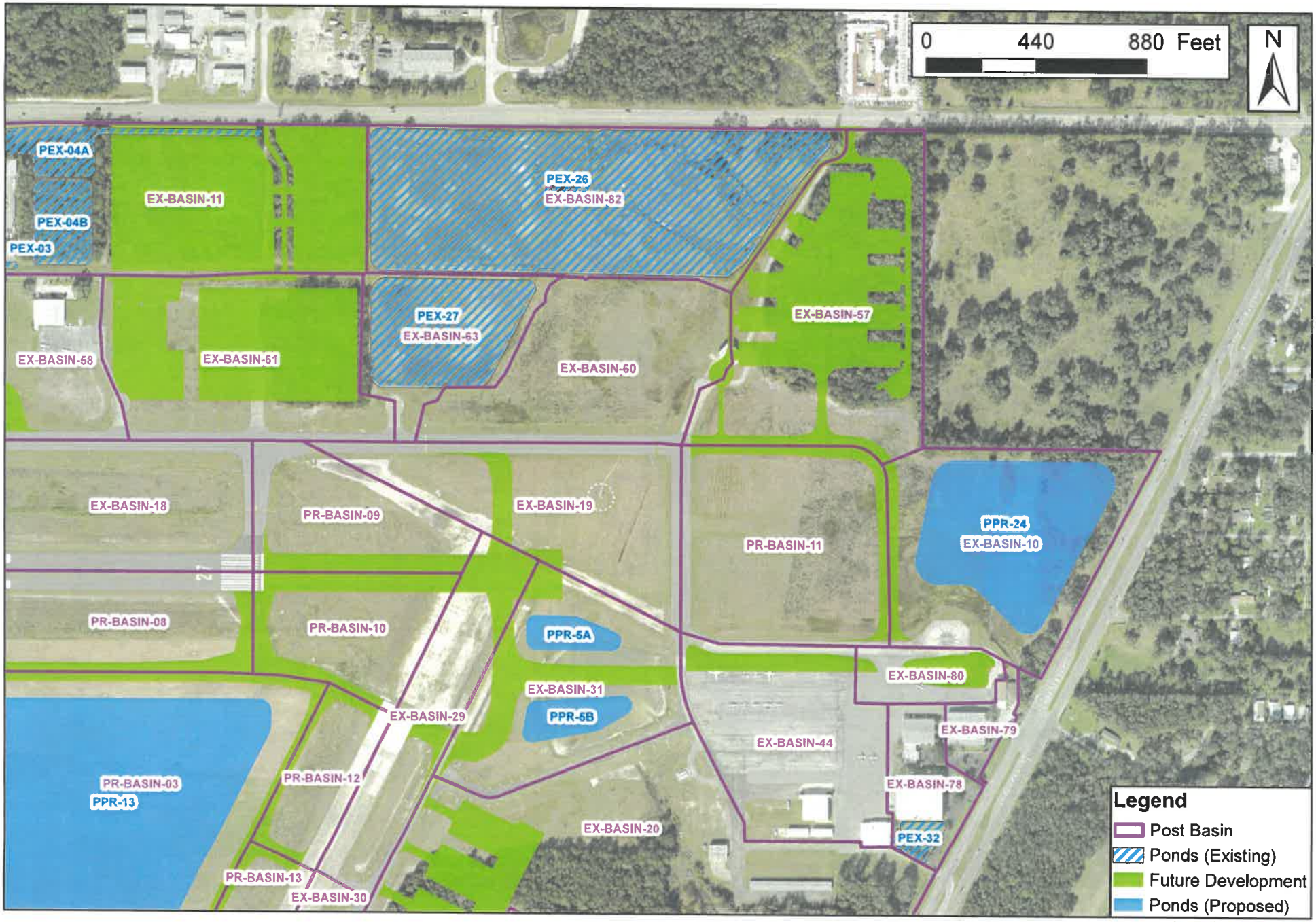

Stormwater Master Plan
Figure C.4 Post Development Map

Michael Baker INTERNATIONAL

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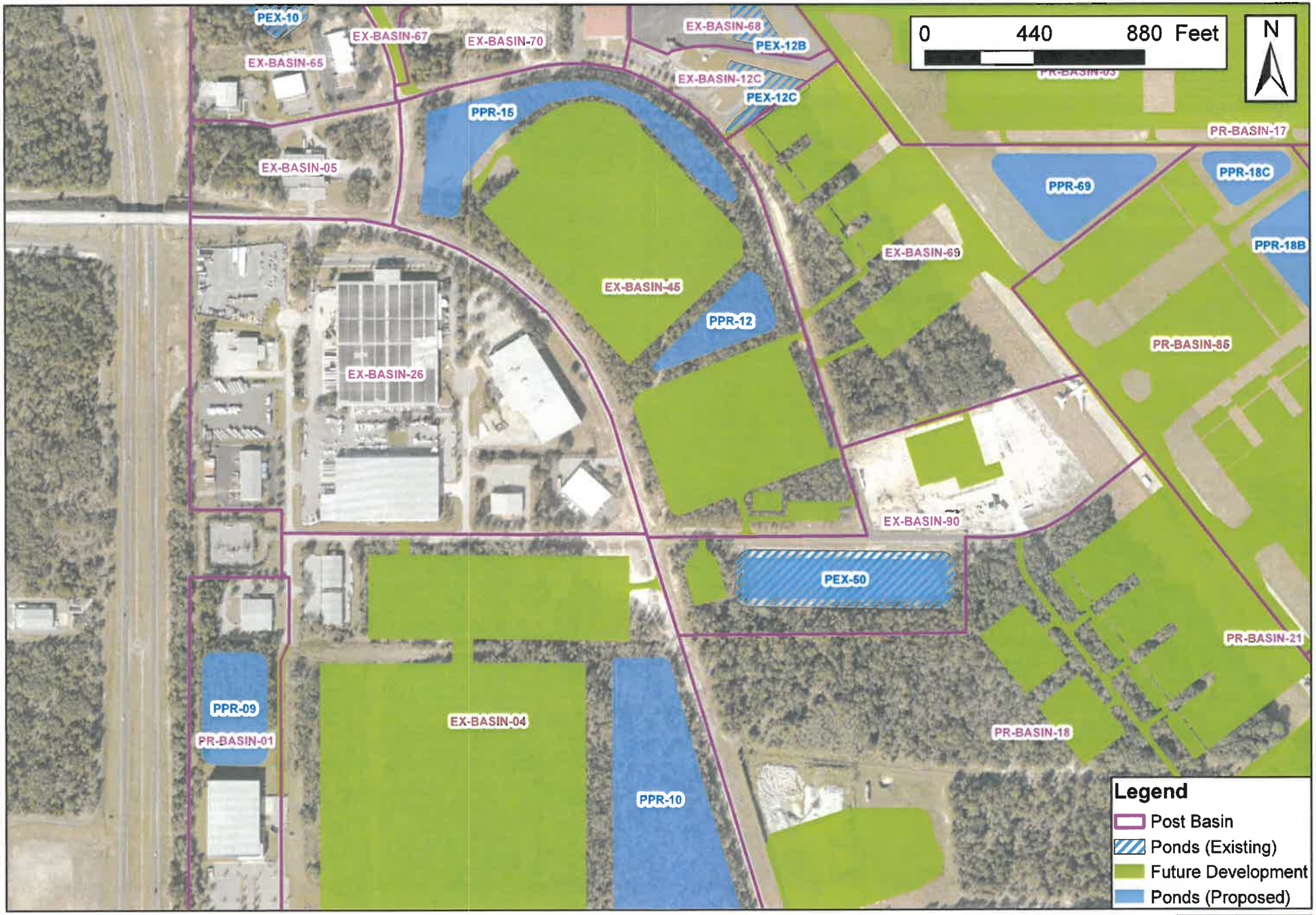

Stormwater Master Plan
Figure C.5 Post Development Map

Michael Baker INTERNATIONAL

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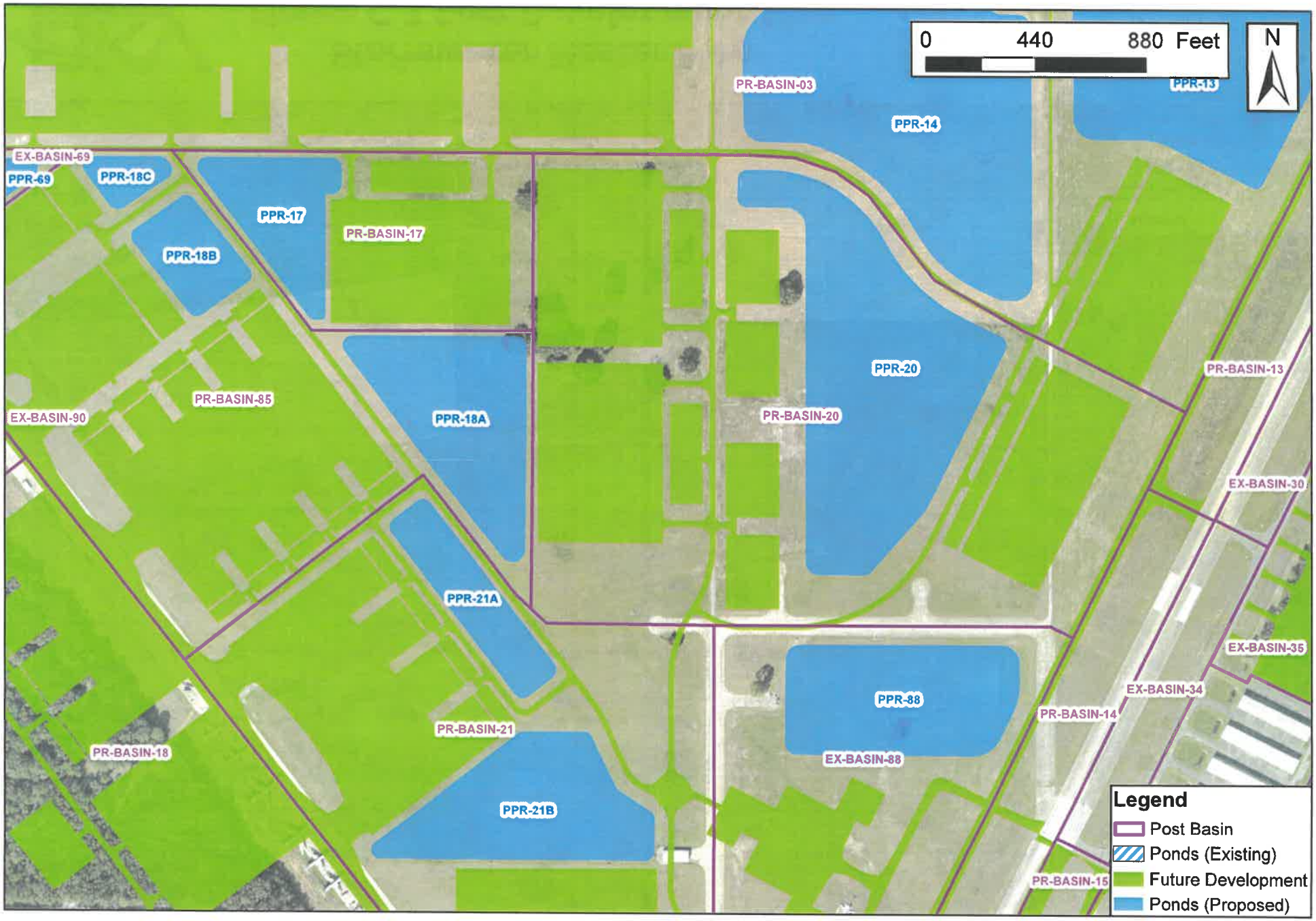

Stormwater Master Plan
Figure C.6 Post Development Map

Michael Baker INTERNATIONAL

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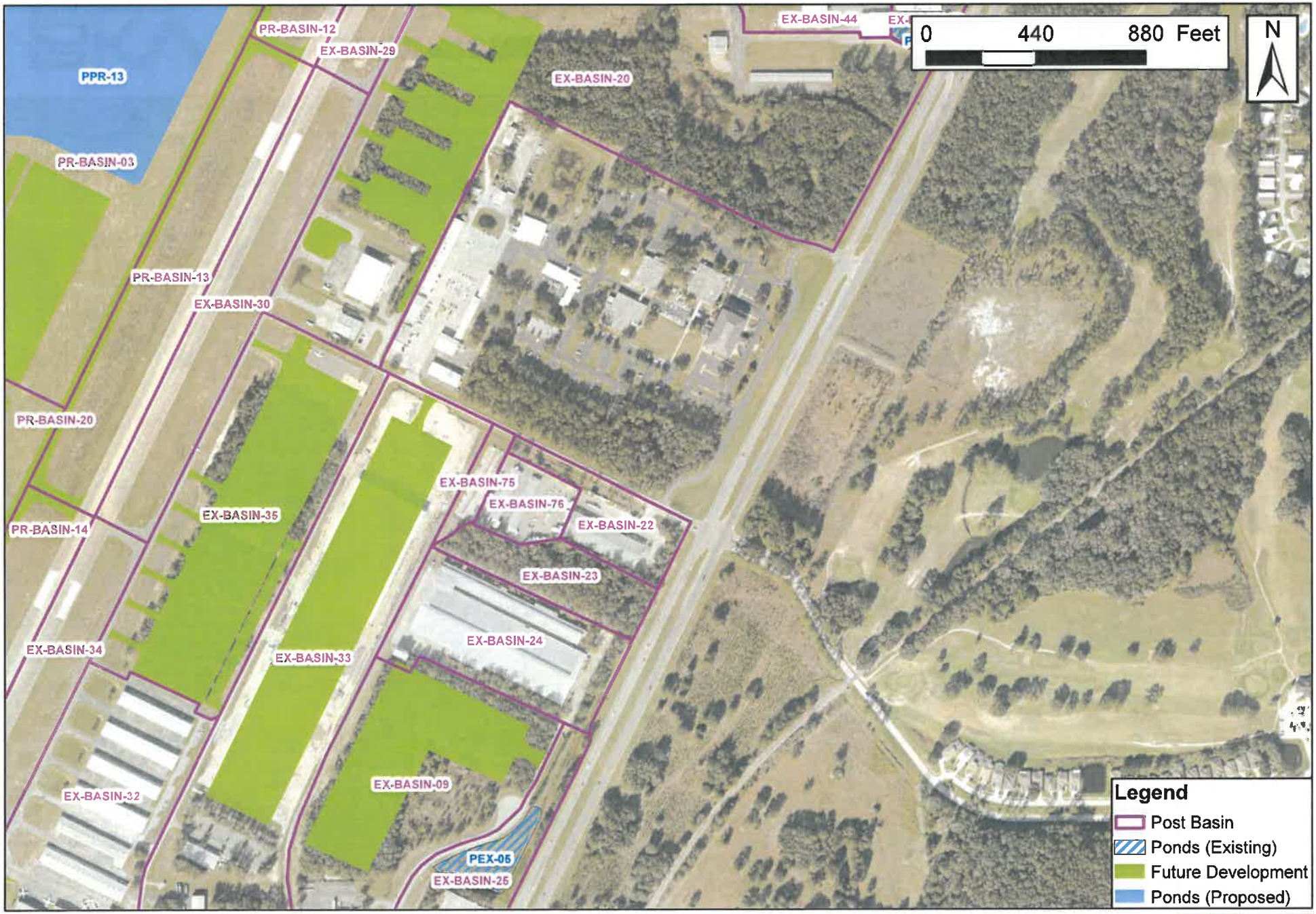

