

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 12, 2025

NEW ISSUE – BOOK ENTRY ONLY

RATINGS

Moody's: Aa2

Standard & Poor's: AA

See "MISCELLANEOUS -- Ratings" herein

In the opinion of Bond Counsel, based upon existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and the continued compliance with certain covenants, interest on the Series 2025 Certificates is excluded from gross income for federal income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax. In the opinion of Bond Counsel, interest on the Series 2025 Certificates is exempt from present State of Georgia income taxation. For a more complete discussion of the tax status of the Series 2025 Certificates and certain other tax consequences relating to ownership of the Series 2025 Certificates, see "TAX EXEMPTION" herein.

\$175,720,000\*

THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY (GEORGIA)

Revenue Anticipation Certificates

(Tanner Medical Center, Inc. Project), Series 2025



Dated: Date of Delivery

Due: July 1 of the years shown on the inside cover.

The Carroll City-County Hospital Authority (the "Authority") is issuing its Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2025 (the "Series 2025 Certificates"). The Series 2025 Certificates will be issued under and secured by a Trust Indenture, dated as of April 1, 2025 (the "Certificate Indenture"), by and between the Authority and Regions Bank, Atlanta, Georgia, as trustee for the Series 2025 Certificates (the "Certificate Trustee").

The Series 2025 Certificates are payable solely from the trust estate described herein, including revenues derived by the Authority under a Loan Agreement, dated as of April 1, 2025 (the "Agreement"), between Tanner Medical Center, Inc., a Georgia nonprofit corporation (the "Institution") and the Authority. The Institution's obligation to repay the loan made by the Authority will be evidenced by a 2025-1 Master Indenture Obligation (the "2025-1 Master Indenture Obligation"), delivered by the Institution to the Certificate Trustee. The 2025-1 Master Indenture Obligation is being originally issued under and secured by a Master Trust Indenture, dated as of December 1, 1998 (as supplemented, the "Original 1998 Master Indenture"), between the Institution and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), as supplemented by various supplemental master trust indentures, including the Twelfth Supplemental Master Indenture, dated the date of issuance of the Series 2025 Certificates (the "Supplemental Master Indenture"), between the Institution and the Master Trustee.

As described herein, the Original 1998 Master Indenture is being amended and restated in its entirety by the Amended and Restated Master Trust Indenture, dated the date of the issuance of the Series 2025 Certificates (the "Amended and Restated Master Indenture"), by and between the Institution and the Master Trustee. By their purchase of the Series 2025 Certificates on the date of issuance, the purchasers and the Beneficial Owners (as defined herein), on behalf of themselves and all subsequent holders of the Series 2025 Certificates irrevocably consent, and shall be deemed to have irrevocably consented, to the amendment and restatement of the Original 1998 Master Indenture by the Amended and Restated Master Indenture. See "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE" in APPENDIX F.

As additional security for the Series 2025 Certificates, the Series 2025 Certificates are payable from and secured by payments to be made pursuant to a Contract, dated February 4, 2025 (the "Original Contract"), as supplemented by the First Supplement to Contract, dated February 27, 2025 (the "First Supplemental Contract" and the Original Contract, as supplemented, the "Contract"), each between the Authority and Carroll County, Georgia (the "County"). Pursuant to the Contract, the County is obligated to make payments, if necessary, in amounts sufficient to enable the Authority to provide for the payment of principal of and interest on the Series 2025 Certificates as the same become due and payable at maturity or by proceedings for mandatory redemption. The County has similar obligations with respect to various series of the Authority's outstanding revenue anticipation certificates (the "Prior Certificates") as described herein. In order to assure such payments as to the Prior Certificates and the Series 2025 Certificates, the County has agreed to levy annually an ad valorem tax, within the seven-mill limitation specified in the Georgia Hospital Authorities Law, all as described more fully herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 CERTIFICATES" herein.

The Series 2025 Certificates are being issued for the purpose of (i) financing, or reimbursing the Institution for, in whole or in part, the cost of the acquisition, construction, installation and equipping of certain healthcare facilities, equipment and improvements owned or operated by the Authority or the Institution or one of its affiliates, located in Carroll County, Georgia in the City of Carrollton, Georgia, known as "Tanner Medical Center-Carrollton" and in the City of Villa Rica, Georgia, known as "Tanner Medical Center-Villa Rica" (together with the Tanner Medical Center-Carrollton, the "Carroll Medical Centers") (collectively, the "Project"); (b) refunding all or a portion of the outstanding The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2015 (the "[Refunded] Series 2015 Certificates") that were issued to finance or refinance certain healthcare facilities, equipment and improvements owned or operated by the Authority or the Institution or one of its affiliates at the Carroll Medical Centers; and (c) paying all or a portion of the costs of issuance of the Series 2025 Certificates. See "APPLICATION OF FUNDS" herein.

The Series 2025 Certificates are not a debt, liability or general obligation of the State of Georgia or of any political subdivision thereof, including the County, and neither the faith and credit nor the taxing power of the State of Georgia or any political subdivision thereof is pledged to the payment of the principal of, redemption premium (if any) or interest on the Series 2025 Certificates. The Series 2025 Certificates are not a general obligation of the Authority but are limited obligations of the Authority payable solely from the Trust Estate described herein, including payments made under the Contract. The Authority has no taxing power.

The Series 2025 Certificates will only be issued in book-entry form registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"). Payment of the principal of, premium (if any), and interest on the Series 2025 Certificates will be made by the Certificate Trustee directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2025 Certificates, to be subsequently disbursed to DTC Participants and thereafter to beneficial owners of the Series 2025 Certificates, all as further described herein. See "DESCRIPTION OF THE SERIES 2025 CERTIFICATES -- Book-Entry System of Registration" herein.

The Series 2025 Certificates will be issued as fully registered certificates in the denomination of \$5,000 or any integral multiple thereof. Interest on the Series 2025 Certificates will be payable semiannually on each January 1 and July 1, commencing July 1, 2025. See "DESCRIPTION OF THE SERIES 2025 CERTIFICATES -- Denomination; Time and Place of Payment" herein.

The Series 2025 Certificates are subject to optional, mandatory and extraordinary redemption prior to their respective maturities as described herein. See "DESCRIPTION OF THE SERIES 2025 CERTIFICATES -- Redemption Provisions" herein.

The Series 2025 Certificates are offered when, as and if issued and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and to approval of the legality of the Series 2025 Certificates and certain other matters by Murray Barnes Finister LLP, Atlanta, Georgia, Bond Counsel, approval of certain matters for the Authority, the County and the Institution by their counsel, Tisinger Vance, P.C., Carrollton, Georgia, and approval of certain matters for the Underwriter by its counsel, Gray Pannell & Woodward LLP, Athens, Georgia. The Series 2025 Certificates are expected to be available for delivery at The Depository Trust Company in New York, New York on or about April 3, 2025.

RAYMOND JAMES®

Dated: February \_\_, 2025

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. The Series 2025 Certificates may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Certificates in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS\*

<u>Maturity (July 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>
2026	\$3,760,000			
2027	3,945,000			
2028	4,150,000			
2029	4,355,000			
2030	4,595,000			
2031	4,830,000			
2032	5,050,000			
2033	5,310,000			
2034	5,595,000			
2035	5,875,000			
2036	6,180,000			
2037	6,485,000			
2038	6,815,000			
2039	7,160,000			
2040	7,525,000			
2041	7,905,000			
2042	4,545,000			
2043	4,775,000			
2044	5,010,000			
2045	5,220,000			
\$29,615,000*	_____	% Term Bond due July 1, 2050,	Yield _____	%, CUSIP: _____ <sup>(1)</sup>
\$37,020,000*	_____	% Term Bond due July 1, 2055,	Yield _____	%, CUSIP: _____ <sup>(1)</sup>

<sup>(1)</sup> CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Obligated Group, the County, the Underwriter, Bond Counsel, or Underwriter’s Counsel and are included solely for the convenience of the registered owners of the applicable Series 2025 Certificates. None of the aforementioned participants in the financing or the Underwriter are responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the applicable Series 2025 Certificates or as included herein, or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025 Certificates as a result of various subsequent actions, including but not limited to a refunding in whole or in part, that are applicable to all or a portion of certain maturities of the Series 2025 Certificates.

\* Preliminary, subject to change.

No dealer, broker or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Series 2025 Certificates offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Series 2025 Certificates in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Information contained herein has been obtained from representatives of the Institution, the County, public documents, records and other sources believed to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information. Neither the delivery of this Official Statement nor the sale of any of the Series 2025 Certificates implies that the information herein is correct as of any time subsequent to the date hereof. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not representations of fact.

No registration statement relating to the Series 2025 Certificates has been filed with the Securities and Exchange Commission (the "SEC") or with any state securities agency. The Series 2025 Certificates have not been approved or disapproved by the SEC or any state securities agency, nor has the SEC or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense. Pursuant to the provisions of Rule 15c2-12 of the Securities and Exchange Commission, the Authority, the Institution, and the County have "deemed final" the Preliminary Official Statement in connection with the offer and sale of the Series 2025 certificates.

THE UNDERWRITER INTENDS TO OFFER THE SERIES 2025 CERTIFICATES TO THE PUBLIC INITIALLY AT THE OFFERING PRICES SET FORTH ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, WHICH MAY SUBSEQUENTLY CHANGE WITHOUT ANY REQUIREMENT OF PRIOR NOTICE. THE UNDERWRITER RESERVES THE RIGHT TO JOIN WITH DEALERS AND OTHER UNDERWRITERS IN OFFERING THE SERIES 2025 CERTIFICATES TO THE PUBLIC. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2025 CERTIFICATES TO CERTAIN DEALERS (INCLUDING DEALERS DEPOSITING THE SERIES 2025 CERTIFICATES INTO INVESTMENT TRUSTS) AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2025 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

[THIS PAGE INTENTIONALLY LEFT BLANK]

## TABLE OF CONTENTS

INTRODUCTION .....	1
Purpose of this Official Statement.....	1
The Institution .....	2
Purpose of the Series 2025 Certificates.....	2
Source of Payment and Security for the Series 2025 Certificates .....	2
Certificateholders' Risks .....	4
Tax Exemption .....	4
Book-Entry Only .....	4
Continuing Disclosure.....	4
DESCRIPTION OF THE SERIES 2025 CERTIFICATES.....	6
General .....	6
Denomination; Time and Place of Payment.....	6
Redemption Provisions .....	6
Registration of Transfer and Exchange .....	8
Book-Entry System of Registration.....	8
SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 CERTIFICATES .....	10
General .....	10
Limited Obligations.....	11
The Certificate Indenture and the Agreement .....	11
The Contract.....	14
THE LEASES.....	15
THE AUTHORITY .....	16
General .....	16
Governing Body .....	16
APPLICATION OF FUNDS .....	17
Estimated Sources and Uses of Funds.....	17
The 2025 Project .....	17
ANNUAL DEBT SERVICE SCHEDULE.....	19
HISTORICAL DEBT SERVICE COVERAGE.....	20
HISTORICAL PRO-FORMA DEBT SERVICE COVERAGE.....	21
TAX REVENUES CURRENTLY AVAILABLE FOR DEBT SERVICE FROM A MAXIMUM SEVEN MILL LEVY.....	21
CERTIFICATEHOLDERS' RISKS.....	22
General .....	22
Proposed Changes to Tax Treatment of Tax-Exempt Certificates .....	22
Termination of the Leases .....	23
Impact of COVID-19 Pandemic.....	23
Nonprofit Health Care Environment .....	24
Federal Laws Affecting Health Care Facilities .....	27
Government Regulation of Hospitals .....	35
State Regulation .....	42