Stormwater Master Plan
Figure C.7 Post Development Map

Michael Baker INTERNATIONAL

2210

Stormwater Master Plan
Figure C.8 Post Development Map

Michael Baker INTERNATIONAL

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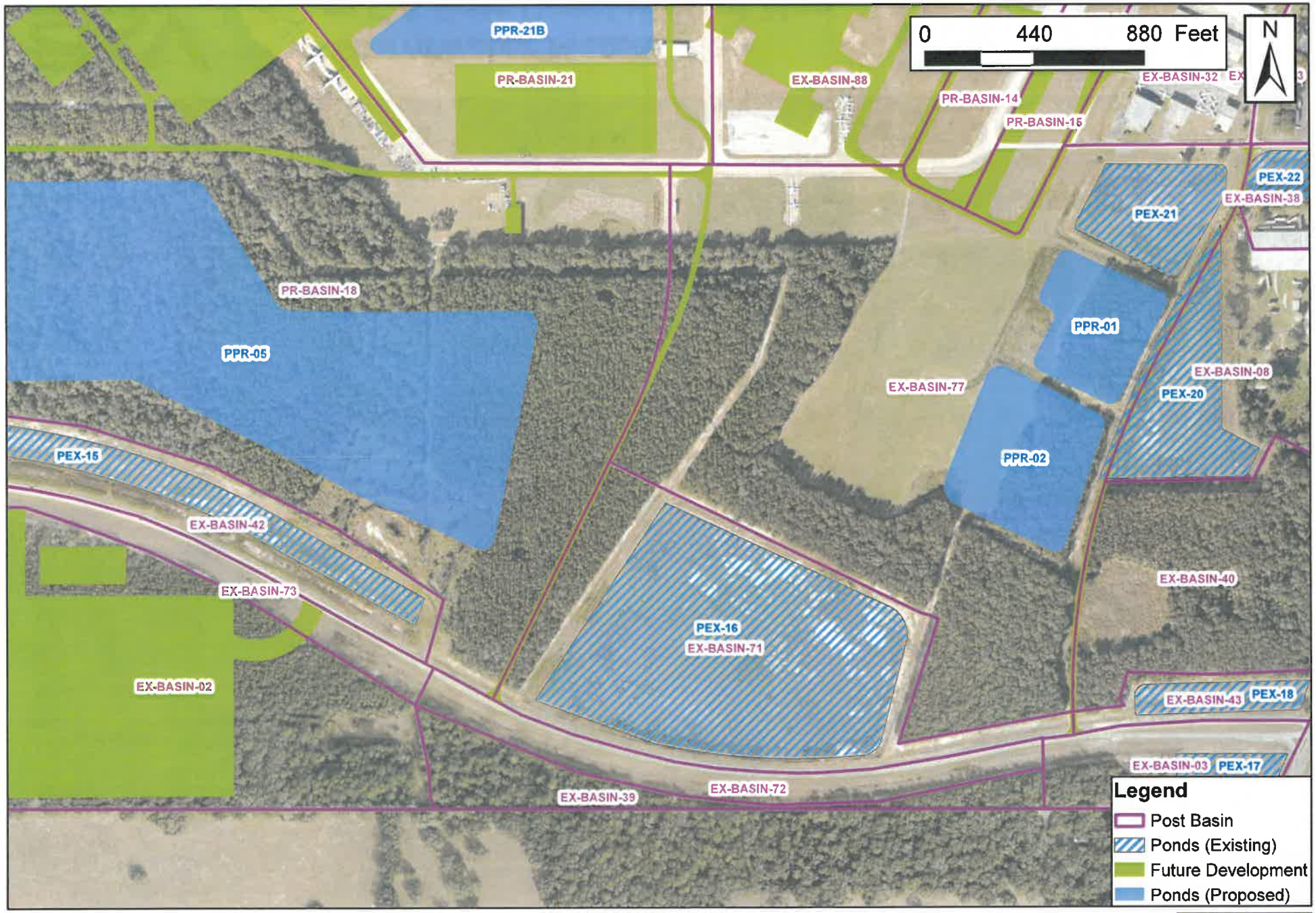

Stormwater Master Plan
Figure C.9 Post Development Map

Michael Baker INTERNATIONAL

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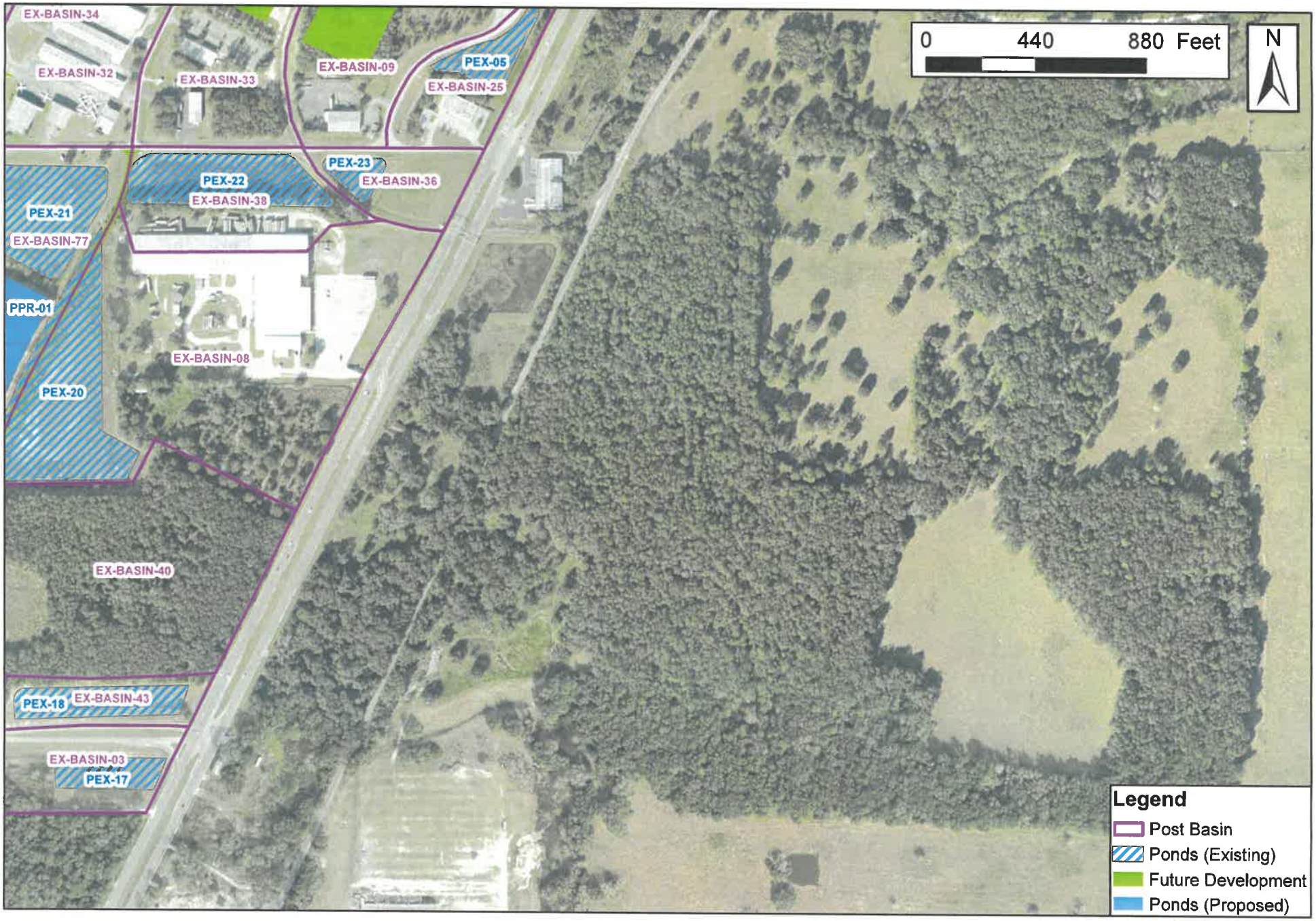

Stormwater Master Plan
Figure C.10 Post Development Map

Michael Baker INTERNATIONAL

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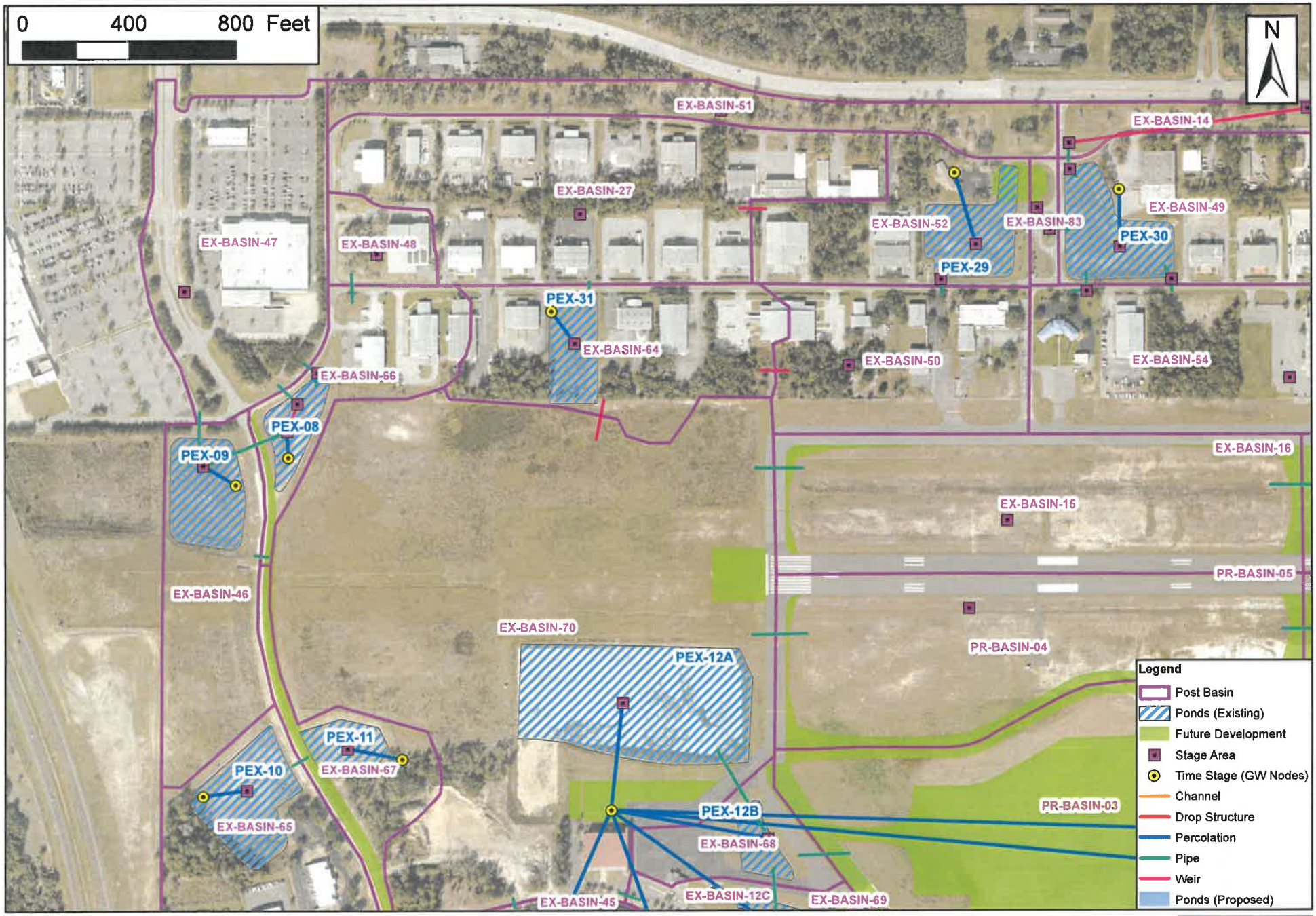

Stormwater Master Plan
Figure C.11 ICPR Post Schematic Map

Michael Baker INTERNATIONAL

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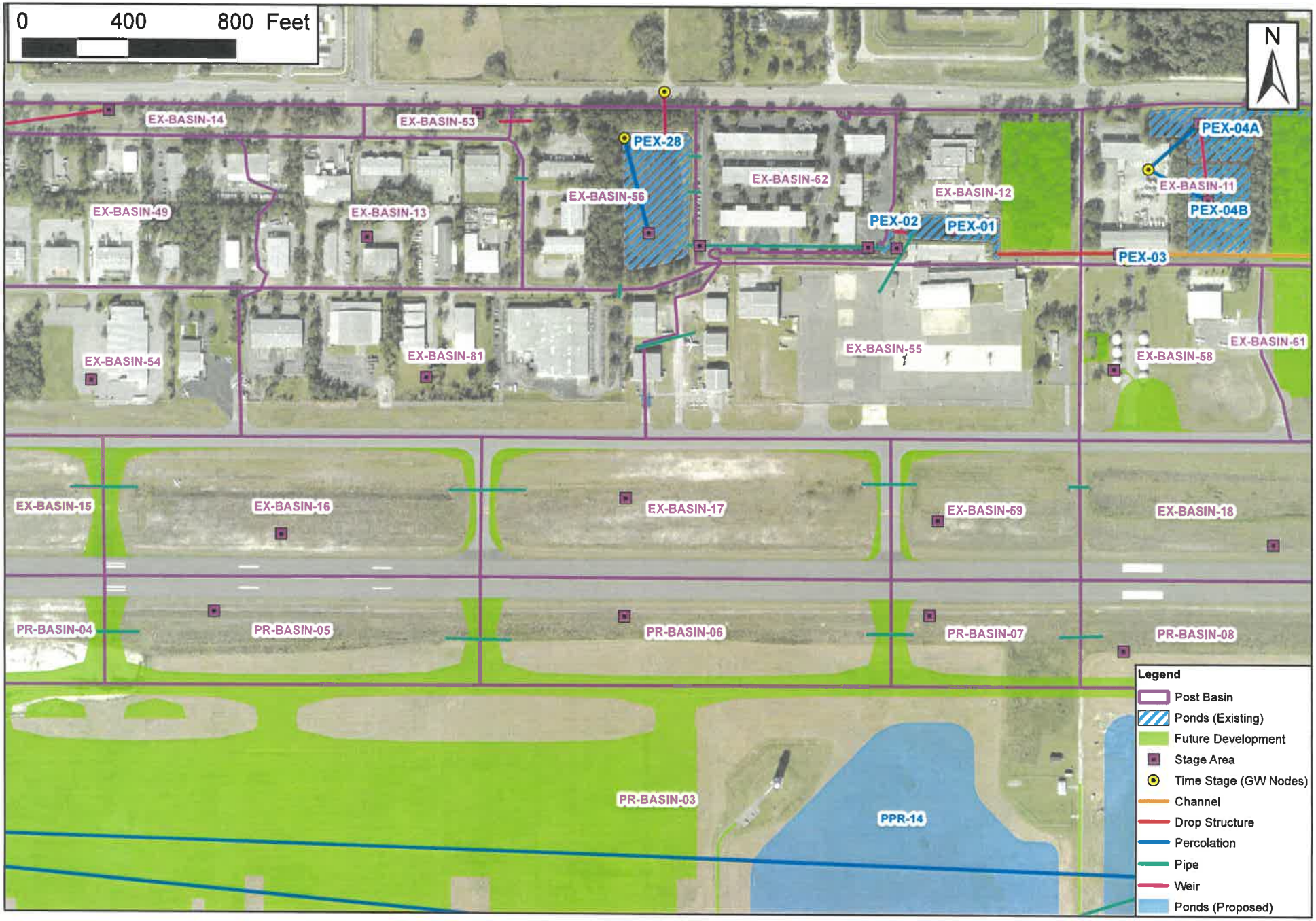

Stormwater Master Plan
Figure C.12 ICPR Post Schematic Map

Michael Baker INTERNATIONAL

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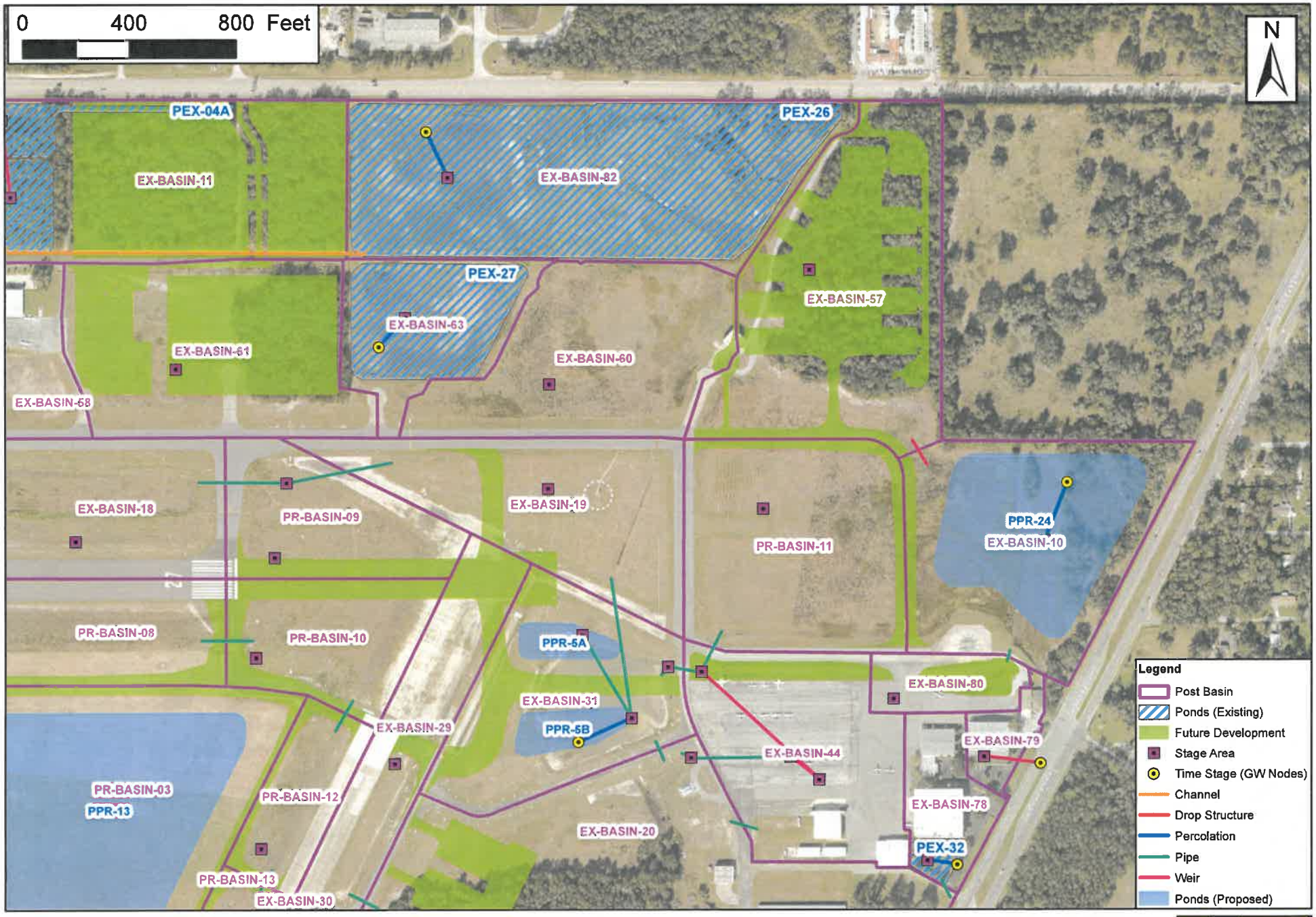

Stormwater Master Plan
Figure C.13 ICPR Post Schematic Map

Michael Baker INTERNATIONAL

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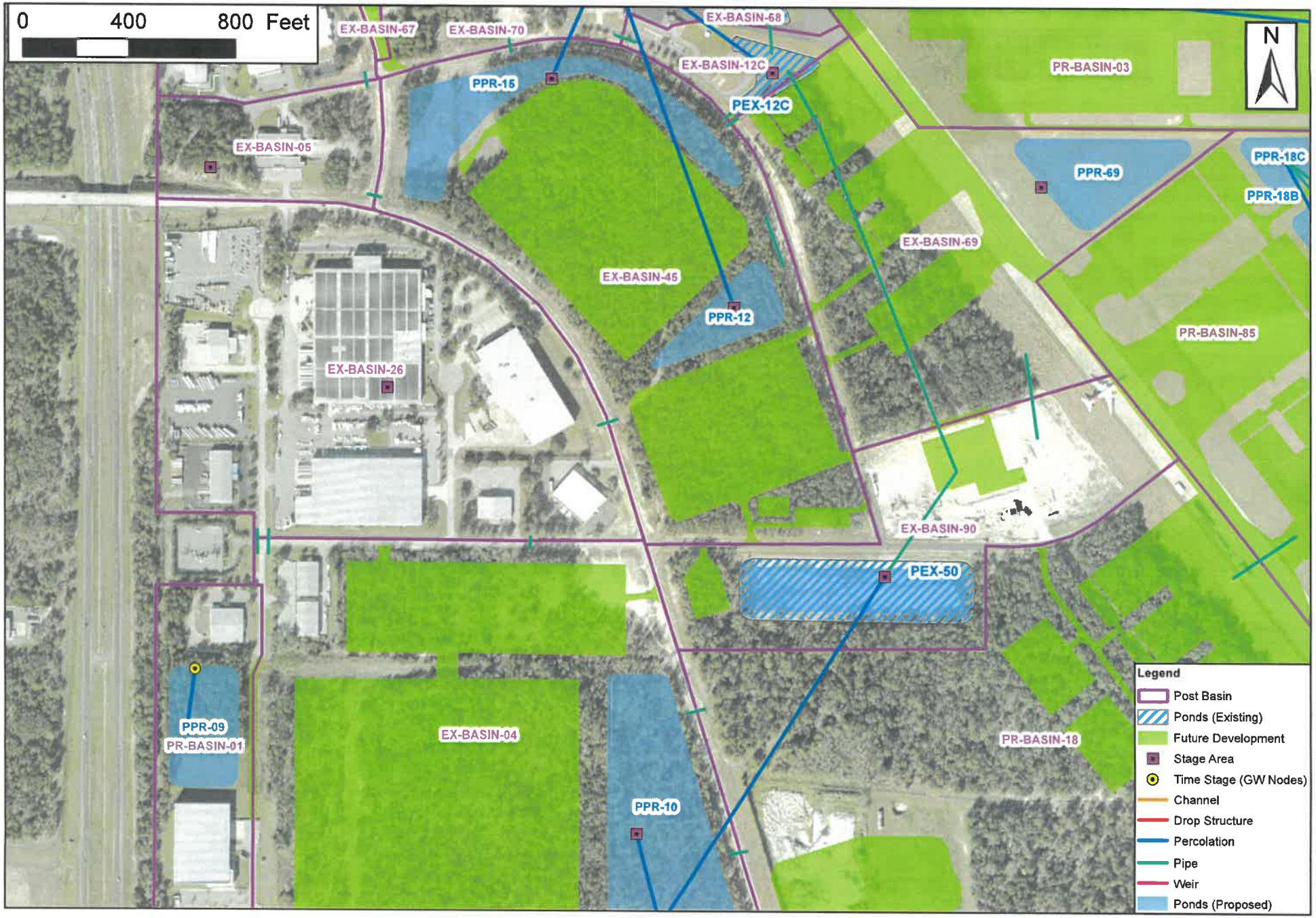
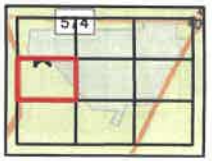


Stormwater Master Plan
Figure C.14 ICPR Post Schematic Map

Michael Baker INTERNATIONAL



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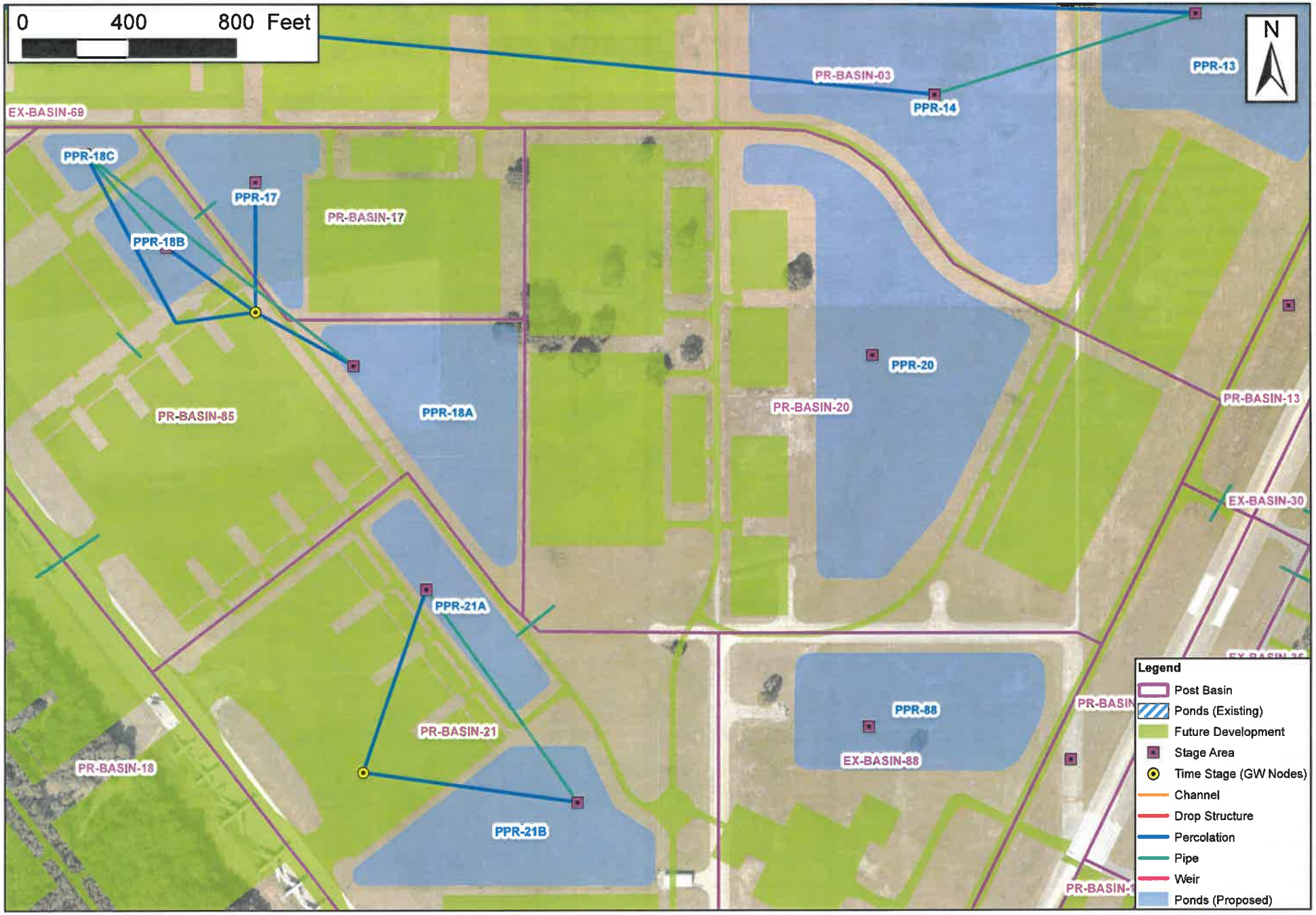

Stormwater Master Plan
Figure C.15 ICPR Post Schematic Map

Michael Baker INTERNATIONAL

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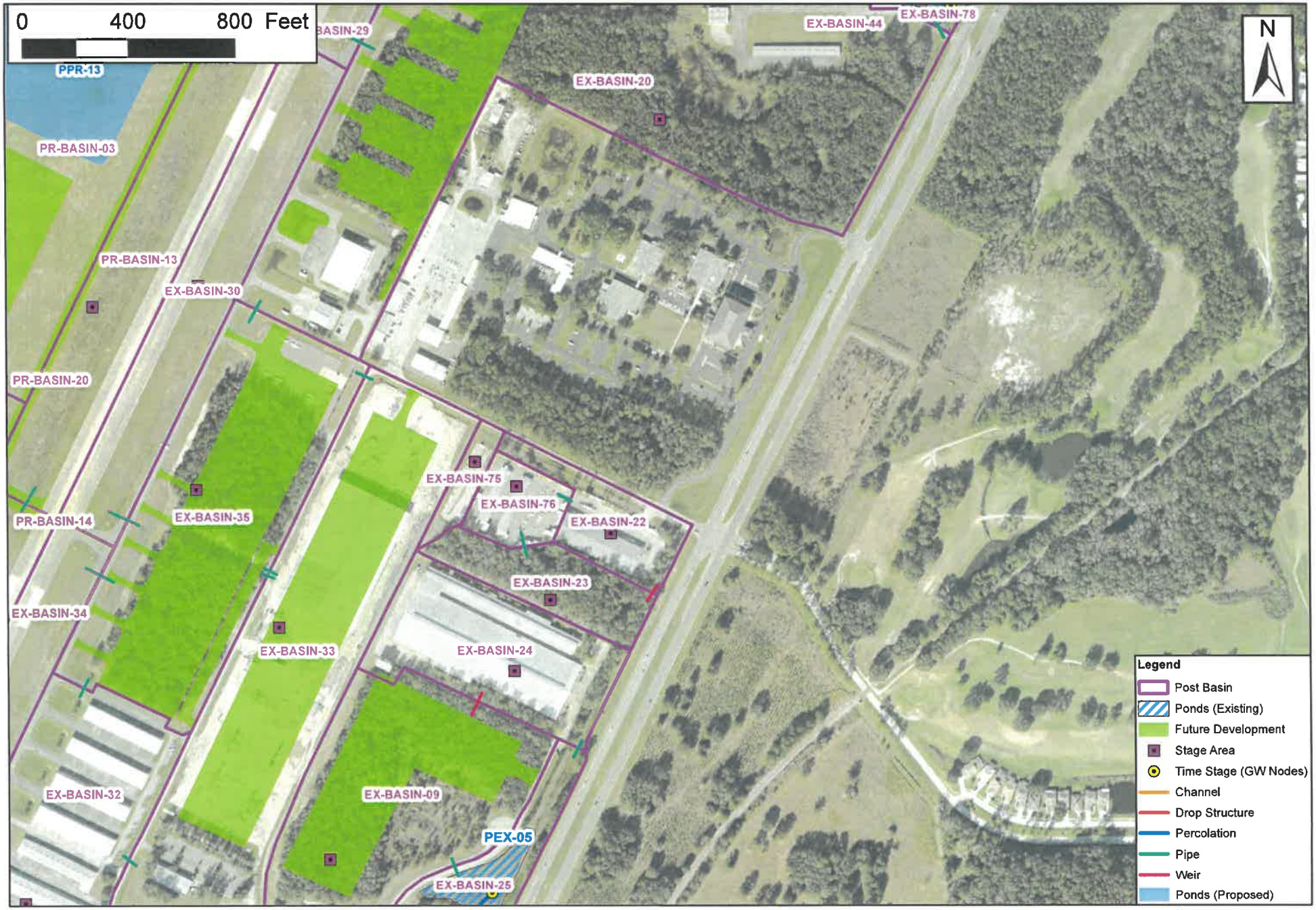