Negative Rankings Based on Clinic Outcomes, Cost, Quality, Patient Satisfaction and Other Performance Measures .....	43
Future Legislation .....	43
State Budgets.....	43
Managed Care and Third-Party Payors .....	44
Physician Relationships.....	44
Other Health Care Professionals and Employees .....	46
Professional Liability Claims and General Liability Insurance.....	47
Accreditations.....	47
Antitrust.....	47
Environmental Laws and Regulations.....	48
Security and Enforceability .....	49
Limitation on Nonprofit Corporations in Georgia.....	51
Market for Certificates .....	52
Impact of Economic Recession and Disruption of Credit Markets .....	52
Tax Exempt Status; Continuing Legal Requirements .....	52
Bond Ratings.....	54
Climate Change .....	54
Cyber-Security .....	55
Additional Risk Factors.....	55
<b>LEGAL MATTERS .....</b>	<b>56</b>
Litigation.....	56
Validation.....	56
Approving Opinions.....	56
<b>TAX EXEMPTION.....</b>	<b>56</b>
<b>CERTAIN TRANSACTIONS AND RELATIONSHIPS .....</b>	<b>57</b>
<b>MISCELLANEOUS.....</b>	<b>58</b>
Underwriting .....	58
Ratings.....	58
Independent Auditors .....	58
<b>CERTIFICATION.....</b>	<b>59</b>

Appendix A	-	Certain Information Concerning the Institution
Appendix B	-	Certain Information Concerning Carroll County
Appendix C	-	Financial Statements of Tanner Medical Center, Inc.
Appendix D	-	Financial Statements of Carroll County, Georgia
Appendix E	-	Forms of Certificate Indenture, Contract and Agreement
Appendix F	-	Form of Amended and Restated Master Indenture
Appendix G	-	Form of Opinion of Bond Counsel
Appendix H	-	Form of Continuing Disclosure Agreement

## OFFICIAL STATEMENT

### THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY (GEORGIA)

**\$175,720,000\***  
**Revenue Anticipation Certificates**  
**(Tanner Medical Center, Inc. Project),**  
**Series 2025**

### INTRODUCTION

The following introductory statement is subject in all respects to the more complete information set forth in this Official Statement. The descriptions and summaries of various documents in this Official Statement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each document. See **Appendix E** for forms of the Certificate Indenture, the Contract and the Agreement. See **Appendix F** for a copy the Amended and Restated Master Indenture. Capitalized terms used but not defined in the forepart of this Official Statement are defined in **Appendices E and F**.

*This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices, and the documents summarized or described herein. Investors should fully review the entire Official Statement. The offering of the Series 2025 Certificates to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or otherwise to use it without the entire Official Statement, including the Appendices hereto.*

#### **Purpose of this Official Statement**

This Official Statement, including the cover page and Appendices, is provided to furnish prospective investors with information concerning the offering of \$175,720,000\* in aggregate principal amount of The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2025 (the “Series 2025 Certificates”). The Series 2025 Certificates will be issued for the benefit of Tanner Medical Center, Inc. (the “Institution”) and its affiliates. The Series 2025 Certificates are being issued under and secured by a Trust Indenture, dated as of April 1, 2025 (the “Certificate Indenture”), between the Authority and Regions Bank, Atlanta, Georgia, as trustee (the “Certificate Trustee”).

#### **The Authority**

The Series 2025 Certificates are being issued by The Carroll City-County Hospital Authority (the “Authority”), a public body corporate and politic organized under and existing pursuant to the provisions of the Hospital Authorities Law of the State of Georgia (O.C.G.A. Section 31-7-70 *et seq.*, as amended (the “Georgia Hospital Authorities Law”)) and by joint resolutions of the Board of Commissioners of Carroll County and the Mayor and Council of the City of Carrollton adopted on November 11, 1946.

In accordance with the Georgia Hospital Authorities Law and by the resolutions adopted by the Authority on January 23, 2025 and on or about February 27, 2025, the Authority is authorized and empowered to issue the Series 2025 Certificates, to loan the proceeds thereof to the Institution and to secure the Series 2025 Certificates, by a pledge of the amounts payable by the Institution under the Loan Agreement, dated as of April 1, 2025 (the “Agreement”), by and between the Institution and the Authority, relating to the Series 2025 Certificates and by a pledge of the amounts payable by the Institution under the 2025-1 Master Indenture Obligation.

---

\* Throughout this Preliminary Official Statement an asterisk indicates that the information is preliminary and subject to change.

## **The Institution**

Tanner Health, Inc., formerly Tanner Health Services, Inc. (“Tanner Health”), a not-for-profit corporation, serves as the parent company of Tanner Medical Center, Inc. (the “Institution”), a not-for-profit corporation that operates the health facilities and provides health services.

The Authority owns a general medical and surgical hospital in the City of Carrollton, Georgia known as “Tanner Medical Center – Carrollton” and its related facilities, which are located in the County (the “Carrollton Facility”). The Authority leases the Carrollton Facility to the Institution pursuant to a Lease Agreement, dated as of July 1, 1988, as amended by Amendment to the Lease Agreement, dated as of April 16, 2004, as further amended by Second Amendment to Lease Agreement, dated as of February 20, 2008, as further amended by Amendment to the Lease Agreement, dated as of May 1, 2008, as further amended by Amendment to the Lease Agreement, dated as of December 6, 2011, as further amended by Amendment to the Lease Agreement, dated as of May 11, 2015, and as further amended by Amendment to the Lease Agreement, dated as of March 9, 2020 (collectively, the “Carroll Lease”), all between the Authority and the Institution. The term of the Carroll Lease expires on December 31, 2060.

The Institution owns and operates a general medical and surgical hospital in the City of Villa Rica, Georgia known as “Tanner Medical Center – Villa Rica” and its related facilities, including “Willowbrooke at Tanner” and all real and personal property, tangible and intangible (the “Villa Rica Facility” and, together with the Carrollton Facility, the “Carroll Medical Centers”).

Commencing December 1, 2000, the Institution entered into a Lease and Transfer Agreement (the “Bremen Lease” and, together with the Carroll Lease, the “Leases”) with The Hospital Authority of the City of Bremen and County of Haralson (the “Bremen/Haralson Authority”), pursuant to which the Institution leased Higgins General Hospital and related facilities located in the City of Bremen, Haralson County, Georgia (the “Bremen Facility” and, together with the Carroll Medical Centers, the “Facilities”). The term of the Bremen Lease expires in November, 2040.

The Series 2025 Certificates will only be used to finance or refinance the Carroll Medical Centers. The Series 2025 Certificates will not be used to finance or refinance the Bremen Facility.

## **Purpose of the Series 2025 Certificates**

Under the terms of the Agreement, the Authority has agreed to loan the proceeds of the sale of the Series 2025 Certificates to the Institution for the purpose of (a) financing, or reimbursing the Institution for, in whole or in part, the cost of the acquisition, construction, installation and equipping of certain healthcare facilities, equipment and improvements at the Carroll Medical Centers (collectively, the “Project”); (b) refunding all or a portion of the outstanding The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2015 (the “[Refunded] Series 2015 Certificates”) that were issued to finance or refinance certain healthcare facilities, equipment and improvements owned or operated by the Authority or the Institution or one of its affiliates at the Carroll Medical Centers; and (c) paying all or a portion of the costs of issuance of the Series 2025 Certificates. See “**APPLICATION OF FUNDS.**”

## **Source of Payment and Security for the Series 2025 Certificates**

The Series 2025 Certificates are not general obligations of the Authority and are not backed by its general credit.

### *The 2025-1 Master Indenture Obligation*

Pursuant to the Agreement, the Institution is required to make payments to the Certificate Trustee at such times and sufficient in amount to pay the principal of, redemption price, redemption premium, if any, and interest on the Series 2025 Certificates. Such obligations of the Institution under the Agreement will be evidenced and secured by a 2025-1 Master Indenture Obligation dated the date of issuance (the “*2025-1 Master Indenture Obligation*”). The 2025-1 Master Indenture Obligation will be initially issued pursuant to the Master Trust Indenture dated as of December 1, 1998 (the “*Original 1998 Master Indenture*”), between the Institution and The Bank of New York Mellon



Trust Company, N.A., as master trustee (the “Master Trustee”). The Obligated Group Members (as defined below) jointly and severally are obligated to make payments on the 2025-1 Master Indenture Obligation in amounts sufficient to pay principal of, redemption price, premium, if any and interest on the Series 2025 Certificates when due.

The 2025-1 Master Indenture Obligation will be initially issued pursuant to the Original 1998 Master Indenture and Twelfth Supplemental Master Trust Indenture, dated as of the date of issuance of the Series 2025 Certificates (the “*Supplemental Master Indenture*”), between the Institution and the Master Trustee. See “**SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 CERTIFICATES.**”

Immediately after the issuance of the Series 2025 Certificates, upon the receipt of the requisite consent required by the Original 1998 Master Indenture and the consummation of the loan incurred under the Agreement, the Original 1998 Master Indenture will be amended and restated by the Amended and Restated Master Trust Indenture, dated as of the date of issuance of the Series 2025 Certificates (as may be further amended and supplemented from time to time, the “Amended and Restated Master Indenture”), between the Institution and the Master Trustee, which such Amended and Restated Master Indenture will be effective, following the issuance of the Series 2025 Certificates, on the date of issuance of the Series 2025 Certificates (the “Date of Issue”).

**By their purchase of the Series 2025 Certificates on the date of issuance, the purchasers and the Beneficial Owners (as defined herein), on behalf of themselves and all subsequent holders of the Series 2025 Certificates irrevocably consent, and shall be deemed to have irrevocably consented, to the amendment, restatement and replacement of the Original 1998 Master Indenture by the Amended and Restated Master Indenture, and irrevocably direct, and shall be deemed to have irrevocably directed, the Certificate Trustee, as Holder of the 2025-1 Master Indenture Obligation, to consent to the amendment, restatement and replacement of the Original 1998 Master Indenture with the Amended and Restated Master Indenture. See “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE” in APPENDIX F.**

On the Date of Issue, the following Obligations (as defined under the Original 1998 Master Indenture) are currently outstanding under the Original 1998 Master Indenture (collectively, the “Prior Outstanding Master Indenture Obligations”): [(i) the Series 2015-1 Master Note (the “Series 2015-1 Master Note”) in the outstanding aggregate principal amount of \$[\_\_\_\_\_] \* securing payments to be made on the outstanding Series 2015 Certificates]; (i) the Series 2016-1 Master Note in the outstanding aggregate principal amount of \$20,525,000 securing payments to be made on The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2016A (the “Series 2016A Certificates”); (ii) the Series 2016-2 Master Note in the outstanding aggregate principal amount of \$31,150,000 securing payments to be made on The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2016B (the “Series 2016B Certificates”); and (iii) the Series 2020-1 Master Note in the outstanding aggregate principal amount of \$37,185,000 securing payments to be made on The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2020 (the “Series 2020 Certificates” and, together with the [Series 2015 Certificates], the Series 2016A Certificates, and the Series 2016B Certificates, the “Prior Certificates”).