Stormwater Master Plan
Figure C.16 ICPR Post Schematic Map

Michael Baker INTERNATIONAL

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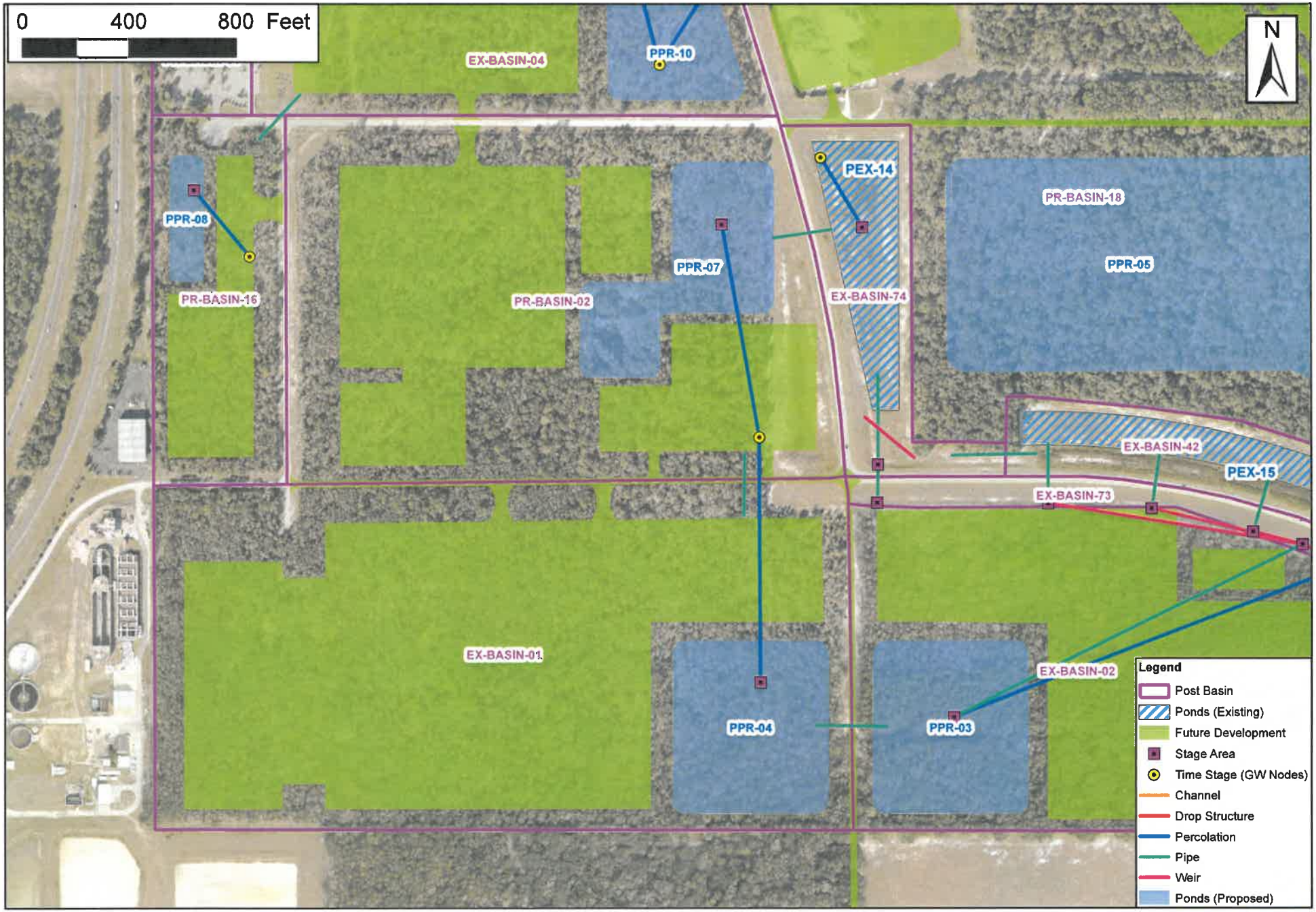

Stormwater Master Plan
Figure C.17 ICPR Post Schematic Map

Michael Baker INTERNATIONAL

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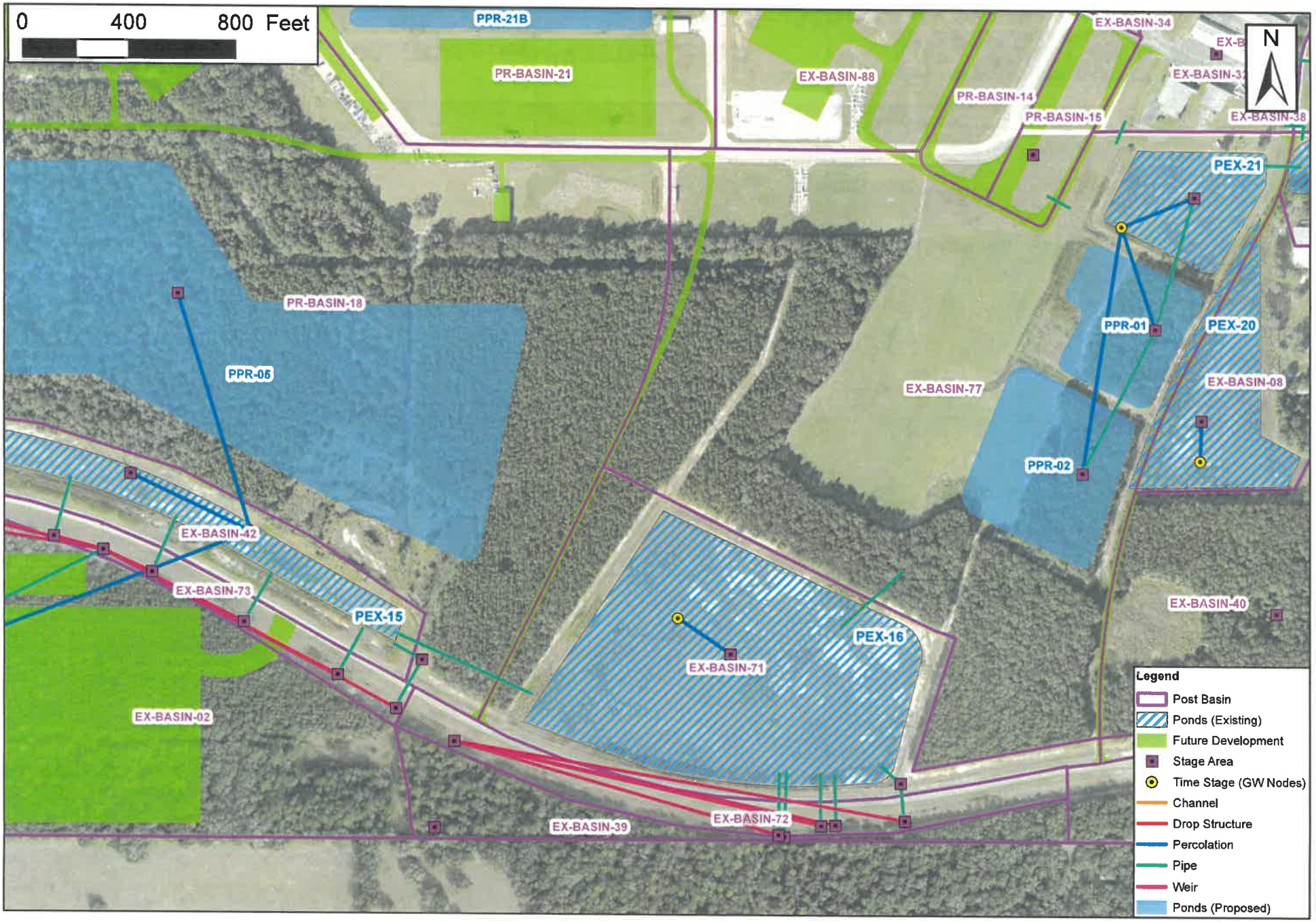

Stormwater Master Plan
Figure C.18 ICPR Post Schematic Map

Michael Baker INTERNATIONAL

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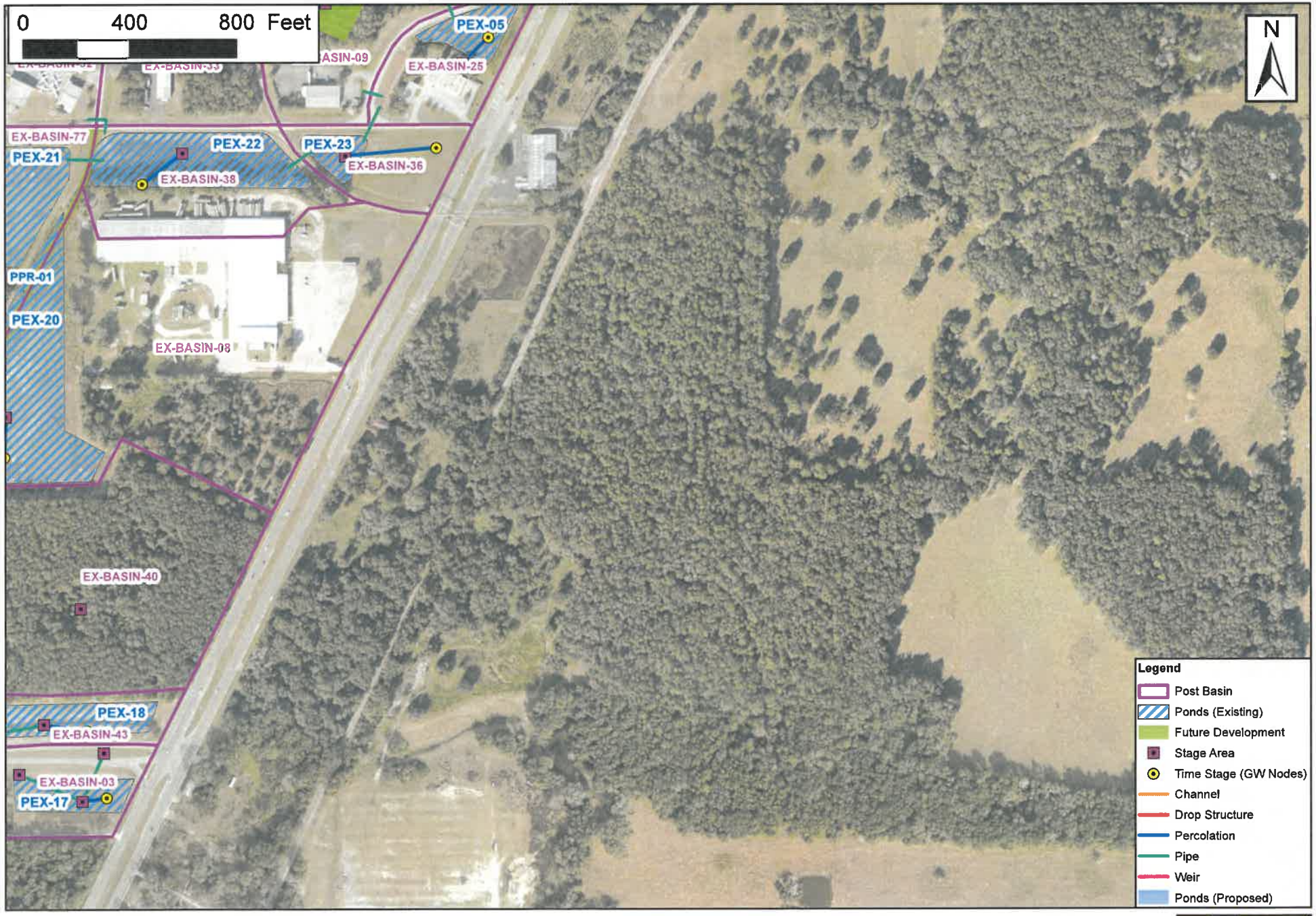
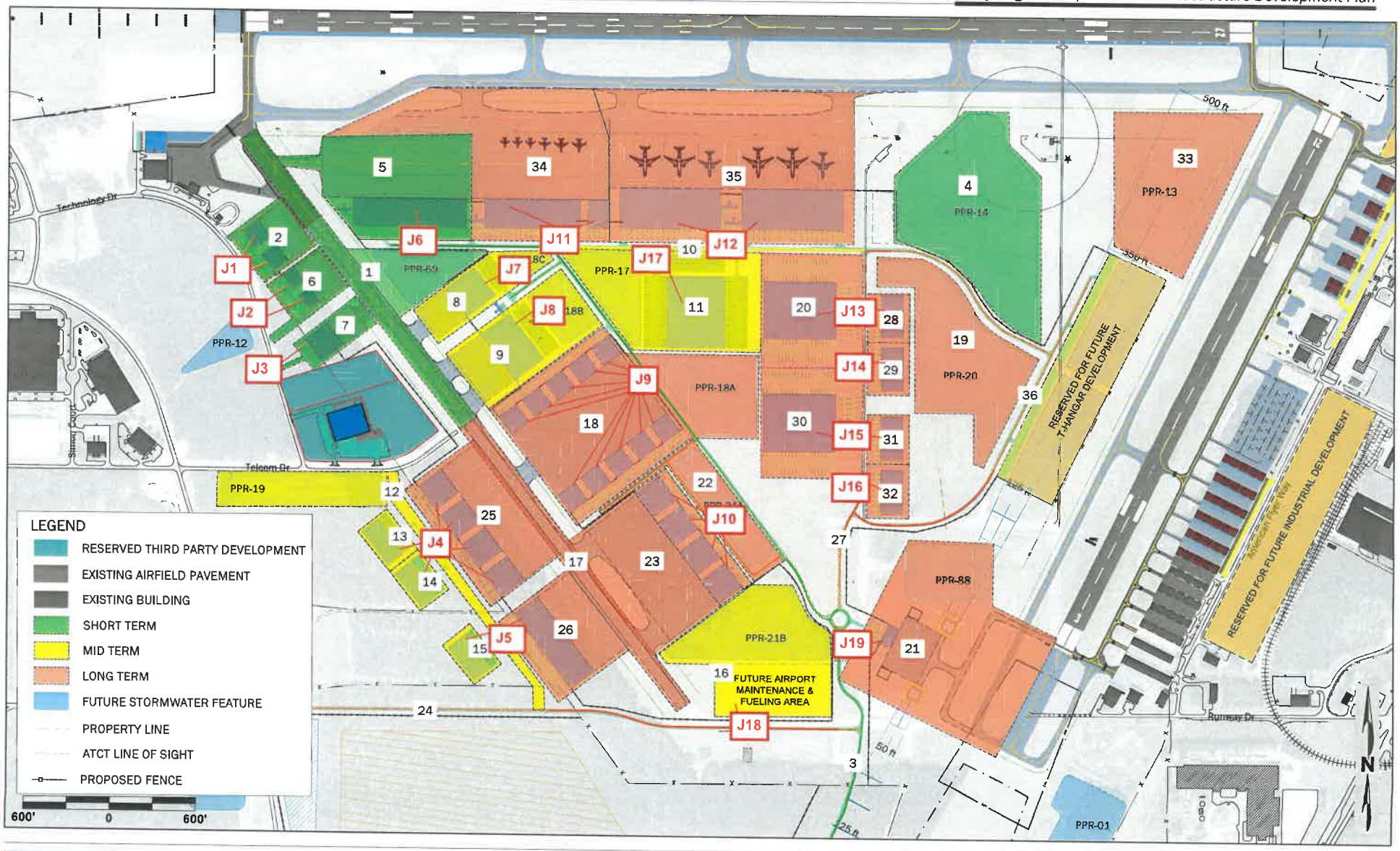


Stormwater Master Plan
Figure C.19 ICPR Post Schematic Map

Michael Baker INTERNATIONAL



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Infield Development Phasing Plan with Junctions

Appendix B

BKV Infield Infrastructure Development Plan

Project Overview, Utilities and Implementation Plan

Hernando County Board of County Commissioners Presentation

August 12, 2025

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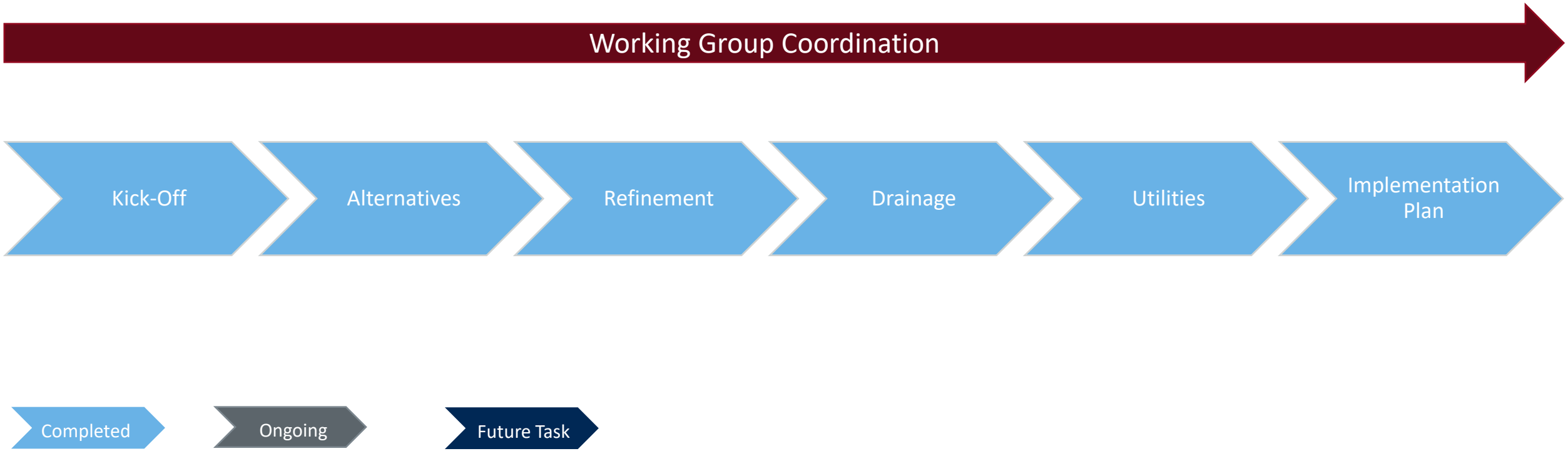
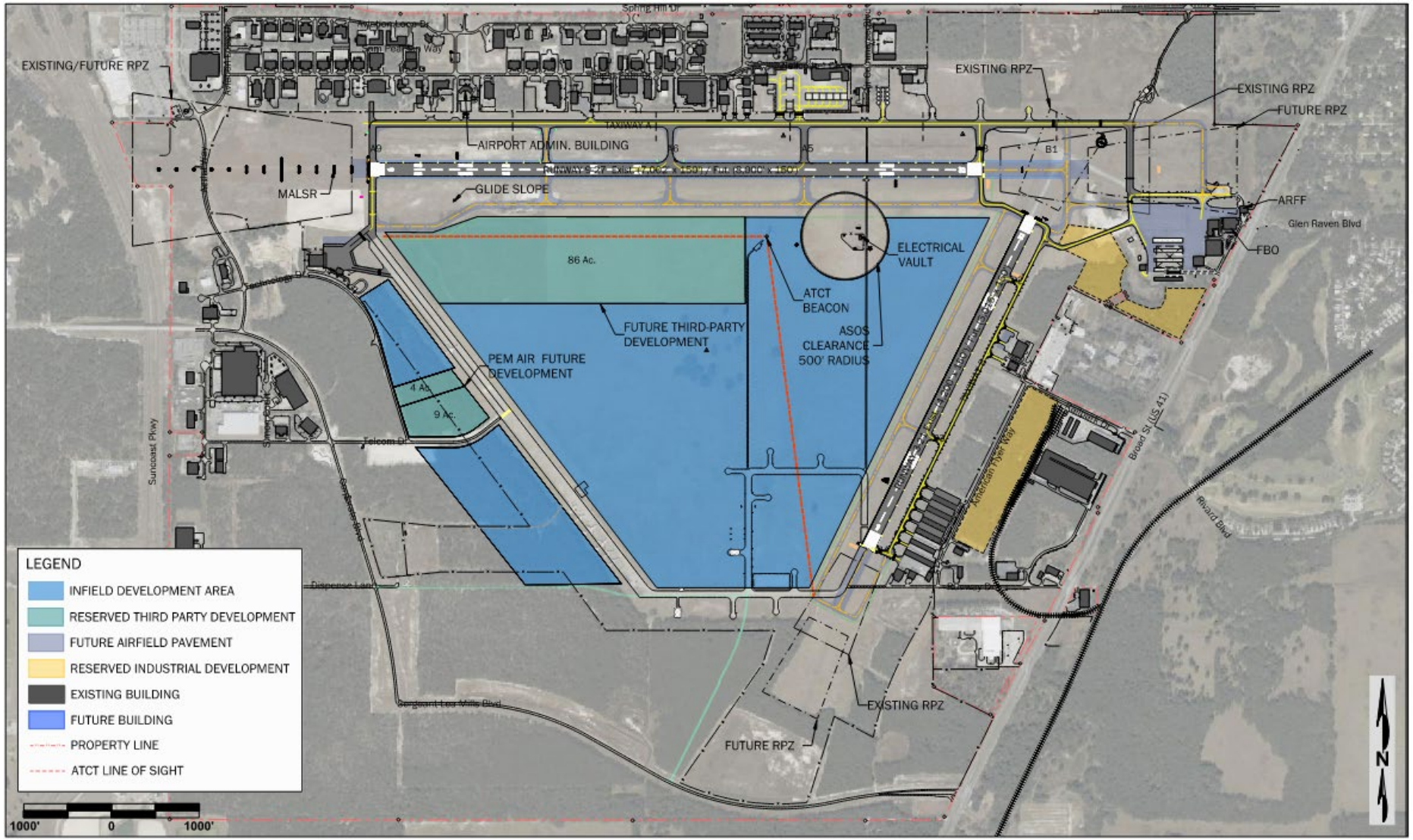
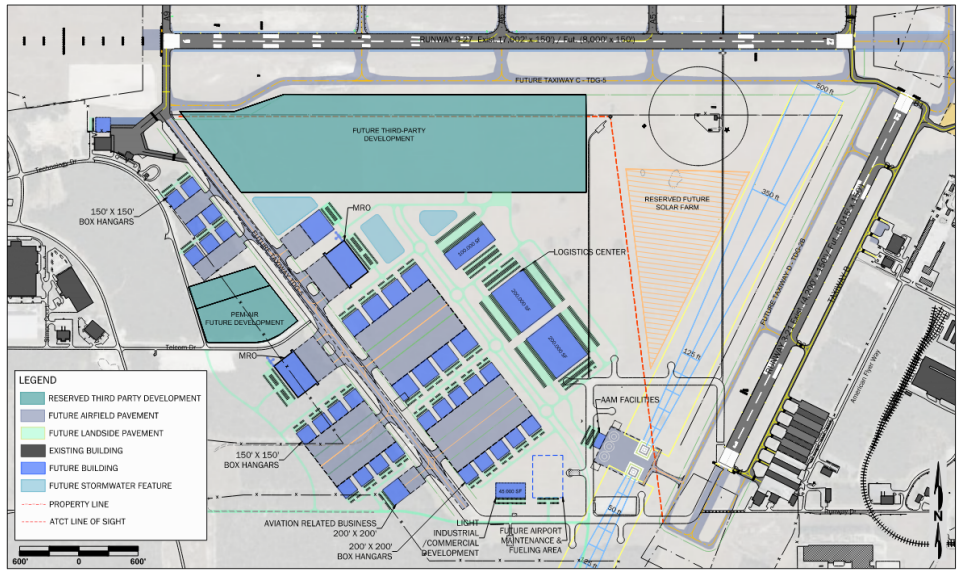
Project Overview