The aggregate principal amount of the 2025-1 Master Indenture Obligations is \$\_\_\_\_\_ \* which constitutes more than a majority of the aggregate principal amount of “Obligations” Outstanding under the Original 1998 Master Indenture, and accordingly the amendment, restatement and replacement of the Original 1998 Master Indenture with the Amended and Restated Master Indenture shall be effective following the issuance of the Series 2025 Certificates, on the Date of Issue.

The Institution is currently the only member of the obligated group created under the Original 1998 Master Indenture, and currently there are no other members that will be admitted to the obligated group on the Date of Issuance. Accordingly, the Institution is referred to herein as the “*Obligated Group Member*,” the “*Member*” or the “*Obligated Group*.” The Amended and Restated Master Indenture creates a Credit Group consisting of Obligated Group Members and Designated Affiliates. The Institution will be the only Obligated Group Member under the Amended and Restated Master Indenture, and there will be no Designated Affiliates. The Institution serves as Obligated Group Agent under the Original 1998 Master Indenture and will serve as Credit Group Representative under the Amended and Restated Master Indenture.

The 2025-1 Master Indenture Obligations, the Prior Outstanding Master Indenture Obligations and any other Master Indenture Obligations hereafter issued by the Obligated Group Members are collectively referred to herein as the “*Master Indenture Obligations*.” Under the Amended and Restated Master Indenture, all Master Indenture Obligations, including the 2025-1 Master Indenture Obligations, are secured by a security interest in the Gross Receivables of the Obligated Group Members. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 CERTIFICATES**” and “**CERTIFICATEHOLDERS’ RISKS**.”

### *The Contract*

In addition, the Series 2025 Certificates are payable from and secured by payments to be made pursuant to a Contract, dated February 4, 2025 (the “Original Contract”), as supplemented by the First Supplement to Contract, dated February 27, 2025 (the “First Supplemental Contract” and the Original Contract, as supplemented, the “Contract”), each between the Authority and Carroll County, Georgia (the “County”). Pursuant to the Contract and in consideration of the Authority’s agreement to provide, or to cause to be provided, certain indigent care facilities and services, the County is obligated to make payments, if necessary, in amounts sufficient to enable the Authority to provide for the payment of principal of and interest on the Series 2025 Certificates and certain other obligations described below as the same become due and payable at maturity or by proceedings for mandatory redemption.

The County has similar obligations with respect to the Prior Certificates. The County has agreed to levy annually an ad valorem tax within the seven mill limitation specified in the Georgia Hospital Authorities Law in order to make the payments required to be made under the Contract and under the similar agreements relating to the Prior Certificates. A seven mill ad valorem property tax would produce approximately \$35,348,000 using the County’s 2024 net maintenance and operation tax digest. The maximum annual debt service on the Prior Certificates and the Series 2025 Certificates (assuming the retirement of the Refunded Series 2015 Certificates (as defined below)) is \$28,972,787\*. See “**SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 CERTIFICATES**.”

### **Certificateholders’ Risks**

Certain risks are inherent in the purchase of the Series 2025 Certificates. See the information herein under the captions “**CERTIFICATEHOLDERS’ RISKS**” for a discussion of certain of these risks.

### **Tax Exemption**

In the opinion of Bond Counsel, based upon existing laws, regulations, rulings, and judicial decisions, and assuming, among other things, the accuracy of certain representations and the continued compliance with certain covenants, interest on the Series 2025 Certificates is excluded from gross income for federal income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax. In the opinion of Bond Counsel, interest on the Series 2025 Certificates is exempt from present State of Georgia income taxation. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025 Certificates. See **Appendix G** herein for the form of opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2025 Certificates. For a more complete discussion of the tax status of the Series 2025 Certificates and certain other tax consequences relating to the ownership of the Series 2025 Certificates, see “**TAX EXEMPTION**” herein.

### **Book-Entry Only**

The Series 2025 Certificates, when issued, will be payable solely in book-entry form through The Depository Trust Company. See “**DESCRIPTION OF THE SERIES 2025 CERTIFICATES – Registration of Transfer and Exchange**” herein.

### **Continuing Disclosure**

No financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2025 Certificates, and the Authority will not provide any such information.

The Institution and the County have covenanted for the benefit of the owners of the Series 2025 Certificates in a Continuing Disclosure Agreement (the “Disclosure Agreement”) to provide (a) certain financial information and operating data relating to the Institution and the County (the “Operating and Financial Data”) annually and (b) notices of the occurrence of certain enumerated events (the “Events Notices”). The Operating and Financial Data and the Events Notices will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB (which, as of the date hereof, is the Electronic Municipal Market Access (“EMMA”) system of the MSRB). The Institution’s and the County’s undertaking to provide Operating and Financial Data and Events Notices pursuant to the Disclosure Agreement is described in **Appendix H**. The covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”).

The Institution and the County have entered into previous continuing disclosure agreements with respect to the Rule (the “Prior Undertakings”). There have been occurrences over the last five years during which the Institution and the County have failed to timely comply with its obligations under the Prior Undertakings, as follows:

(1) The Institution filed its audited financial statements for fiscal year 2020 on March 5, 2021 (68 days late for the Prior Undertakings relating to the Series 2015 Certificates, the Series 2016A Certificates and the Series 2016 B Certificates) due to COVID-19. A failure to file notice was posted on or prior to the due date of December 27, 2020.

The Institution and the County have put in place additional written procedures to ensure that its annual reports will be submitted on a timely basis to EMMA in the future.

[Remainder of Page Intentionally Left Blank.]

## DESCRIPTION OF THE SERIES 2025 CERTIFICATES

The following is a summary of certain provisions applicable to the Series 2025 Certificates. Terms not otherwise defined in the following summary have the meanings assigned thereto in APPENDIX E hereto. DTC will act as the initial securities depository for the Series 2025 Certificates. Ownership interests in the Series 2025 Certificates may be purchased in book-entry form only. So long as DTC acts as securities depository for the Series 2025 Certificates, all references herein to “*Bondholder*” or “*Bondholders*” and to “*owners*” and “*holders*” of the Series 2025 Certificates shall be deemed to refer to Cede & Co., as nominee for DTC, and not to DTC Participants, Indirect Participants or Beneficial Owners.

### General

The Series 2025 Certificates are being issued in the aggregate principal amount and will mature as shown on the inside cover page of this Official Statement. Each Series 2025 Certificate will bear interest (based upon a 360-day year comprised of twelve 30-day months) payable semiannually on January 1 and July 1 of each year, commencing July 1, 2025 (each such date, an “Interest Payment Date”), at the respective annual interest rates set forth on the inside cover page of this Official Statement, from the Interest Payment Date next preceding the date of authentication of such Series 2025 Certificate to which interest on such Series 2025 Certificate has been paid, unless the date of such Series 2025 Certificate is a date to which interest has been paid, in which case from the date of authentication of such Series 2025 Certificate, or unless no interest has been paid on such Series 2025 Certificate, in which case from the date of delivery, or unless such authentication date shall be after a Record Date (as defined below) and prior to the next succeeding Interest Payment Date in which case interest shall be paid from the next succeeding Interest Payment Date. Subject to the redemption provisions set forth below, the Series 2025 Certificates will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement.

### Denomination; Time and Place of Payment

The Series 2025 Certificates are issuable in fully registered, book-entry only form in the denomination of \$5,000 or any integral multiple thereof. While the Series 2025 Certificates are in book-entry form, principal of, redemption premium (if any) and interest on the Series 2025 Certificates will be payable by wire transfer to Cede & Co., as nominee for DTC. See “**DESCRIPTION OF THE SERIES 2025 CERTIFICATES -- Book-Entry System of Registration.**” In the event that the book-entry form of registration is discontinued, the following provisions will apply. Interest on each Series 2025 Certificate shall be payable by check or draft mailed on the date on which due by first class mail to the registered owner of such Series 2025 Certificate at the address shown on the registration books kept by the Certificate Trustee at the close of business on the 15<sup>th</sup> day of the calendar month next preceding such Interest Payment Date (a “Record Date”); provided, however, that if the Authority shall default in the payment of interest due on any Interest Payment Date, such interest shall be paid to the persons in whose name outstanding Series 2025 Certificates are registered on a special record date established by the Certificate Trustee by mail to the owners of the Series 2025 Certificates not less than 15 days preceding such special record date. In the case of any owner of Series 2025 Certificates in an aggregate principal amount of at least \$1,000,000 who, on or prior to any Record Date, shall supply wire transfer instructions to the Certificate Trustee, interest due on the Interest Payment Date next succeeding such Record Date and on subsequent Interest Payment Dates shall be payable by wire transfer in accordance with such instructions. The principal of and redemption premium (if any) on the Series 2025 Certificates shall be payable only upon presentation of such Series 2025 Certificates at the principal corporate trust office of the Certificate Trustee when due.

### Redemption Provisions\*

*Optional Redemption.* The Series 2025 Certificates maturing on or after July 1, 20\_\_ are subject to redemption in whole or in part at any time prior to their respective maturities, at the option of the Institution, on or after July 1, 20\_\_, at a redemption price of par plus accrued interest to the date fixed for redemption.

[Remainder of Page Intentionally Left Blank.]

*Mandatory Sinking Fund Redemption.* The Series 2025 Certificates maturing on July 1, 20\_\_ (the “20\_\_ Term Bonds”), are subject to mandatory sinking fund redemption (to the extent not previously redeemed), in part by lot, at a redemption price of par on July 1 of each of the following years in the following principal amounts (the July 1, 20\_\_ amount to be paid rather than redeemed):

July 1 of the Year

Principal Amount

<sup>(1)</sup> Maturity

At its option, to be exercised on or before the 45<sup>th</sup> day next preceding any sinking fund redemption date, the Institution may (a) deliver to the Certificate Trustee for cancellation Series 2025 Certificates of the appropriate maturity in any aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Series 2025 Certificates of the appropriate maturity which prior to said date have been redeemed and cancelled by the Certificate Trustee and not theretofore applied as a credit against any prior mandatory sinking fund redemption obligation. Each Series 2025 Certificate so delivered or previously redeemed will be credited by the Certificate Trustee at 100% of the principal amount thereof on the obligation of the Institution on such sinking fund redemption date and any excess will be credited on future sinking fund redemption obligations in such order as may be specified by the Institution, and the principal amount of such Series 2025 Certificates to be redeemed by operation of the sinking fund will be accordingly reduced.

*Extraordinary Redemption.* The Series 2025 Certificates (or portions of any such certificates) are subject to optional redemption in whole or in part in the event of any damage to, or destruction or condemnation of, any part of the Carroll Medical Centers to the extent that the proceeds of any insurance or condemnation award relating thereto are not applied to the repair, reconstruction or restoration of the Carroll Medical Centers. Any amounts deposited in the Redemption Account in the Sinking Fund representing proceeds of insurance or condemnation awards shall be used by the Certificate Trustee at the written direction of the Institution to redeem Series 2025 Certificates on the earliest possible date after giving the required notice of redemption. If called for redemption prior to maturity in accordance with the Certificate Indenture, the Series 2025 Certificates may be redeemed in whole or in part at a redemption price equal to the principal amount of each such Series 2025 Certificate to be redeemed plus accrued interest thereon to the redemption date.

*Selection of Series 2025 Certificates to be Redeemed.* If less than all of the Series 2025 Certificates are to be redeemed, the particular Series 2025 Certificates to be redeemed shall be selected in such order of maturities as may be specified in writing by the Institution. If less than all of the Series 2025 Certificates of a single maturity are to be redeemed, any Series 2025 Certificate of such maturity outstanding in a denomination of greater than \$5,000 may be called for partial redemption in the principal amount of \$5,000 or any integral multiple thereof, and for the purpose of determining the Series 2025 Certificates to be redeemed or the amount of any such Series 2025 Certificates in a principal amount in excess of \$5,000 to be partially redeemed, the Certificate Trustee shall treat the entire principal amount of the Series 2025 Certificates of such maturity then outstanding as if the same were separate Series 2025 Certificates of \$5,000 each and shall assign separate numbers to each for the purpose of determining the particular Series 2025 Certificates or the principal amount of any such Series 2025 Certificate in a denomination greater than \$5,000 to be redeemed by lot.

*Partially Redeemed Series 2025 Certificates.* In case any Series 2025 Certificate shall be redeemed in part only, upon the surrender of such Series 2025 Certificate for partial redemption, the Certificate Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the owner thereof a Series 2025 Certificate or Certificates of the same maturity and interest rate, in any authorized denominations, for the unredeemed portion of such partially-redeemed Series 2025 Certificate. Any Series 2025 Certificate, a portion of which has been redeemed as contemplated by the Certificate Indenture, shall be considered to be outstanding only in an amount reduced by the portion thereof so redeemed whether or not it has been surrendered as aforesaid.

*Notice of Redemption.* Notice of redemption (unless waived) shall be given by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the redemption date to the owners of Series 2025 Certificates to be redeemed at the addresses appearing in the registration books maintained by the Certificate Trustee. The Institution and the Certificate Trustee may agree as to any additional or other means of giving notices of redemption with respect to the Series 2025 Certificates. Provided that notice is mailed as provided in this Section, neither failure of any owner of a Series 2025 Certificate to receive such notice, nor any defect therein, shall affect the validity of the proceedings to redeem any Series 2025 Certificate as to which proper notice was mailed. For any optional redemptions pursuant to the Certificate Indenture, any notice of redemption shall state any condition to such redemption. If on the date set for redemption any conditions to redemption stated in the notice have not been met, the Certificate Trustee shall return to the owners thereof any Series 2025 Certificates tendered for redemption, and as soon as practicable, send out a notice to the owners of such Series 2025 Certificates in the same manner as notices of redemption notifying them of the cancellation of such redemption.

*Effect of Redemption Call.* Notice having been given in the manner and under the conditions hereinabove provided, and moneys for the payment of the redemption price being held by the Certificate Trustee, all as provided in the Certificate Indenture, the Series 2025 Certificates so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Series 2025 Certificates on such date, interest on the Series 2025 Certificates so called for redemption shall cease to accrue, such Series 2025 Certificates shall cease to be entitled to any lien, benefit or security under the Certificate Indenture, and the owners of such Series 2025 Certificates shall have no rights in respect thereof except to receive payment of the redemption price thereof.

### **Registration of Transfer and Exchange**

When in book-entry form, the Series 2025 Certificates held by DTC (or its nominee, Cede & Co.) on behalf of the Beneficial Owners thereof are transferable in the manner described herein under the heading "-- Book-Entry System of Registration"). When not in book-entry form, and upon surrender for registration of transfer of any Series 2025 Certificate at the Principal Office of the Certificate Trustee, the Certificate Trustee shall authenticate and deliver to the transferee or transferees a new Series 2025 Certificate or Series 2025 Certificates for a like aggregate principal amount of Series 2025 Certificates of the same series and of the same maturity and interest rate. When not in book-entry form, any Series 2025 Certificate may be exchanged for an equal aggregate principal amount of fully registered Series 2025 Certificates of the same series, maturity and interest rate, and in other authorized denominations, upon presentation of such Series 2025 Certificate at the principal corporate trust office of the Certificate Trustee by the registered owner thereof or his duly authorized attorney. Every Series 2025 Certificate presented or surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Certificate Trustee duly executed by the registered owner thereof or his or her attorney duly authorized in writing. No charge will be made to any Series 2025 Certificate Owner for the privilege of registration of transfer or exchange but any Series 2025 Certificate Owner requesting any such exchange or registration of transfer shall pay any tax or other governmental charge required to be paid with respect thereto. The Certificate Trustee may regard the person or entity shown on its registration books as the owner of the Series 2025 Certificate for all purposes, including payment, notwithstanding any actual or constructive knowledge to the contrary.

### **Book-Entry System of Registration**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2025 Certificates. The Series 2025 Certificates will be issued as fully-registered securities registered in the name of Cede & Co., as nominee for DTC, or such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales

and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Series 2025 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Certificates on DTC's Records. The ownership interest of each actual purchaser of each Series 2025 Certificate (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Series 2025 Certificates representing their ownership interests in Series 2025 Certificates, except in the event that use of the book-entry-only system for the Series 2025 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2025 Certificates deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2025 Certificates with DTC and their registration in the name of Cede & Co. affect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may in effect from time to time.

Redemption Notices will be sent to Cede & Co. If less than all of the Series 2025 Certificates are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Series 2025 Certificates. Under its usual procedures, DTC mails an Omnibus Proxy to the Certificate Trustee as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Certificates are credited on the Record Date (identified by a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2025 Certificates will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Certificate Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Certificate Trustee, and disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT THE AUTHORITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE

AUTHORITY, THE INSTITUTION, THE CERTIFICATE TRUSTEE, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY SERIES 2025 CERTIFICATES; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS OR OWNERS OF BOOK-ENTRY SERIES 2025 CERTIFICATES; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY SERIES 2025 CERTIFICATES, OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE BOOK-ENTRY SERIES 2025 CERTIFICATES.

So long as Cede & Co. is the registered owner of the book-entry Series 2025 Certificates, as nominee for DTC, reference herein to the registered owners of the book-entry Series 2025 Certificates shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the book-entry Series 2025 Certificates.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Authority or the Certificate Trustee to DTC only.

For every transfer and exchange of the book-entry Series 2025 Certificates, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or to other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Series 2025 Certificates offered hereby at any time by giving reasonable notice to the Authority and the Certificate Trustee. The Authority, in its direction and without the consent of any other person, may terminate the services of DTC as securities depository with respect to the Series 2025 Certificates offered hereby if the Authority determines that Beneficial Owners of the such Series 2025 Certificates shall be able to obtain certificated Series 2025 Certificates. In the event that no substitute securities depository is found by the Authority or restricted registration is no longer in effect, certificates will be printed and delivered as provided in the Indenture and registered in accordance with the instructions of the purchasers.

The Certificate Trustee, the Authority, and the Underwriter agree to comply with the provisions of the Letter of Representation for the book-entry Series 2025 Certificates with respect to notices of redemption, notices of optional and mandatory tenders, payment of the principal and redemption price of, redemption premium, if any, and interest on the book-entry Series 2025 Certificates, Certificate holder consents and all other matters set forth therein with respect to such book-entry Series 2025 Certificates.

## **SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 CERTIFICATES**

### **General**

The Series 2025 Certificates are limited obligations of the Authority, payable solely out of the revenues derived by the Authority from the Trust Estate which is assigned and pledged to the Certificate Trustee by the Authority under the Certificate Indenture. The Trust Estate is defined in the Certificate Indenture to include all of the Authority's right, title and interest in and to (i) the Agreement, (ii) the 2025-1 Master Indenture Obligation, (iii) the Contract and all payments to be made thereunder, and (iv) all moneys and securities held from time to time in any of the funds established under the Certificate Indenture.



The Series 2025 Certificates are not secured by a mortgage on the Facilities or any related properties or any security interest, lien or other interest in the furnishings, furniture, fixtures, supplies or other properties comprising the Facilities or related properties.

### **Limited Obligations**

The Series 2025 Certificates do not constitute a debt or a general obligation or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including the County. Neither the State of Georgia nor any political subdivision of the State of Georgia, including the County, shall be directly, indirectly or contingently obligated to levy or to pledge any form of taxation whatever therefor or to make any appropriation to pay the principal of, redemption premium (if any) or interest on the Series 2025 Certificates. Neither the faith and credit nor the taxing power of the State of Georgia or any political subdivision thereof, including the County, is pledged to the payment of the principal of, redemption premium (if any) or interest on the Series 2025 Certificates. The Series 2025 Certificates are not secured by a mortgage or by a lien on any real or personal property other than the Trust Estate. The County is, however, obligated to levy ad valorem taxes, up to the current seven mill limitation or at such higher rate that may be allowed in the future, to pay its obligations under the Contract. The Authority has no taxing power.

### **The Certificate Indenture and the Agreement**

The rights of the Authority in and to the 2025-1 Master Indenture Obligation, the amounts payable thereon and the amounts payable to the Authority under the Agreement (except to the extent included in the Unassigned Rights, as defined in APPENDIX E – “FORMS OF THE CERTIFICATE INDENTURE, THE CONTRACT AND THE AGREEMENT”) have been assigned to the Certificate Trustee pursuant the Certificate Indenture to provide for and to secure the payment of principal of, premium, if any, and interest on the Series 2025 Certificates. The Institution agrees under the Agreement to make its payments on the 2025-1 Master Indenture Obligation directly to the Certificate Trustee. The Agreement imposes certain restrictions on the Institution’s actions for the benefit of the Authority and the holders of the Series 2025 Certificates. See APPENDIX E – “FORMS OF THE CERTIFICATE INDENTURE, THE CONTRACT AND THE AGREEMENT” hereto.