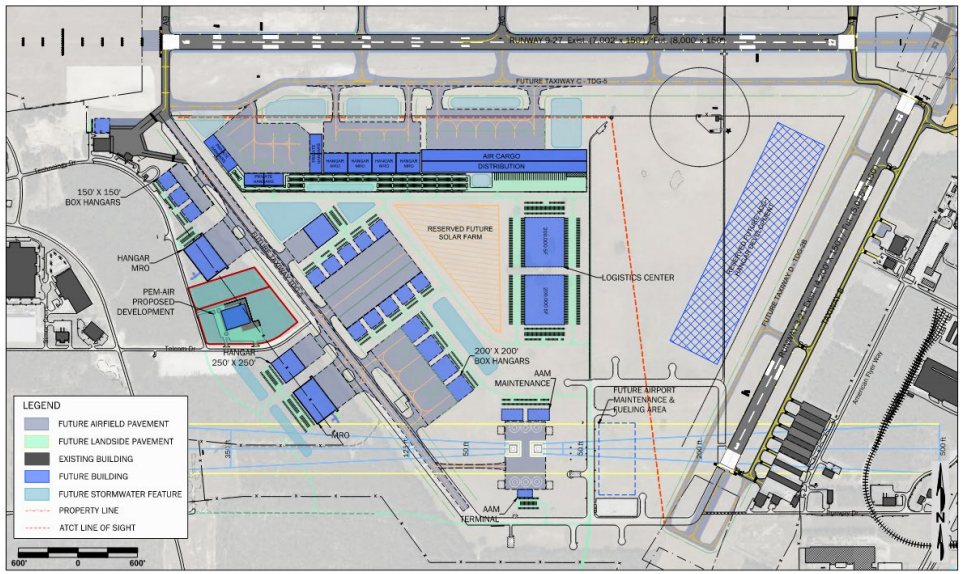


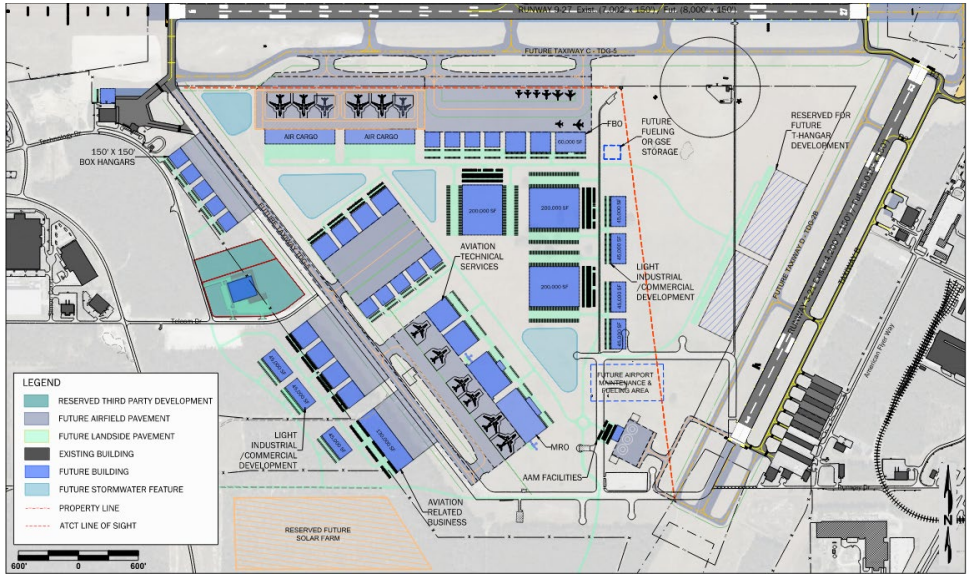
Infield Development Area



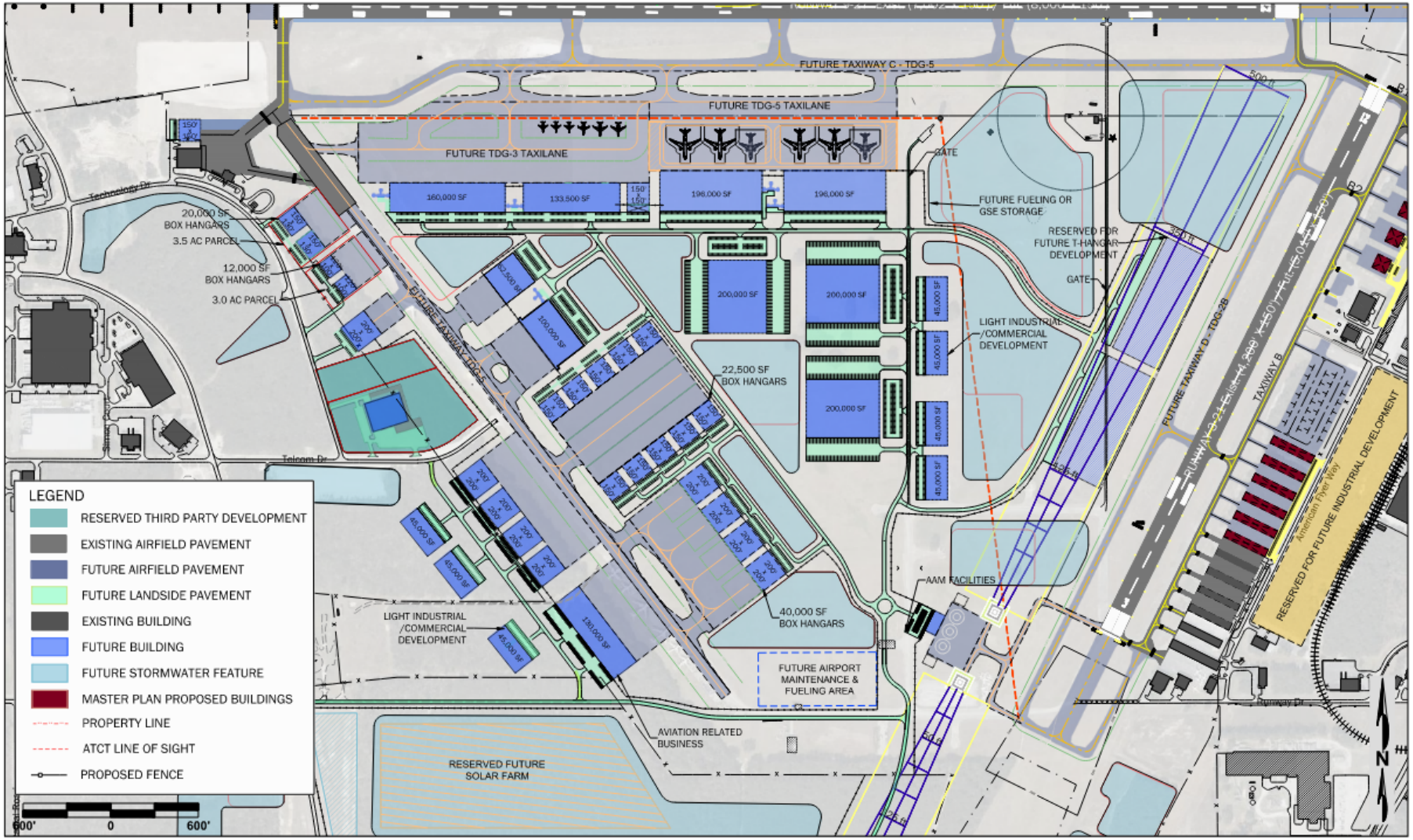
Alternatives



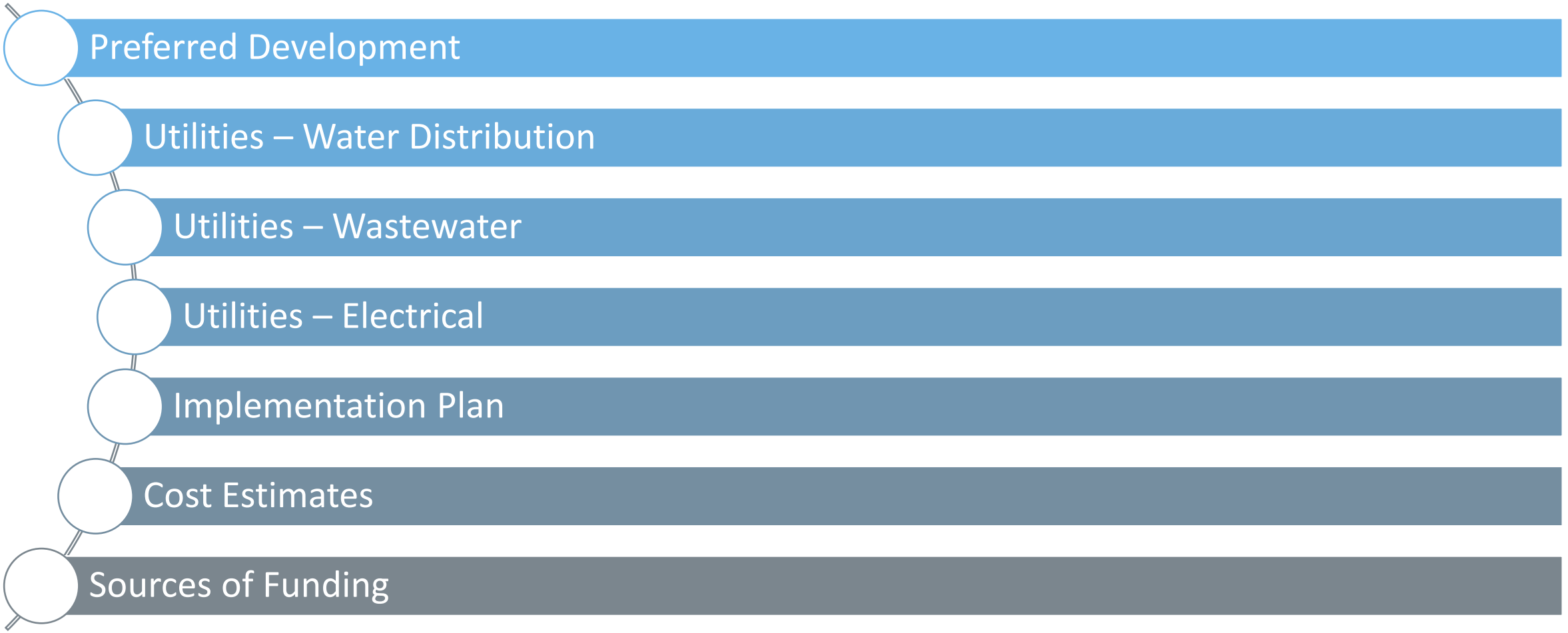




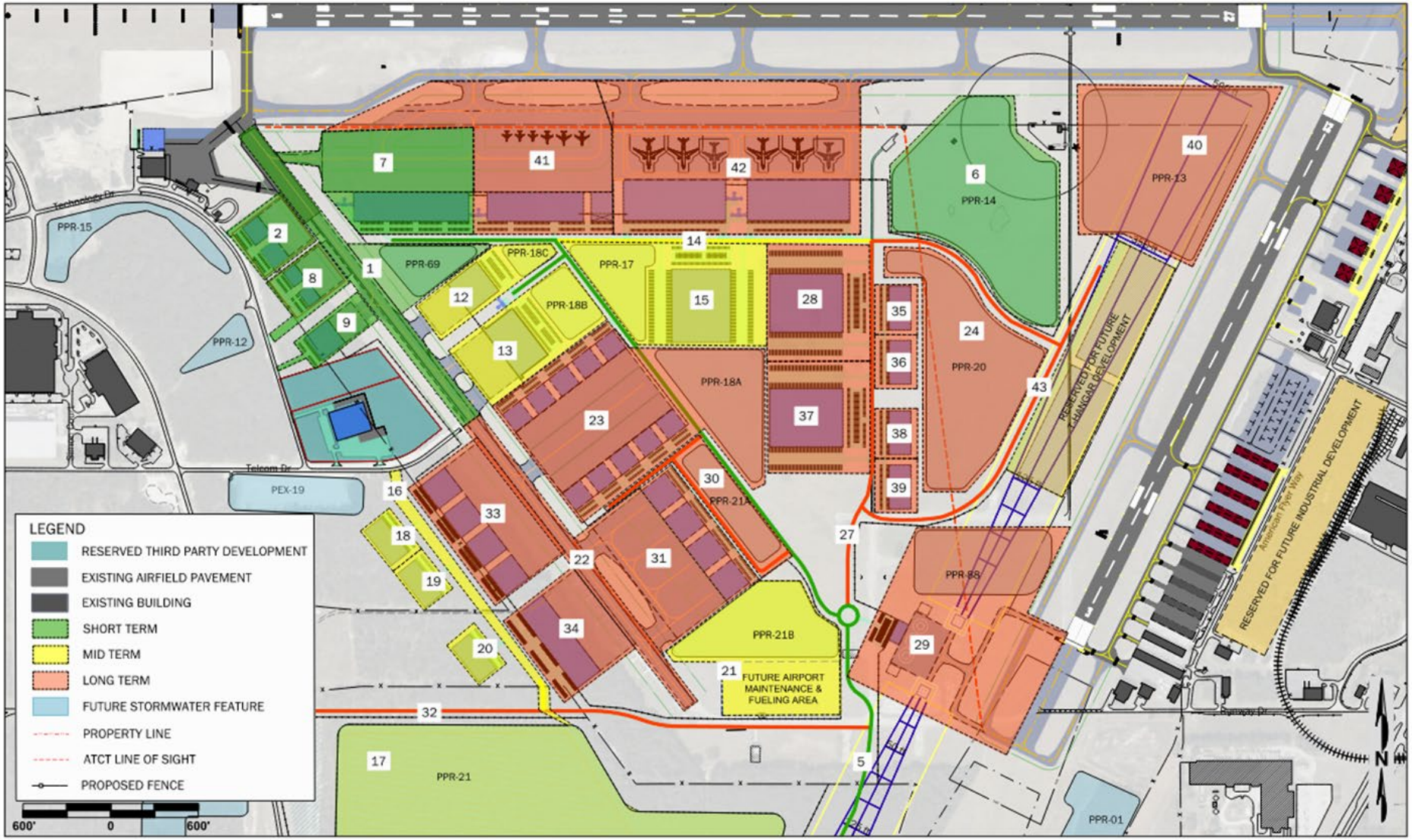
Preferred Development



Refinement of Preferred Development



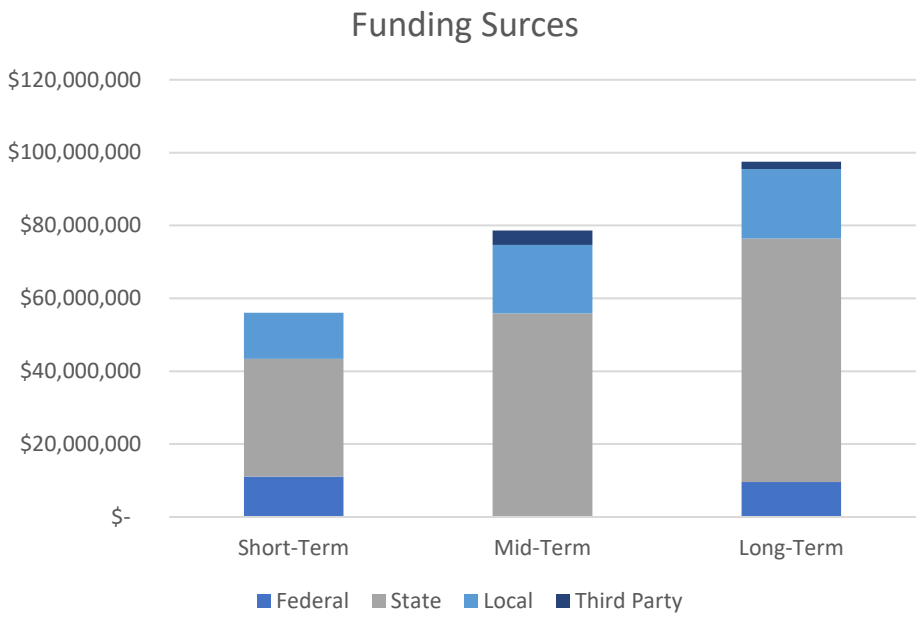
Implementation Plan



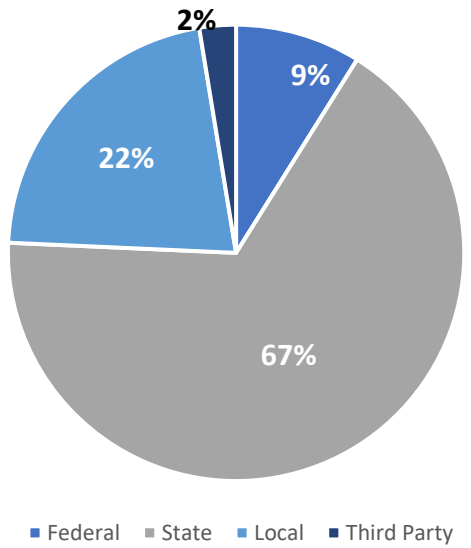
- Short-Term Development 2025-2029
- Mid-Term Development 2030-2034
- Long-Term Development 2035-2044

Funding Plan

Funding Sources Per Planning Period



Funding Sources Total



Site-Prep	80% State - 20% Local
Stormwater	80% State - 20% Local
Airfield	90% Federal - 8% State 2% Local
Roads	80% State - 20% Local
Utilities	50% State - 50% Local (Economic development)

Funding Plan

Short-Term

No.	Description	Year	Actual Cost (Inflation*)	Federal	State	Local	Third-Party
Short-Term Planning Period (2025-2029)							
1	New Taxiway-Phase I (PPR-69)	2026	$12,342,528	$ 11,108,275	$987,402	$246,851	-
2	Site-Prep Northwest (3.5 AC parcel)	2026	$30,684	-	$15,342	$15,342	-
3	Water Distribution System -Phase I	2026	$10,175,365	-	$5,087,682	$5,087,682	-
4	Wastewater Collection System - Phase I	2026	$1,891,772	-	$ 945,886	$945,886	-
5	Road from Sergeant Mills Blvd to Infield Area	2026	$15,384,941	-	$12,307,953	$3,076,988	-
6	Stormwater Improvements (PPR-14)	2028	$16,020,504	-	$12,816,403	$3,204,101	-
7	Site-Prep Northwest Infield - Phase I	2028	$ 115,018	-	$ 92,014	$23,004	-
8	Site-Prep (3.0 AC parcel)	2029	$35,520	-	$28,416	$7,104	-
9	Site-Prep (40,000 SF Hangar)	2029	$28,416	-	$22,733	$5,683	-
Total Short-Term			**$56,024,748**	**$ 11,108,275**	**$32,303,832**	**$12,612,641**	**-**

*5.0% inflation rate is used for short-term projects

Site-Prep	80% State - 20% Local
Stormwater	80% State - 20% Local
Airfield	90% Federal - 8% State 2% Local
Roads	80% State - 20% Local
Utilities	80% State - 20% Local

Funding Plan

Mid-Term

No.	Description	Year	Actual Cost (Inflation)	Federal	State	Local	Third-Party
10	Water Distribution System - Phase II	2030	$6,560,962		$ 3,280,481	$ 3,280,481	-
11	Wastewater Collection System - Phase II	2030	$6,081,621		$3,040,810	$3,040,810	-
12	Site-Prep MRO (62,500 SF) (PPR-18C)	2030	$964,901		$ 346,477	$ 86,619	$ 531,806
13	Site-Prep MRO (100,000 SF) (PPR-18B)	2030	$2,485,479		$ 919,959	$ 229,990	$1,335,531
14	Road Development East-West Infield Area	2030	$2,536,242		$2,028,993	$ 507,248	-
15	Site-Prep Industrial Development Infield (PPR-17)	2031	$4,047,724		$1,540,858	$ 385,215	$ 2,121,651
16	Road Development - South of Telcom Dr	2032	$9,182,614		$ 7,346,091	$1,836,523	-
17	Stormwater Improvements (PPR-21)	2032	$38,611,824		$ 30,889,460	$7,722,365	-
18	Site-Prep Industrial Development West Side A	2033	$26,228		$ 20,983	$ 5,246	-
19	Site-Prep Industrial Development West Side B	2033	$26,228		$ 20,983	$5,246	-
20	Site-Prep Industrial Development West Side C	2033	$26,228		$20,983	$ 5,246	-
20	Airport Maintenance & Fueling Facility (PPR-21B)	2034	$ 8,080,122		$6,464,097	$1,616,024	-
Total Mid-Term			**$ 78,630,174**		**$ 55,920,175**	**$ 18,721,012**	**$ 3,988,987**

*2.3% inflation rate is applied to escalate mid-term projects

Funding Plan

Long-Term

No.	Description	Year	Actual Cost (Inflation*)	Federal	State	Local	Third-Party
22	New Taxiway - Phase II	2035	$10,635,621	$ 9,572,059	$ 850,850	$ 212,712	
23	Site-prep Apron and hangars (22,500 SF) (PPR-18A)	2035	$8,100,730		$ 6,297,995	$ 1,574,499	$228,237
24	Stormwater Improvements (PPR-20)	2035	$15,072,770		$12,058,216	$ 3,014,554	
25	Water Distribution System - Phase III	2036	$2,704,481		$1,352,241	$ 1,352,241	
26	Wastewater Collection System - Phase III	2036	$3,507,600		$1,753,800	$ 1,753,800	
27	Road development south-north Infield Area	2037	$5,038,498		$4,030,798	$ 1,007,700	
28	Site-Prep Industrial Development Infield B	2038	$92,981		$74,385	$ 18,596	
29	AAM Facilities (PPR-88)	2039	$12,920,834		$ 8,901,447	$ 2,225,362	$1,794,026
30	Road development parallel to the new taxiway (PPR-21A)	2039	$7,450,581		$5,960,465	$ 1,490,116	
31	Site-Prep southeast apron and hangars (40,000 SF)	2039	$ 148,747		$118,997	$ 29,749	
32	Airport Service Road Extension	2040	$6,997,785		$5,598,228	$ 1,399,557	
33	Site-Prep southwest apron and hangars (40,000 SF)	2040	$128,141		$102,513	$ 25,628	
34	Site-Prep Southwest hangar (130,000 SF)	2041	$122,896		$98,317	$ 24,579	
35	Site-Prep Light industrial development West Side C	2042	$16,763		$13,410	$ 3,353	
36	Site-Prep for Light industrial development West Side D	2042	$16,763		$13,410	$ 3,353	
37	Site-Prep Industrial development Infield C	2043	$104,177		$83,342	$ 20,835	
38	Site-Prep for Light industrial development West Side F	2043	$17,149		$13,719	$ 3,430	
39	Site-Prep for Light industrial development West Side G	2043	$17,149		$13,719	$ 3,430	
40	Stormwater Improvements (PPR-13)	2044	$16,679,326		$13,343,461	$ 3,335,865	
41	Site-Prep Northwest - Phase II	2044	$263,144		$210,515	$ 52,629	
42	Site-Prep North-center	2044	$368,402		$294,721	$ 73,680	
43	Road Development to future T-hangar developments	2044	$7,150,878		$5,720,703	$ 1,430,176	
Total Long-Term			**$ 97,555,415**	**$ 9,572,059**	**$66,905,250**	**$ 19,055,843**	**$2,022,263**
TOTAL			**$232,210,337**	**$ 20,680,334**	**$155,129,257**	**$ 50,389,496**	**$6,011,250**

*2.3% inflation rate is applied to escalate long-term projects

Michael Baker INTERNATIONAL | *We Make a Difference*

Questions?