Under the Certificate Indenture, the Authority has assigned to the Certificate Trustee for the benefit of the holders of the applicable series of Series 2025 Certificates (a) all of the right, title and interest of such Issuer in the 2025-1 Master Indenture Obligation, the Agreement and the Contract, except for the right to receive payment of fees and expenses and any rights of indemnification, and (b) all of the amounts held in any fund or account established pursuant to such Certificate Indenture. See APPENDIX E – “FORMS OF THE CERTIFICATE INDENTURE, THE CONTRACT AND THE AGREEMENT.”

#### *Acceleration of 2025-1 Master Indenture Obligation Upon Event of Default*

Upon the happening of an event of default under the Certificate Indenture, then and in every such case the Certificate Trustee may, and upon written request of the owners of at least 25% of the outstanding principal amount of the Series 2025 Certificates, the Certificate Trustee shall, by notice in writing delivered to the Master Trustee, the Authority and TMC, authorize the Master Trustee to declare the principal of the 2025-1 Master Indenture Obligation then outstanding and the interest accrued thereon to be immediately due and payable. ***For clarity purposes, upon an acceleration of the 2025-1 Master Indenture Obligation, the Series 2025 Certificates shall not be accelerated.*** See APPENDIX E – “FORMS OF THE CERTIFICATE INDENTURE, THE CONTRACT AND THE AGREEMENT.

### **The 2025-1 Master Indenture Obligation and the Amended and Restated Master Indenture**

#### *Effectiveness of the Amended and Restated Master Indenture*

The Original 1998 Master Indenture provides that the holders of not less than a majority in aggregate principal amount of Master Indenture Obligations then Outstanding shall have the right, from time to time, anything contained in the Original 1998 Master Indenture to the contrary notwithstanding, to consent and approve the execution by each Obligated Group Member and the Master Trustee of Supplements as shall be deemed necessary and desirable, for the

purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions of the Original 1998 Master Indenture, subject to certain exceptions as set forth in the Original 1998 Master Indenture. The 2025-1 Master Indenture Obligation with respect to the Series 2025 Certificates is being issued under the Original 1998 Master Indenture to secure the Series 2025 Certificates. **Concurrently with the issuance of the Series 2025 Certificates, and upon the consummation of the loans incurred under the Agreement, the Amended and Restated Master Indenture will become effective.**

**By their purchase of the Series 2025 Certificates on the Date of Issue, the purchasers and the Beneficial Owners, on behalf of themselves and all subsequent holders of the Series 2025 Certificates irrevocably (i) consent, and shall be deemed to have irrevocably consented, to the amendment and restatement of the Original 1998 Master Indenture by the Amended and Restated Master Indenture, (ii) direct the Certificate Trustee (as holder of the 2025-1 Master Indenture Obligation) to consent to the amendment and restatement of the Original 1998 Master Indenture by the Amended and Restated Master Indenture, and (iii) waive, and shall be deemed to have irrevocably waived, and consented to the waiver by the Certificate Trustee (as holder of the 2025-1 Master Indenture Obligation) of, any and all other formal notice, implementation, execution or timing requirements that may otherwise be required under the Original 1998 Master Indenture in order to implement the amendment and restatement thereof by the Amended and Restated Master Indenture. Raymond James & Associates, Inc. (the “*Underwriter*”), in its capacity as an Underwriter of the Series 2025 Certificates, has not provided any consent regarding the Amended and Restated Master Indenture.**

On the Date of Issue, immediately after the issuance of the Series 2025 Certificates, and upon the receipt of the requisite consent required by the Original 1998 Master Indenture and the consummation of the loans incurred under the Agreement, the Amended and Restated Master Indenture will become effective. Under the Amended and Restated Master Indenture, all Master Indenture Obligations, including the 2025-1 Master Indenture Obligation, are secured by a security interest in the Gross Receivables on the Obligated Group.

#### *General*

The Obligated Group Members are and will be jointly and severally liable on all Master Indenture Obligations, including the 2025-1 Master Indenture Obligation and the Prior Outstanding Master Indenture Obligations, issued and to be issued pursuant to and/or secured under the Amended and Restated Master Indenture. Payments on the 2025-1 Master Indenture Obligation are required to be in amounts sufficient to pay the principal or Redemption Price of and interest on the Series 2025 Certificates. The Amended and Restated Master Indenture provides that, except as otherwise specifically provided and permitted thereby, all future Master Indenture Obligations will be secured on parity with all other Master Indenture Obligations issued under the Amended and Restated Master Indenture, including without limitation the 2025-1 Master Indenture Obligation.

Under certain conditions set forth in the Amended and Restated Master Indenture, additional Members may be added to the Obligated Group from time to time after the issuance of the Series 2025 Certificates and thereby made jointly and severally liable with respect to the 2025-1 Master Indenture Obligation and all other Master Indenture Obligations Outstanding under the Amended and Restated Master Indenture. Additionally, the Amended and Restated Master Indenture provides that Members may withdraw from the Obligated Group from time to time and be released from all liability with respect to Master Indenture Obligations, subject to certain conditions set forth in the Amended and Restated Master Indenture.

The Amended and Restated Master Indenture permits the Credit Group Representative to designate Designated Affiliates. Under the Amended and Restated Master Indenture, the Credit Group Representative may further designate an Obligated Group Member as a “*Controlling Member*” to establish and maintain control over a Designated Affiliate. The Obligated Group Members and any Designated Affiliates are collectively referred to as the “*Credit Group*.” As of the date of issuance of the Series 2025 Certificates, there will be no Designated Affiliates under the Amended and Restated Master Indenture.

See APPENDIX F – “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE.”

*Security for Master Indenture Obligations Issued Under the Amended and Restated Master Indenture*

All Master Indenture Obligations Outstanding from time to time under the Amended and Restated Master Indenture, including the 2025-1 Master Indenture Obligation and the Prior Outstanding Master Indenture Obligations, are secured by security interests in the Gross Receivables of each of the Obligated Group Members and each of the future Obligated Group Members. See APPENDIX F – “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – ARTICLE III – PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; DESIGNATED AFFILIATES; CREDIT GROUP COVENANTS – Gross Receivables Pledge.”

*Security Interests in Gross Receivables for Master Indenture Obligations Issued Under the Amended and Restated Master Indenture*

Each Obligated Group Member will, as of the date of issuance of the Series 2025 Certificates, grant to the Master Trustee a security interest in its Gross Receivables, subject to Permitted Liens, to the extent the same may be pledged and a security interest granted therein under the Uniform Commercial Code (the “UCC”), whether now owned or hereafter acquired. Any future Obligated Group Members will also be required to grant a security interest in their Gross Receivables. For purposes of the Amended and Restated Master Indenture, “Gross Receivables” is defined to mean all of the accounts, chattel paper, instruments and payment intangibles (all as defined in the UCC) of each Obligated Group Member, as are now in existence or as may be hereafter acquired and the proceeds thereof; excluding, however, all Restricted Moneys, all accounts or payment intangibles consisting of or arising from patents and royalties or which are subject to (but only to the extent legally limited or prohibited by) applicable Government or Industry Restrictions.

The Master Trustee’s security interest in the Gross Receivables described above will be perfected, to the extent that such security interest may be so perfected, by the filing of financing statements which comply with the requirements of the UCC. Each Obligated Group Member shall file, in accordance with the requirements of the UCC, financing statements; and, from time to time thereafter, shall deliver such other documents (including, but not limited to, continuation statements as required by the UCC) as may be necessary or reasonably requested by the Master Trustee in order to perfect or maintain perfection of such security interests or give public notice thereof. See APPENDIX F – “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – ARTICLE III – PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; DESIGNATED AFFILIATES; CREDIT GROUP COVENANTS – Gross Receivables Pledge.”

*Covenant Against Encumbrances*

Each Obligated Group Member agrees that it will not create or suffer to be created or permit the existence of any Lien upon Property, other than Excluded Property, now owned or hereafter acquired by it, other than Permitted Liens. Each Obligated Group Member, respectively, further covenants and agrees that if such a Lien (other than a Permitted Lien) is nonetheless created by someone other than a Credit Group Member and is assumed by any Credit Group Member, the Credit Group Representative will make or cause to be made effective a provision whereby all Master Indenture Obligations will be secured prior to any such Indebtedness or other obligation secured by such Lien. See APPENDIX F – “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – ARTICLE III – PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; DESIGNATED AFFILIATES; CREDIT GROUP COVENANTS – Limitation on Encumbrances.”

*Limitation on Indebtedness*

Each Obligated Group Member covenants that it will not incur any Indebtedness except that the Credit Group Members may incur certain Indebtedness as set forth in the Amended and Restated Master Indenture. See APPENDIX F – “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – ARTICLE III – PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; DESIGNATED AFFILIATES; CREDIT GROUP COVENANTS – Limitation on Indebtedness.”

*Limitations on Disposition of Assets*

Each Obligated Group Member covenants that it will not voluntarily sell, lease or otherwise dispose of any part of its Property in any Fiscal Year unless one of the conditions set forth in the Amended and Restated Master Indenture is satisfied. See APPENDIX F – “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE

– ARTICLE III – PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; DESIGNATED AFFILIATES; CREDIT GROUP COVENANTS – Limitation on Disposition of Assets.”

*Merger, Consolidation, Sale or Conveyance*

Each Obligated Group Member covenants that it will not merge or consolidate with any other Person that is not an Obligated Group Member or sell or convey all or substantially all of its assets to any Person that is not an Obligated Group Member unless certain conditions set forth in the Amended and Restated Master Indenture are satisfied. See APPENDIX F – “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – ARTICLE III – PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; DESIGNATED AFFILIATES; CREDIT GROUP COVENANTS – Merger, Consolidation, Sale or Conveyance.”

*Debt Service Coverage Ratio*

Each Obligated Group Member agrees to manage its business such that the Historical Debt Service Coverage Ratio Service, calculated at the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2025, shall not be less than 1.10 times. See APPENDIX F – “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – ARTICLE III – PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; DESIGNATED AFFILIATES; CREDIT GROUP COVENANTS – Debt Service Coverage.”

*Substitution of the 2025-1 Master Indenture Obligation*

Under the circumstances described in the Amended and Restated Master Indenture, the 2025-1 Master Indenture Obligation may be exchanged by the Certificate Trustee without the consents of any Bondholders, for a master note issued under a different master indenture securing the obligations of a different obligated group that would include among its members the Institution. This could, under certain circumstances, lead to the substitution of different security in the form of a master note backed by an obligated group that is financially and operationally different from the current Obligated Group. Such new obligated group could have substantial debt outstanding that would rank on a parity with the substitute master note. In order to substitute the 2025-1 Master Indenture Obligation with a replacement master note, certain conditions must be met. See APPENDIX F – “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – Satisfaction and Discharge – Replacement Master Indenture”.

*Current or Future Bank/Purchaser Covenants*

The Obligated Group Members may become party to various agreements with certain financial institutions to provide liquidity or credit or directly purchase debt secured by Master Indenture Obligations. Pursuant to such arrangements, the Obligated Group Members may from time to time be subject to covenants for the benefit of such financial institutions, certain of which may be considered to be more restrictive than those contained in the Amended and Restated Master Indenture. Failure by the Obligated Group Members to comply with such additional covenants could, absent waiver or consent from the related financial institution, cause an Event of Default under the Amended and Restated Master Indenture. No assurance can be given as to the likelihood that any such waiver or consent would, if requested, be given. If an Event of Default shall occur and be continuing under the Amended and Restated Master Indenture, the Master Trustee is required to enforce remedies for the benefit of all Master Indenture Obligation holders proportionately and ratably, without discrimination or preference. See APPENDIX F – “FORM OF AMENDED AND RESTATED MASTER INDENTURE.” Additional covenants provided to financial institutions may also be modified from time to time with the consent or approval of the respective financial institution under a Related Supplement, without the consent of the Certificate Trustee or the holders of other Master Indenture Obligations.

**The Contract**

The Series 2025 Certificates are payable from and secured by payments to be made pursuant to the Contract. Pursuant to the Contract and in consideration of the Authority’s agreement to provide, or cause to be provided, certain indigent care facilities and services, the County is obligated to make payments, if necessary, in amounts sufficient to enable the Authority to provide for the payment of principal of and interest on the Series 2025 Certificates as the same become due and payable at maturity or by proceedings for mandatory redemption. The County has similar obligations with respect to the Prior Certificates. The County has agreed to levy annually an ad valorem tax within the seven mill

limitation specified in the Georgia Hospital Authorities Law, all as described more fully herein, in order to enable the County to pay amounts due under the Contract and under the similar agreements relating to the Prior Certificates. See **“TAX REVENUES CURRENTLY AVAILABLE FOR DEBT SERVICE FROM A MAXIMUM SEVEN MILL LEVY”** and **Appendix E- “Forms of Certificate Indenture, Contract and Agreement - THE CONTRACT”** for a further discussion of the Contract and a copy of the form of the Contract.

## **THE LEASES**

The Carrollton Facility and related ancillary facilities are owned by the Authority. On July 1, 1988, the Authority and the Institution entered into the Carroll Lease pursuant to which the Authority leased the Carrollton Facility and related facilities and other personal property to the Institution for an original period of 40 years. The Carroll Lease was amended as of March 9, 2020 to extend the term of the Carroll Lease until December 31, 2060. Under the terms of the Carroll Lease, the Institution is obligated to operate the Carrollton Facility and related ancillary facilities on a not-for-profit basis and operate the Carrollton Facility as a general acute care hospital for the benefit of the general public. See **Appendix A – “Certain Information Concerning the Institution”** for further information regarding the Carroll Lease. Termination of the Carroll Lease prior to the payment in full of the Series 2025 Certificates would have a material adverse effect upon the ability of the Institution to pay to the Authority amounts sufficient to enable the Authority to make payments of principal and interest on the Series 2025 Certificates. See **“CERTIFICATEHOLDERS’ RISKS - Termination of the Leases.”**

Pursuant to the provisions of the Certificate Indenture, so long as the Carroll Lease is in effect, the Authority shall not sell, lease or dispose of its interest in the property which is subject to the Carroll Lease unless such sale, lease or other disposition relates to a sale, lease or other disposition of property by an Obligated Group Member (as defined in the Amended and Restated Master Indenture) permitted pursuant to Section 6.3 of the Amended and Restated Master Indenture or a transfer in connection with a merger, consolidation or other similar event permitted by Section 6.4 of the Amended and Restated Master Indenture. In the event that the Carroll Lease is terminated for any reason, the Authority shall become an Obligated Group Member under the Amended and Restated Master Indenture. In the event that the Authority is unable to meet the requirements for becoming an Obligated Group Member under the Amended and Restated Master Indenture, the Authority shall create a lien on its Gross Receivables (as defined in the Amended and Restated Master Indenture) in order to repay the Series 2025 Certificates.

The Bremen Facility is owned by the Bremen/Haralson Authority. Commencing December 1, 2000, the Bremen/Haralson Authority and the Institution entered into the Bremen Lease pursuant to which the Bremen/Haralson Authority leased the Bremen Facility to the Institution for an original period of 40 years. The term of the Bremen Lease expires in November, 2040. Under the terms of the Bremen Lease, the Institution is obligated to operate the Bremen Facility on a not-for-profit basis and operate the Bremen Facility as a general acute care hospital for the benefit of the general public. See **Appendix A – “Certain Information Concerning the Institution.”** **The proceeds of the Series 2025 Certificates will not be used to finance or finance the Bremen Facility.**

[Remainder of Page Intentionally Left Blank.]

## THE AUTHORITY

### General

The Authority is a public body corporate and politic of the State of Georgia, duly created and validly existing pursuant to the Hospital Authorities Law of the State of Georgia, O.C.G.A. Section 31-7-70 *et seq.*, as amended (the “Georgia Hospital Authorities Law”) and a resolution adopted on November 11, 1946, at a joint meeting of the Board of Commissioners of Carroll County and the Mayor and Council of the City of Carrollton, Georgia. Under the Georgia Hospital Authorities Law, the Authority has the power to extend credit or make loans to others for the planning, design, construction, acquisition or carrying out of any “project,” which is defined in the Georgia Hospital Authorities Law to include, among other things, hospitals, healthcare facilities and other public health facilities. The Georgia Hospital Authorities Law also grants the Authority the power to issue its revenue anticipation certificates for the purpose of providing funds to carry out the duties of the Authority, including refunding its outstanding revenue anticipation certificates, and to pledge or assign any or all of its income, revenues, tolls, charges or fees to the payment of the principal of, redemption premium (if any) and interest on any revenue anticipation certificates issued by the Authority in connection therewith.

### Governing Body

The Authority is governed by a board composed of eleven members (the “Authority Board”). Authority Board members are nominated jointly by the Board of Commissioners of Carroll County and the City of Carrollton. The present members of the Authority Board, their principal occupations and expiration of their current terms of office are as follows:

<u>Member</u>	<u>Principal Occupation</u>	<u>Date Term of Office Expires<sup>(1)</sup></u>
Tim Warren, <i>Chairman</i>	Banker	December 31, 2016
Jeff Lindsey, <i>Vice Chairman</i>	Orthodontist	December 31, 2022
Larry Boggs, <i>Secretary</i>	Retired Builder	December 31, 2022
Fred O’Neal	Investment Manager	December 31, 2023
Ed Harmon, Jr.	Retired Businessman	December 31, 2024
Kathy Yates	Retired Businesswoman	December 31, 2024
Cason Hightower	Funeral Home Director	December 31, 2024
Nicholas Martin	Business Executive	December 31, 2022
Susan Fleck	Community Leader	December 31, 2023
Johnny Tanner	Business Owner	December 31, 2017
[Vacant]		

<sup>(1)</sup> The members will continue to serve until successors are appointed.

[Remainder of Page Intentionally Left Blank.]

**APPLICATION OF FUNDS**

**Estimated Sources and Uses of Funds\***

The proceeds to be derived from the sale of the Series 2025 Certificates, together with other funds, are expected to be applied substantially as follows:

SERIES 2025 CERTIFICATES

Estimated Sources of Funds:

Principal Amount of Series 2025 Certificates [Plus/Less]: Net Original Issue [Premium/Discount]	\$175,720,000*
Total:	_____

Estimated Uses of Funds:

Deposit to Construction Fund for 2025 Project [Deposit to Escrow Fund for the Series 2015 Certificates]	\$ _____
Deposit to Construction Fund for Costs of Issuance <sup>(1)</sup>	_____
Total:	\$ _____

---

\* Preliminary subject to change

(1) Includes rating agency fees, legal and accounting fees, initial Certificate Trustee’s and Master Trustee’s fees, printing and engraving costs, validation court costs, underwriting discount and other costs of issuance.

**The 2025 Project**

A portion of the 2025 Certificates will be used to finance or refinance, in whole or in part, the cost of the acquisition, construction, installation and equipping of certain healthcare facilities, equipment and improvements owned or operated by the Institution, including, but not limited to the addition of two floors over the emergency department to add 86 new patient rooms, upgrades to the central energy plant in Carrollton, the addition of a tower primarily for women’s services and adding 24 patient rooms in Villa Rica, and renovation and expansion of the kitchen/cafeteria area and the laboratory to provide needed space to keep up with the projected volumes. The Institution has received or applied for all required certificate of need approvals relating to the 2025 Project. The estimated total costs of the 2025 Project are anticipated to be approximately \$140,000,000. Any portion of the cost of the 2025 Project in excess of the approximately \$140,000,000 available for such purpose in the Construction Fund will be paid by the Institution from its own funds. The 2025 Project is expected to be completed and placed in service by Summer of 2027.

**Defeasance of [Refunded] Series 2015 Certificates**

The Authority’s Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2015 (the “Series 2015 Certificates”) were issued pursuant to a Trust Indenture, dated as of July 1, 2015 (the “2015 Certificate Indenture”), between the Institution and Regions Bank, Atlanta, Georgia, as certificate trustee (the “Series 2015 Certificate Trustee”). The Series 2015 Certificates were issued in the original aggregate principal amount of \$71,560,000 for the purpose of (i) financing or refinancing the cost of the acquisition, construction, renovation, equipping and installation of (a) certain additions, extensions and improvements to the Carroll Medical Centers, (b) new health pavilion facilities and (c) certain real estate (the “2015 Project”) and (ii) paying all or a portion of the costs of issuing the Series 2015 Certificates. The Series 2015 Certificates are currently outstanding in the aggregate principal amount of \$62,015,000 and are being defeased or partially defeased by the Series 2025 Certificates.

Simultaneously with the issuance of the Series 2025 Certificates, the Institution and certain other parties will enter into an Escrow Deposit Agreement (the “Escrow Agreement”) to provide for the defeasance of the Series 2015 Certificates being redeemed on July 1, 2025. A portion of the proceeds of the Series 2025 Certificates, together with

certain funds held under the 2015 Certificate Indenture (if any), will be held as uninvested cash and/or used to purchase non-callable United States obligations, the maturing principal of and interest on which, together with uninvested cash, if any, held under the Escrow Agreement, will be sufficient to provide for the principal of or redemption price of and interest on the defeased Series 2015 Certificates up to and including the redemption date on July 1, 2025.

The mathematical accuracy of the computation of the adequacy of the maturing principal and interest earned on the funds to be deposited pursuant to the Escrow Agreement to provide for the payment of the principal or redemption price of and interest on the Series 2015 Certificates to and including the redemption date will be verified by The Arbitrage Group, Inc. See “VERIFICATION AGENT.”

[Remainder of Page Intentionally Left Blank.]



## ANNUAL DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service requirements for non-Contract backed Certificates, including other obligations of the Authority, the Prior Certificates and the Series 2025 Certificates, assuming the issuance of the Series 2025 Certificates and the refunding of the Refunded Series 2015 Certificates.