Philip Jufko
Director of Aviation Planning
Michael Baker International, Inc.
[O] 813-466-6021 | [M] 352-585-1510
pjufko@mbakerintl.com | www.mbakerintl.com

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Administration
Prepared By: Jessica Wright
Initiator: Jeffrey Rogers
DOC ID: 16187
Legal Request Number:
Bid/Contract Number:

TITLE

Presentation and Discussion Regarding Hernando County Public Safety Training Facility Phase 1 Objectives

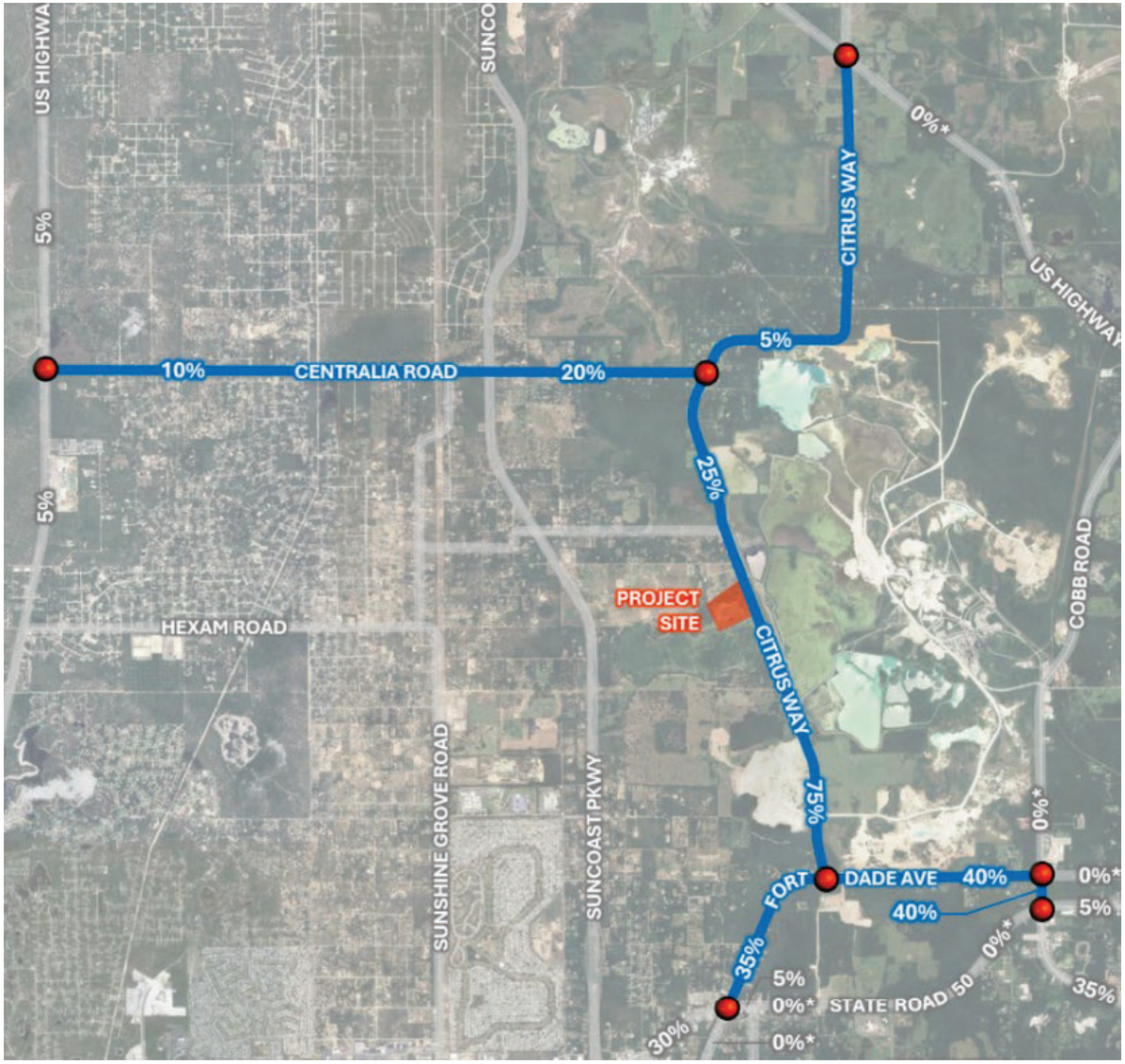
Public Safety Training Facility

August 12, 2025 BOCC Update and Discussion of Phase 1 Objectives

History

- Needs have been identified since before 2013
- Land donation
- RFQ
- Current master plan
  - Site investigations
  - Programming
  - infrastructure

Location Map



Illustrative Master Plan

06 MASTER PLAN : OPTION PROXIMITY

PUBLIC SAFETY TRAINING FACILITY
2025.06.16

1. EOC/911 Back-up Center
2. Observation Tower
3. Rifle Shooting Range
4. Shooting Range
5. Training Tower w/Tactical
6. Fueling Station
7. Pavilion w/Restrooms
8. Driving Pad
9. Driving Course
10. Helicopter Pad
11. Classroom/Admin Building
12. Tactical House
13. Search House
14. Pavilion/Pepper Spray Area
15. Armory
16. Trench
17. Confined Space
18. VMR Area
19. Hazmat
20. Vehicle Fire
21. Pump OPS
22. Parking
23. Fire Station
24. Vehicle Storage
25. K-9 & Mounted Building
26. K-9 Paddock
27. Mounted Patrol Barn
28. Mounted Patrol Paddock
29. Collapsed Building
30. Obstacle Track & Course
31. Boat Ramp
32. Airplane
33. Rail Tanker/Car
34. Rubble Pile
35. Fuel Spill Fire
36. Dumpster Prop
37. Pressure Vessel/Fuel Tanker
38. Gas Meter Prop
39. Helicopter Prop
40. Electric Vehicle Fire
41. Shop - Mechanic
42. Shop - Gun Repair
43. Warehouse

KMF ARCHITECTS

Environmental/Soils

- Sink hole and underground anomalies
  - Soil – Prescence of clay. Rec. over excavation & replace w engineered fill
  - Sink hole – Rec. pressure grouting & additional testing
- Utility services
- Traffic
  - Turn lanes into site and improvements at Citrus Way & Ft. Dade Ave intersection

Utilities

- COB right to serve
  - Ft. Dade
  - Swap agreement/Lykes cutoff
- Aquifer
  - Favorable quality and supply – possible to integrate with training structures
- Waste
  - Packaged septic
    - Central

Planned Facilities

- EOC/911 Back-up Center
- Observation Tower
- Rifle Shooting Range
- Shooting Range
- Training Tower w/Tactical
- Fueling Station
- Pavilion w/Restrooms
- Driving Pad
- Driving Course
- Helicopter Pad
- Classroom/Admin Building
- Tactical House
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- Pressure Vessel/Fuel Tanker
- Gas Meter Prop
- Helicopter Prop
- Electric Vehicle Fire
- Shop – Mechanic
- Shop – Gun Repair
- Warehouse

Land use/topography

The site's natural topography offers unique opportunities to enhance realism and efficiency within the training environment. Rather than leveling the land, the master plan strategically integrates the existing elevation changes into the training program.

- *Emergency Vehicle Operations Course (EVOC)* – uses sloped & hilly areas to add dimension and challenge to driving scenarios
- *Shooting Ranges* – Uses natural low point/valley for sound buffering & inherent containment
- *Fire Training Props* – (airplane, helicopter, trench, confined space) Designed to appear embedded into the terrain, simulating real-world emergency conditions
- *Obstacle Course* – To be integrated into natural tree coverage to the north for shade and difficulty
- *K-9 & Mounted Patrol Paddocks* – Maintain existing natural tree coverage for animal comfort

This approach not only makes use of the site's natural character but also reduces earthwork and grading costs.

Phase it, fund it, or forget it

- Infrastructure
- Other possible building sites
- Variances may be required
- Great opportunities exist to phase a build out of the campus for many years

04

SITE OPTION : PROXIMITY

PHASING

1. EOC/911 Back-up Center
2. Observation Tower
3. Rifle Shooting Range
4. Shooting Range
5. Training Tower w/Tactical
6. Fueling Station
7. Pavilion w/Restrooms
8. Driving Pad
9. Driving Course
10. Helicopter Pad
11. Classroom/Admin Building
12. Tactical House
13. Search House
14. Pavilion/Pepper Spray Area
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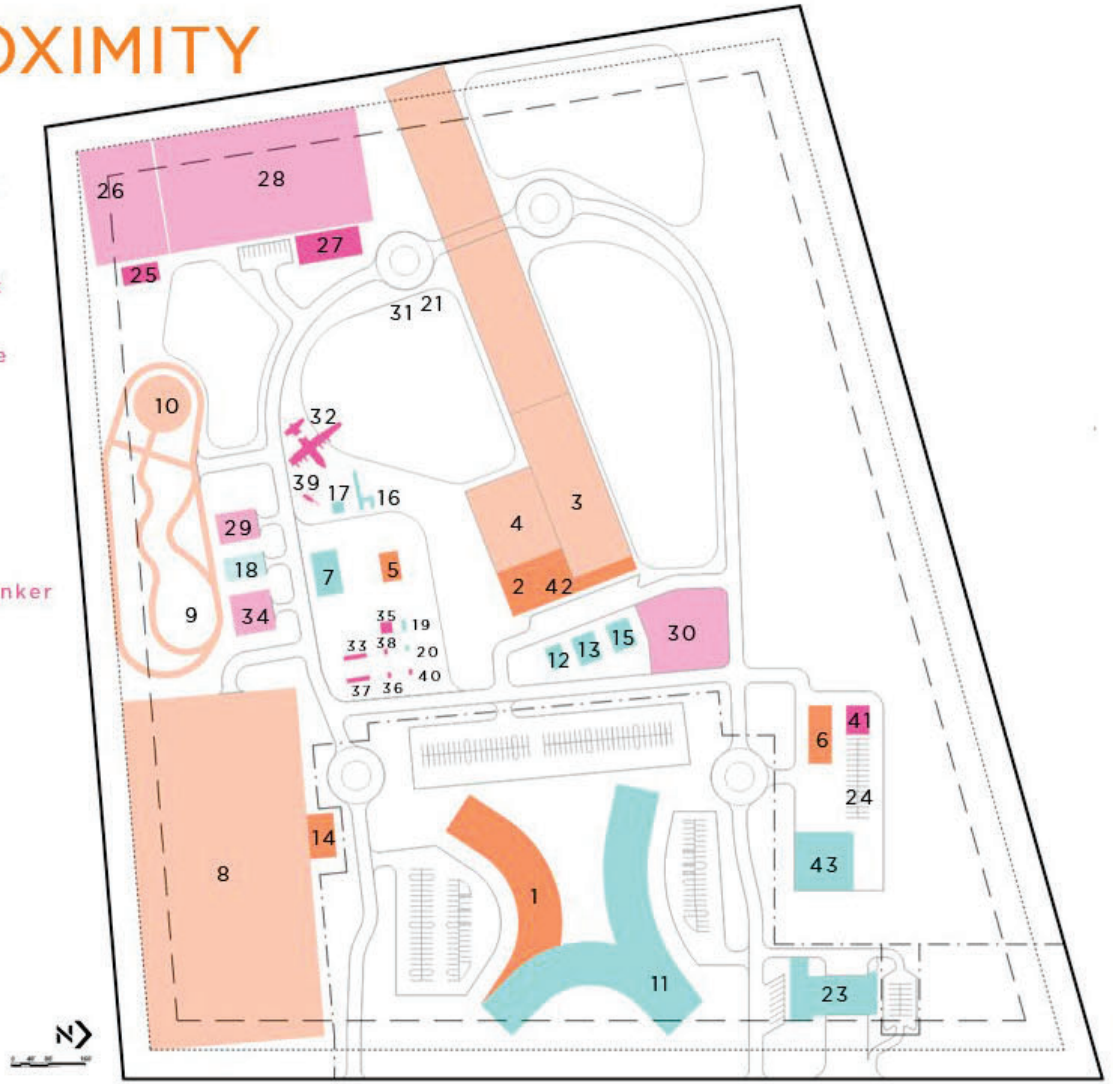
34. Rubble Pile
35. Fuel Spill Fire
36. Dumpster Prop
37. Pressure Vessel/Fuel Tanker
38. Gas Meter Prop
39. Helicopter Prop
40. Electric Vehicle Fire
41. Shop - Mechanic
42. Shop - Gun Repair
43. Warehouse

Phase 1

Phase 2

Phase Future



KMF ARCHITECTS

HERNANDO COUNTY FLORIDA

Phase 1

- Infrastructure
  - Power
  - Water-well
  - Waste-septic (central or zoned)
  - Roads-extent and level of finish
  - IT-dependent on extent of other building improvements
  - EOC
  - Drainage-full site considerations
  - Fencing-full site and security features
  - Shooting range(s)
  - Driving pad-future driving course
  - Burn tower
  - Other?