Fiscal Year Ended	Contract Backed Certificates <sup>(2)</sup>												Aggregate Total*	Aggregate Contract Backed Total*		
	Non-Contract Backed Certificates <sup>(1)</sup>			Prior Certificates			Series 2025 Certificates*									
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total				
2025	\$3,814,585.30	\$892,974.27	\$4,707,559.57												\$4,707,559.57	
2026	7,937,505.31	1,599,440.54	9,536,945.85	5,215,000.00	4,126,868.76	9,341,868.76									25,192,373.50	15,655,427.65
2027	8,071,589.74	1,343,529.41	9,415,119.15	3,485,000.00	3,913,393.76	7,398,393.76	3,760,000.00	8,386,900.00	12,146,900.00						28,960,412.91	19,545,293.76
2028	8,336,462.65	1,078,656.57	9,415,119.22	3,660,000.00	3,758,393.76	7,418,393.76	3,945,000.00	8,194,275.00	12,139,275.00						28,972,787.98	19,557,668.76
2029	8,610,630.42	804,488.78	9,415,119.20	3,795,000.00	3,619,793.76	7,414,793.76	4,150,000.00	7,991,900.00	12,141,900.00						28,971,812.96	19,556,693.76
2030	6,320,728.74	534,269.07	6,854,997.81	3,940,000.00	3,450,568.76	7,390,568.76	4,355,000.00	7,779,275.00	12,134,275.00						26,379,841.57	19,524,843.76
2031	3,941,798.12	353,078.27	4,294,876.39	4,130,000.00	3,264,393.76	7,394,393.76	4,595,000.00	7,555,525.00	12,150,525.00						23,839,795.15	19,544,918.76
2032	4,111,098.51	183,777.93	4,294,876.44	4,315,000.00	3,085,093.76	7,400,093.76	4,830,000.00	7,319,900.00	12,149,900.00						23,844,870.20	19,549,993.76
2033	2,121,297.43	26,140.77	2,147,438.20	4,500,000.00	2,905,393.76	7,405,393.76	5,050,000.00	7,072,900.00	12,122,900.00						21,675,731.96	19,528,293.76
2034	--	--	--	4,680,000.00	2,731,493.76	7,411,493.76	5,310,000.00	6,813,900.00	12,123,900.00						19,535,393.76	19,535,393.76
2035	--	--	--	4,860,000.00	2,555,468.76	7,415,468.76	5,595,000.00	6,541,275.00	12,136,275.00						19,551,743.76	19,551,743.76
2036	--	--	--	5,040,000.00	2,371,709.38	7,411,709.38	5,875,000.00	6,254,525.00	12,129,525.00						19,541,234.38	19,541,234.38
2037	--	--	--	5,235,000.00	2,173,450.00	7,408,450.00	6,180,000.00	5,953,150.00	12,133,150.00						19,541,600.00	19,541,600.00
2038	--	--	--	5,440,000.00	1,959,950.00	7,399,950.00	6,485,000.00	5,636,525.00	12,121,525.00						19,521,475.00	19,521,475.00
2039	--	--	--	5,665,000.00	1,756,950.00	7,421,950.00	6,815,000.00	5,304,025.00	12,119,025.00						19,540,975.00	19,540,975.00
2040	--	--	--	3,940,000.00	1,603,650.00	5,543,650.00	7,160,000.00	4,954,650.00	12,114,650.00						17,658,300.00	17,658,300.00
2041	--	--	--	4,065,000.00	1,483,575.00	5,548,575.00	7,525,000.00	4,587,525.00	12,112,525.00						17,661,100.00	17,661,100.00
2042	--	--	--	1,565,000.00	1,391,300.00	2,956,300.00	7,905,000.00	4,201,775.00	12,106,775.00						15,063,075.00	15,063,075.00
2043	--	--	--	5,575,000.00	1,248,500.00	6,823,500.00	4,545,000.00	3,890,525.00	8,435,525.00						15,259,025.00	15,259,025.00
2044	--	--	--	5,800,000.00	1,021,000.00	6,821,000.00	4,775,000.00	3,657,525.00	8,432,525.00						15,253,525.00	15,253,525.00
2045	--	--	--	6,035,000.00	784,300.00	6,819,300.00	5,010,000.00	3,434,818.75	8,444,818.75						15,264,118.75	15,264,118.75
2046	--	--	--	6,280,000.00	538,000.00	6,818,000.00	5,220,000.00	3,220,562.50	8,440,562.50						15,258,562.50	15,258,562.50
2047	--	--	--	1,905,000.00	374,300.00	2,279,300.00	5,440,000.00	2,994,037.50	8,434,037.50						10,713,337.50	10,713,337.50
2048	--	--	--	1,980,000.00	296,600.00	2,276,600.00	5,670,000.00	2,757,950.00	8,427,950.00						10,704,550.00	10,704,550.00
2049	--	--	--	2,060,000.00	215,800.00	2,275,800.00	5,915,000.00	2,511,768.75	8,426,768.75						10,702,568.75	10,702,568.75
2050	--	--	--	2,140,000.00	131,800.00	2,271,800.00	6,165,000.00	2,255,068.75	8,420,068.75						10,691,868.75	10,691,868.75
2051	--	--	--	2,225,000.00	44,500.00	2,269,500.00	6,425,000.00	1,987,531.25	8,412,531.25						10,682,031.25	10,682,031.25
2052	--	--	--	--	--	--	6,700,000.00	1,683,500.00	8,383,500.00						8,383,500.00	8,383,500.00
2053	--	--	--	--	--	--	7,035,000.00	1,340,125.00	8,375,125.00						8,375,125.00	8,375,125.00
2054	--	--	--	--	--	--	7,385,000.00	979,625.00	8,364,625.00						8,364,625.00	8,364,625.00
2055	--	--	--	--	--	--	7,755,000.00	601,125.00	8,356,125.00						8,356,125.00	8,356,125.00
2056	--	--	--	--	--	--	8,145,000.00	203,625.00	8,348,625.00						8,348,625.00	8,348,625.00
<b>Total</b>	<b>\$53,265,696.22</b>	<b>\$6,816,355.61</b>	<b>\$60,082,051.83</b>	<b>\$107,530,000.00</b>	<b>\$50,806,246.98</b>	<b>\$158,336,246.98</b>	<b>\$175,720,000.00</b>	<b>\$142,379,371.39</b>	<b>\$318,099,371.39</b>						<b>\$536,517,670.20</b>	<b>\$476,435,618.37</b>

<sup>(1)</sup> Represents revenue certificates and other obligations of the Authority secured by the Gross Receivables, but not secured by an intergovernmental contract with the County.  
<sup>(1)</sup> Represents revenue certificates of the Authority secured by the Gross Receivables and an intergovernmental contract with the County pursuant to which the County has agreed to levy annually an ad valorem tax, within the seven mill limitation specified in the Georgia Hospital Authorities Law.  
<sup>(3)</sup> Maximum annual total debt service for Contract Backed Certificates.

## HISTORICAL DEBT SERVICE COVERAGE

The table below sets forth, for fiscal years ended June 30, 2020 through 2024, the income of the Institution available to pay debt service on actual indebtedness of the Institution outstanding during such periods (computed as shown below) and the extent to which historical debt service requirements were covered by such income during such periods.

	Fiscal Year Ended June 30,				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Excess of Revenues over Expenses	\$29,558,267	\$122,474,885	\$15,417,686	\$82,369,567	\$129,579,130
Plus Depreciation and Amortization	43,948,195	45,292,203	46,114,354	47,371,607	53,011,897
Plus Interest on Indebtedness	5,999,244	7,116,988	7,201,358	7,306,170	7,787,115
Minus Unrealized Investment Gains	14,933,576	(58,407,078)	57,861,312	(15,743,590)	(24,568,886)
Income Available for Debt Service	94,439,282	116,476,998	126,594,710	121,303,754	165,809,256
Historical Debt Service Requirements on Actual Indebtedness <sup>(1),(2)</sup>	18,010,658	18,074,334	17,780,150	17,574,175	17,558,375
Historical Debt Service Coverage Ratio	5.24x	6.44x	7.12x	6.90x	9.44x

<sup>(1)</sup> Includes the Prior Certificates and the Institution's other long-term indebtedness on a fiscal year basis.

<sup>(2)</sup> [The Series 2015 Certificates, in the original aggregate principal amount of \$71,560,000, were issued on July 30, 2015] THE 2015 BONDS MAY BE DEFEASED IN THEIR ENTIRETY ON CLOSING DATE; the Series 2016A Certificates, in the original aggregate principal amount of \$26,255,000, were issued on March 1, 2016; the Series 2016B Certificates in the original aggregate principal amount of \$36,855,000, were issued on September 27, 2016; and the Series 2020 Certificates, in the original aggregate principal amount of \$40,335,000, were issued on August 19, 2020.

[Remainder of Page Intentionally Left Blank.]

**HISTORICAL PRO-FORMA DEBT SERVICE COVERAGE**

The table below sets forth, for fiscal years ended June 30, 2020 through 2025, the income of the Institution available to pay debt service on long-term indebtedness of the Institution computed as described above and the extent to which maximum annual debt service requirements on the Series 2025 Certificates and the Prior Certificates (excluding the debt service of the Refunded Series 2015 Certificates), would have been covered by such income during such periods.

	Fiscal Year Ended June 30,				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Income Available for Debt Service	\$94,439,282	\$116,476,998	\$126,594,710	\$121,303,754	\$165,809,256
Maximum Annual Debt Service Requirement <sup>(1)*</sup>	28,972,788	28,972,788	28,972,788	28,972,788	28,972,788
Historical Pro-Forma Debt Service Coverage Ratio	3.26x	4.02x	4.37x	4.19x	5.72x

<sup>(1)</sup> Includes maximum annual debt service on the Prior Certificates, the Series 2025 Certificates and the Institution's other indebtedness on a fiscal year basis, but excludes debt service on the Refunded Series 2015 Certificates.

\* Preliminary and subject to change.

**TAX REVENUES CURRENTLY AVAILABLE FOR DEBT SERVICE FROM A MAXIMUM SEVEN MILL LEVY**

In the event that it is necessary for the County to make payments under the Contracts with respect to the Prior Certificates or the Series 2025 Certificates, the following table shows the debt service coverage of the maximum annual debt service on the Prior Certificates and the Series 2025 Certificates based on a seven mill tax levy on the 2024 Net Maintenance and Operations Tax Digest without regard to any payments by the Institution.

2024 Net Maintenance and Operations Tax Digest	\$5,049,827,250
Estimated Revenues Generated by seven mill tax on the 2024 Net Maintenance and Operations Tax Digest	\$35,348,790
Maximum Annual Debt Service on Certificates in any Fiscal Year	19,557,669*
Coverage of Maximum Annual Debt Service	1.80x*

\* Preliminary and subject to change.

[Remainder of Page Intentionally Left Blank.]