Phase 1

- Buildings
  - Burn tower
  - Restrooms
  - Shooting range building
  - EOC/IT

Procurement methodology

- D/B/B
- CMGC
- D/B
- Parcel out and or combine when necessary
  - Examples
    - Fencing
    - Site
    - Buildings

BOCC Thoughts and Direction

- BOCC phase 1 direction

2025 Revenue Bond

Proposed Projects

Public Safety

Project	Phase of Completion	Revenue Source for Repayment	Total Cost	County Portion	General Fund
Public Safety Training Complex - Phase 1	Design in progress	General Fund / EMS MSTU / Fire MSBU	$ 12,000,000	$ 12,000,000	$ 6,000,000
Emergency Operation Center / Backup 911 Center		General Fund	$ 20,000,000	$ 20,000,000	$ 20,000,000
Fire Station Atlanta and US 19	In process of Bidding	EMS MSTU / Fire MSBU	$ 6,000,000	$ 6,000,000	$ -
Animal Shelter Expansion	Design in progress	General Fund / Public Buildings Impact Fees	$ 4,500,000	$ 4,500,000	$ 4,500,000
		Recommended Total for Public Safety Projects	**$ 42,500,000**	**$ 42,500,000**	**$ 30,500,000**

General Government

			Total Cost	County Portion	General Fund
Jenkins Creek Pier & Bridge	Design Complete, BID out, came in over Budget	General Fund	$ 900,000	$ 900,000	$ 900,000
Anderson Snow side entrance and additional multipurpose fields	Design Complete	General Fund / Park Impact Fees	$ 950,000	$ 950,000	$ 950,000
Administration Office Space Needs expansion	Design in progress	General Fund / Public Buildings Impact Fees	$ 2,000,000	$ 2,000,000	$ 2,000,000
Facilities Building	Design in progress	General Fund / Public Buildings Impact Fees	$ 3,500,000	$ 3,500,000	$ 3,500,000
		Recommended Total for General Government	**$ 7,350,000**	**$ 7,350,000**	**$ 7,350,000**

Economic Development

			Total Cost	County Portion	General Fund
Design and Construction of Inactive Runway	Design not started	General Fund/Possible Grant Funding	17,000,000	17,000,000	17,000,000
Wastewater and Water Phase 1	Design not started	General Fund/Possible Grant Funding	$ 12,000,000	$ 12,000,000	12,000,000
		Recommended Total for Economic Development	**$29,000,000**	**$29,000,000**	**$29,000,000**

Combined Total		**$78,850,000**	**$78,850,000**	**$66,850,000**

Esitmated Debt Service	$3,342,500.00

Preparing Law Enforcement for the Future...

A Half Cent at a Time

Taser/Body-Worn Cameras from Axon

$7,232,400

Taser/BWC Cost Breakdown

Taser/BWC premium package costs is approximately $410.00 per user per month

Items need for the agency would be 294 Taser/BWC bundles at a cost of $7,232,400 for a 5 year contract

Items need for the agency would be 294 Taser/BWC bundles at a cost of $14,464,800 for a 10 year contract

Body cams would be issued to lieutenant and below on the law enforcement side

*Evidence.com increases in price by approximately 3% per year

Fleet 3 Bundle includes: 2 camera kit (front facing and prisoner), unlimited storage license, Fleet dashboard application for MDTS, Fleet 3 hub (server), Axon signal unit (light bar, speed, crash impact sensors for bluetooth camera activation), and install by the Axon team on-site at your location. $7,800 per unit (usually $9,200 but we will remove the router cost since you already have routers in the vehicles) or $1,560 per year. If you want to turn on the ALPR feature for your vehicles front facing cameras, it is $60 per vehicle per month.

Replacement Vehicles for Fleet

$15,470,120

YEAR	QTY	TOTAL COST
2025-2026	70	$3,495,500.00
2026-2027	70	$3,861,250.00
2027-2028	40	$2,157,180.00
2028-2029	47	$2,260,730.00
2029-2030	71	$3,695,460.00

Training Facility with Driving Pad & Shooting Range

$4,029,400

Shooting Ranges	$1,351,000
Driving Pad – Asphalt	$2,678,400

A dedicated training facility will allow deputies to refine their skills, improving response times, and ensuring proficiency in high-pressure situations.

The inclusion of a driving pad and shooting range will enhance training in defensive driving and firearms safety, fostering better preparedness for real-world scenarios.

FDLE
Florida Department of Law Enforcement

DRIVING RANGE FACILITY AND EQUIPMENT REQUIREMENTS

Incorporated by Reference in Rule 11B-21.005(4)(a), F.A.C.

CJSTC 202

TRAINING SCHOOL	**REVIEWER**	**DATE and TIME**

Location: _____

Rule 11B-21.005, F.A.C., requires that a Commission-certified training school, conducting CJSTC vehicle operations training for basic recruit or instructor students, shall comply with the following requirements:

1. _____ The driving range shall have a paved area at least a 300' x 600' in size that is located off public roadways or the training school shall have a Commission-approved exemption on file pursuant to Rule 11B-21.005, F.A.C.

2. _____ The driving range shall be equipped with at least 90 orange or yellow traffic cones no less than 12" in height; and at least eight orange or yellow traffic cones that are no less than 24" in height.

3. _____ The driving range shall be equipped with two fire extinguishers with a rating of 10 BC or equivalent.

4. _____ Driving ranges used for practical exercises shall be equipped with a first aid kit. The first aid kit shall be located at the facility when basic recruit students are actively engaged in practical exercises or CJSTC training is in session, and shall be immediately accessible to instructors and students.

   The first aid kit shall include at a minimum the following supplies:

   - Adhesive bandages, 1" or 2" (1 box)
   - Adhesive tape (1 roll)
   - Bandage compresses, 4" (1)
   - Biohazard bag (1)
   - Cold packs/plastic bags and ice (3-5)
   - CPR mask with one-way valve (1)
   - Emergency blanket (1)
   - Eye-dressing kit (1)
   - Flashlight (1)
   - Gauze bandage roll, any size (1)
   - Occlusive dressings (2)
   - Pressure bandages/dressings (2)
   - Protective gloves, varying sizes
   - Sterile eyewash
   - Tourniquets, commercial (2)
   - Trauma shears (1)
   - Triangular bandages (2)
   - Wound packing, rolled, or hemostatic gauze
   - Writing instrument (e.g., pen, marker)

5. _____ The driving range shall have accessible and immediately available telephone or radio communication.

6. _____ The driving range shall have accessible drinking water, restroom, and rain-resistant shelter for personnel engaged in driving training.

7. _____ The driving range shall be secured by barriers from through traffic while training is being conducted on the range. Warning signs shall be posted at all vehicle access points that clearly identify the area as a "vehicle operations training driving range" with access restricted to basic recruit trainees, criminal justice instructors, and personnel authorized by the training center director.

8. _____ For delivery of night driving exercises driving range equipment shall include:

   a. Reflective vests to be worn by all personnel and students; and
   b. At least one traffic wand for each instructor and other individuals designated to assist in the facilitation of night driving, for example: road guards and traffic control personnel who setup driving cones.

9. _____ The range and associated equipment shall be maintained in proper working order to ensure safety of the shooters and instructors. Indoor ranges shall comply with the manufacturer's specifications for operational safety.

10. _____ The range shall have accessible drinking water, a restroom, and a rain-resistant shelter for all personnel engaged in training on the range.

11. _____ The range shall have telephone or radio communication immediately available to instructors.

12. _____ Access to the range shall be restricted to criminal justice trainees, criminal justice instructors, Commission staff, and personnel authorized by the training center director when firearms training is being conducted. The range must have warning signs posted.

13. _____ All personnel shall wear ear and eye protection while a student is actively engaged in a shooting exercise.

In Compliance ☐ **Non-Compliance** ☐ **Corrected on Site by the Field Specialist** ☐

Rule Violation: _____, **F.A.C.**

Comments: _____

_____

_____

_____

_____

_____

_____

_____

_____ _____

Field Specialist's Signature **Date**

_____ _____

Training Center Director or Coordinator or Instructor Signature **Date**

FDLE
Florida Department of
Law Enforcement

FIRING RANGE FACILITY AND EQUIPMENT REQUIREMENTS

Incorporated by Reference in Rule 11B-21.005(6), F.A.C.

CJSTC 201

TRAINING SCHOOL	REVIEWER	DATE and TIME

Location: _____

Rule 11B-21.005, F.A.C., requires that a Commission-certified training school, conducting CJSTC firearms training for basic recruit or instructor students, shall comply with the following specifications:

1. _____ The range shall have a bullet impact backstop that will stop and render harmless, bullets fired into it from firearms from the firing positions at the firing line, without ricocheting projectiles or debris, or striking individuals at the firing line.

2. _____ The range shall have a minimum of five firing positions with one target for each firing position. Range targets shall be placed at least 24 inches from the scoring edge to the scoring edge facing the shooters.

3. _____ The range shall have an observation position for the range master for indoor and outdoor range facilities that allow simultaneous unrestricted view of all firing positions and all areas within the confines of the impact area.

4. _____ The range shall have warning signs posted at all access points to the firing range that clearly identify the areas as a criminal justice firing range.

5. _____ The range shall have an operational public address system that is capable of transmitting instructions to all areas of the range to allow shooters on the firing line or in the firing booth to hear commands while firing with ear protectors in place.

6. _____ The range cover used for firing shall be permanently affixed, or is a portable construction with a base affixed to the ground, or is securely braced to ensure the shooter's safety.

7. _____ The range shall provide adequate lighting out to 25 yards to allow shooters to clearly see the targets from all firing positions and to allow the range caller to clearly see all firing positions and targets.

8. _____ Firearm ranges used for practical exercises shall be equipped with a first aid kit. The first aid kit shall be located at the facility when basic recruit students are actively engaged in practical exercises or CJSTC training is in session and shall be immediately accessible to instructors and students.

The first aid kit shall include at a minimum the following supplies:

- Adhesive bandages, 1" or 2" (1 box)
- Adhesive tape (1 roll)
- Bandage compresses, 4" (1)
- Biohazard bag (1)
- Cold packs/plastic bags and ice (3-5)
- CPR mask with one-way valve (1)
- Emergency blanket (1)
- Eye-dressing kit (1)
- Flashlight (1)
- Gauze bandage roll, any size (1)
- Occlusive dressings (2)
- Pressure bandages/dressings (2)
- Protective gloves, varying sizes
- Sterile eyewash
- Tourniquets, commercial (2)
- Trauma shears (1)
- Triangular bandages (2)
- Wound packing, rolled, or hemostatic gauze
- Writing instrument (e.g., pen, marker)

9. _____ Each Commission-certified training school shall have available at least one automobile for vehicle operations training. Emergency lights and sirens that are external or internal are required for vehicles engaged in emergency training exercises in a Vehicle Operations Instructor Course. Instructor students are required to use lights and sirens when demonstrating proficiency on nighttime exercises.

In Compliance ☐ **Not In Compliance** ☐ **Corrected on site by the Field Specialist** ☐

Rule Violation: _____, **F.A.C.**

Comments: _____

_____

_____

_____

_____ _____

Field Specialist's Signature **Date**

_____ _____

Training Center Director or Coordinator or Instructor Signature **Date**

Mental Health Wing at the Detention Center

$38,800,000

Addressing mental health challenges in the detention system is critical for rehabilitation and public safety.

A dedicated mental health wing will provide appropriate care, reducing recidivism and alleviating strain on local healthcare systems.

Helicopter Acquisition – $3,660,836

The current military fleet of helicopters are aging, which makes parts more expensive and harder to find.

Aerial support is vital for search-and-rescue operations, tracking suspects, and responding to large scale emergencies. Two FLIR units will be purchased.

The addition of two helicopters will significantly enhance the HCSO's ability to protect the community efficiently and effectively.

AIR1 – 1972 OH-58 with 10,191 hours on the airframe

AIR2 – 1968 OH-58 with 12,995 hours on the airframe

Forensics Lab & Property Warehouse

$25,000,000

A state of the art forensics lab will improve investigative capabilities, allowing for faster and more accurate evidence processing.

A dedicated property/evidence warehouse will ensure proper storage and chain-of-custody management for collected evidence, strengthening case integrity and judicial outcomes.

Marine Unit Vessel Replacement & Upgrades

$370,000

These investments will ensure the Marine Unit remains equipped to handle water-based law enforcement operations, rescue, and patrols effectively.

Annual Jet Ski Replacement	$25,000/year for 5 years ($125,000 total)
Metal Shark Engine Repower	$60,000
Additional Metal Shark Vessel	$185,000

Item	Cost
Taser/Body Worn Cameras from Axon	$7,232,400
Replacement Vehicles for Fleet	$15,470,120
Training Facility with Driving Pad & Shooting Range	$4,029,400
Mental Health Wing at the Detention Center	$38,800,000
Helicopter Acquisition	$3,660,836
Forensics Lab & Property Warehouse	$25,000,000
Marine Unit Vessel Replacement & Upgrades	$370,000
Total Cost	**$94,562,756**

Board of County Commissioners

AGENDA ITEM

Meeting: 08/12/2025
Department: Administration
Prepared By: Colleen Conko
Initiator: Jeffrey Rogers
DOC ID: 16074
Legal Request Number:
Bid/Contract Number:

TITLE

Update Regarding Ongoing Board Directives

ONGOING BOCC DIRECTIVES

Priority	BOARD DATE	ONGOING ISSUES	RESPONSIBLE PARTY	ANTICIPATED COMPLETION DATE	COMMENTS
1	6/14/2022	South Brooksville Community Redevelopment Agency	Veda Ramirez	TBD	Finding of Necessity completed. Steering Committee for Community Redevelopment Area (CRA) established. CRA plan being created.
2	12/13/2022	Buffer Requirements	Omar DePablo	TBD	Staff to create Buffer Design Guidelines to be referenced in the code, including ensuring majestic trees are protected and buffer to be started early in construction. Consultant working on policy updates.
3	12/13/2022	Ordinance on Required Plantings	Omar DePablo	TBD	Staff to review the code, ensuring majestic trees are protected and enforcement when not. Hiring a Consultant to assist in updating language for BOCC review. Consultant is working on the policy updates.
4	6/22/2021	Tiny Homes / Accessorily Dwelling Unit / Secondary Buildings for Larger Lots	Omar DePablo	TBD	Workshop completed. Staff is updating the land development code for Tiny Homes Communities. Hiring a Consultant to assist in updating language for BOCC review. Consultant is working on policy updates.
5	12/13/2022	Subdivision Layouts	Omar DePablo	TBD	Staff to review the code to determine sufficient and combination of lots sizes, garages, and parking within subdivisions. Staff has begun to meet with developers as projects are submitted. Staff has begun to implement, through the Planned Development Project (PDP) process, subdivision standards in anticipation to Code Ordinance change.
6	8/23/2022	Homeless Resources and Projects	Veda Ramirez	Ongoing	Monthly meetings with community partners to address homeless needs, training, funding, initiatives ongoing. Updated Resource Card. Tenant-Based Rental assistance for Homeless.
7	12/13/2022	Architectural Design Requirements	Omar DePablo	TBD	Staff to review the code, to determine architectural standards as it relates to commercial developments, if necessary. Staff has begun to implement through the PDP process. Consultant drafting language
8	8/23/2022	Twin Lakes Historic Designation	Veda Ramirez	TBD	Direction signs completed for Twin Lake Cemetery and area. Twin Lake historic designation to be addressed in the Comprehensive Plan during the Planning Evaluation and Appraisal report. Community advocate not seeking Historic Marker from the State at this time due to cost. Informing contact of possible funding opportunity.

9	6/23/2020	Addition of Statue Memorializing Local African American Significance	Jeff Rogers	TBD	The Community has formed a committee, awaiting decision from the Community on the addition of a statue.
10	12/17/2024	Sidewalk Policy	Scott Herring	TBD	Review of Policy to consider removal of requiring sidewalk on FDOT Roads, and not requiring sidewalks to be built in Rural areas of the County.
11	5/27/2025	Ridge Manor	Scott Herring	TBD	Right of Entry in property for Dam. Review of properties for purchase to provide flood relief. Meeting with Southwest Florida Water Management District (SWFWMD) scheduled to include public works, and planning to discuss potential options
12	5/13/2025	Chicken Ordinance	Omar DePablo	TBD	Bring policy back to BOCC to allow chickens based on amount of residential land.