## CERTIFICATEHOLDERS' RISKS

*The following is a discussion of certain risks that could affect payments to be made with respect to the Series 2025 Certificates. Such discussion is not exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2025 Certificates should analyze carefully the information contained in this Official Statement, including the Appendices hereto and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.*

### General

The Series 2025 Certificates are limited obligations of the Authority payable solely with the revenues, monies, and other property, if any, pledged to the payment of the principal of and interest on the Series 2025 Certificates as part of the Trust Estate created under the Certificate Indenture. The Authority has no taxing power. The Series 2025 Certificates are not secured by any mortgage, lien, security interest, or pledge of any real or personal property other than the Trust Estate. See “**SECURITY FOR AND SOURCES OF PAYMENT FOR THE SERIES 2025 CERTIFICATES**” above. There is no debt service reserve fund for payment of debt service on the Series 2025 Certificates.

The ability of the members of the Obligated Group to realize revenues in amounts sufficient to pay debt service on the Series 2025 Certificates when due is affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time. No representation or assurance is given or can be made that revenues will be realized by the Authority from members of the Obligated Group in amounts sufficient to pay operating expenses of the Institution, to pay debt service when due on the Series 2025 Certificates, and to pay other financial obligations of the Institution. None of the provisions of the Certificate Indenture or the Amended and Restated Master Indenture provide any assurance that the obligations of the members of the Obligated Group will be paid as and when due if the members of the Obligated Group become unable to pay their debts as they come due or the members of the Obligated Group otherwise become insolvent.

The receipt of future revenues by the members of the Obligated Group is subject to, among other factors, federal and state laws, regulations and policies affecting the health care industry and the policies and practices of major managed care providers, private insurers and other third party payors and private purchasers of health care services. The effect on the Obligated Group of recently enacted laws and regulations and recently adopted policies and of future changes in federal and state laws, regulations and policies and private policies, cannot be determined at this time. Loss of established third-party payor contracts of the members of the Obligated Group could also adversely affect their future revenues.

Future economic conditions, which may include an inability to control expenses in periods of inflation and other conditions, including demand for health care services, the availability and affordability of insurance, including without limitation, malpractice and casualty insurance, availability of nursing and other professional personnel, the capability of the Obligated Group’s management, the receipt of grants and contributions, referring physicians’ and self-referred patients’ confidence in the members of the Obligated Group, economic and demographic developments in the United States, the State of Georgia, and the service areas of the members of the Obligated Group and competition from other health care institutions in the service areas, together with changes in rates, costs, third party payments and governmental laws, regulations and policies, may adversely affect revenues and expenses and, consequently, the ability of the members of the Obligated Group to make payments on the 2025-1 Master Indenture Obligation.

This discussion of risk factors is not intended to be exhaustive and should be read in conjunction with all other parts of this Official Statement.

### Proposed Changes to Tax Treatment of Tax-Exempt Certificates

Proposals to alter or eliminate the exclusion of interest on tax-exempt certificates or bonds from gross income for some or all taxpayers have been made in the past and may be made again in the future. Such legislative proposals, if enacted, could alter the federal or state tax treatment described under the heading “**TAX EXEMPTION**” herein,

and certain of which, whether or not enacted, could adversely affect the market value or marketability of the Series 2025 Certificates. Certain legislative proposals, if enacted, could tax all or a portion of the interest on tax exempt certificates or bonds, including the Series 2025 Certificates, for certain taxpayers under the regular income tax, the alternative minimum tax or otherwise, and could apply to obligations issued before, on, or after the date of enactment. Other proposals, if adopted, could affect the economic advantage to holders of purchasing or owning tax exempt obligations such as the Series 2025 Certificates.

It is unclear whether any legislation will be proposed or enacted affecting the tax treatment of interest on the Series 2025 Certificates or effecting the economic advantage of purchasing or owning the Series 2025 Certificates. There can be no assurance that such legislation will not be adopted and that it will not affect the Series 2025 Certificates. Such legislation may be retroactive and apply to tax-exempt certificates or bonds, including the Series 2025 Certificates, and the adoption of any such legislation could adversely affect the market value or marketability of the Series 2025 Certificates and the financial condition of the Authority in ways which cannot be predicted. In addition, the adoption of any such legislation could increase the cost to the Authority and the Institution of financing future capital needs.

### **Termination of the Leases**

The Authority has leased the Carrollton Facility to the Institution pursuant to the Carroll Lease. The current stated termination date of the Carroll Lease is after the final maturity of the Series 2025 Certificates. The Authority presently has no active function in managing the day-to-day activities of the Carrollton Facility or other facilities subject to the Carroll Lease. The Carroll Lease may be terminated upon mutual consent, upon certain events of condemnation or damage or destruction, or upon an event of termination under the Carroll Lease. See **Appendix A - “Certain Information Concerning the Institution.”** In the event the Carroll Lease is terminated, (i) the Institution will no longer be entitled to occupy, operate and receive the revenues of the Carrollton Facility and (ii) the revenues derived from the Carrollton Facility will no longer be subject to the lien created by the Amended and Restated Master Indenture. While the Authority has agreed in the Certificate Indenture that upon any such termination it will agree to become an Obligated Group Member and in the event that it is not qualified to become an Obligated Group Member, to pledge its Gross Receivables to the payment of the Series 2025 Certificates, such a termination would adversely affect the ability of the Institution and the Authority to pay amounts due on the Series 2025 Certificates, and would adversely affect the operations or financial condition of the facilities subject to the Carroll Lease, including the Carrollton Facility.

The Bremen/Haralson Authority has leased the Bremen Facility to the Institution pursuant to the Bremen Lease. The Bremen/Haralson Authority presently has no active function in managing the day-to-day activities of the Bremen Facility or other facilities subject to the Bremen Lease. The current stated termination date of the Bremen Lease is November, 2040, which is prior to the final maturity date of the Series 2025 Certificates. The Bremen/Haralson Authority is not obligated to extend the term of the Bremen Lease. The Bremen Lease may be terminated upon mutual consent, upon certain events of condemnation or damage or destruction, or upon an event of termination under the Bremen Lease. See **Appendix A - “Certain Information Concerning the Institution.”** In the event the Bremen Lease is terminated, (i) the Institution will no longer be entitled to occupy, operate and receive the revenues of the Bremen Facility and (ii) the revenues derived from the Bremen Facility will no longer be subject to the lien created by the Amended and Restated Master Indenture.

### **Impact of COVID-19 Pandemic**

Developments relating to COVID-19 and its variants continue to occur rapidly. Epidemiology experts predict continued multiple “waves” of infections from COVID-19, which may require the local governments around the State to temporarily suspend operations or remote working arrangements. The duration and severity of COVID-19, and its ongoing impact on the State and County is unknown and will continue to evolve, particularly in light of the emergence of new COVID-19 variants. The State’s, the Obligated Group’s, and the County’s finances are likely to be adversely affected by the continued spread of COVID-19 variants. The Obligated Group and the County cannot predict what effect the spread of COVID-19 variants or the various governmental and private actions taken in response thereto will have on the finances or operations of the Obligated Group or the County.

See **Appendix A – “Certain Information Concerning the Institution Tanner Medical Center – Management’s Discussion and Analysis of Results and Operations”** and **Appendix B – “Certain Information Concerning Carroll County - County Financial Information – Management Discussion and Analysis.”**

## **Nonprofit Health Care Environment**

*General.* As nonprofit tax-exempt organizations, certain members of the Obligated Group are subject to federal, state and local laws, regulations, rulings and court decisions relating to their organization and operation, including their operation for charitable purposes. At the same time, the members of the Obligated Group conduct large-scale complex business transactions and are major employers in their respective geographic areas. There can often be a tension between the rules designed to regulate a wide range of charitable organizations and the day-to-day operations of a complex health care organization.

Recently, an increasing number of the operations or practices of health care providers have been challenged or questioned to determine if they are in compliance with the regulatory requirements for nonprofit tax-exempt organizations. These challenges, in some cases, are broader than concerns about compliance with federal and state statutes and regulations, such as Medicare and Medicaid compliance, and instead, in many cases, are examinations of core business practices of the health care organizations. Areas that have come under examination have included pricing practices, billing and collection practices, charitable care, executive compensation, exemption of property from real property taxation and others. These challenges and questions have come from a variety of sources, including state attorneys general, the Internal Revenue Service (the “IRS”), labor unions, Congress, state legislatures, other federal and state agencies and patients and in a variety of forums, including hearings, audits and litigation. These challenges or examinations include the following, among others:

*Budget Control Act.* The Budget Control Act of 2011 (the “Budget Control Act”) limited the federal government’s discretionary spending to levels necessary to reduce expenditures between federal fiscal years 2012 and 2021 by \$917 billion as compared to the federal budget baseline as of 2011. The Bipartisan Budget Act of 2018 extended these reductions through 2027 (although the cuts were eliminated by the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the “CARES Act”) from May 1, 2020 through December 31, 2020). The CARES Act and the American Rescue Plan suspended payment reductions until June 30, 2022, with the full 2% payment reduction taking effect thereafter. Another federal statutory sequester, the “Pay-As-You-Go” or “PAYGO” sequester, may be triggered in future years. It is possible that Congress could act to extend or increase these across-the-board reductions.

Because Congress may make changes to the budget in the future, it is impossible to predict the impact these and any additional spending cuts may have upon the Obligated Group. Reductions in Medicare and/or Medicaid spending may have a material adverse effect upon the financial condition of the Obligated Group.

*Health Care Reform.* The Patient Protection and Affordable Care Act of 2010 (the “Affordable Care Act”) and the Health Care and Education Reconciliation Act of 2010 (collectively referred to as the “**Health Care Reform Law**”) were designed to overhaul the United States health care system and regulate many aspects of and players in the health care arena including individuals, employers and health insurers. This legislation addresses almost all aspects of hospital and provider operations and health care delivery, and has changed and will continue to change how health care services are covered, delivered, and reimbursed. These changes have resulted in lower reimbursement from Medicare, utilization changes, increased government enforcement and the necessity for health care providers to assess, and potentially alter, their business strategy and practices, among other consequences. While most providers will receive reduced payments for care, millions of uninsured Americans may have coverage. Requirements for state health information exchanges could fundamentally alter the health insurance market and negatively impact providers by taking on a rate-setting role. Federal deficit reduction efforts will likely curb federal Medicare and Medicaid spending further to the detriment of hospitals, physicians, and other health care providers.

On June 28, 2012, the U.S. Supreme Court upheld most provisions of the Health Care Reform Law, including the requirement that individuals maintain health insurance coverage. The Supreme Court also ruled that the federal government could not compel states to comply with the Health Care Reform Law’s requirement to expand Medicaid by eliminating all federal funds a state receives for its existing Medicaid program. The Health Care Reform Law

continues to remain the law, but future challenges or legislative attempts to repeal or amend the Health Care Reform Law may occur.

A significant component of the Health Care Reform Law is the expansion of the base of health care consumers through the reformation of the sources and methods by which consumers will pay for health care for themselves and their families and by which employers will procure health insurance for their employees and dependents of their employees. One of the primary drivers of the Health Care Reform Law is to provide, make available, or subsidize the premium costs of health care insurance for some of the millions of currently uninsured (or underinsured) consumers who fall below certain income levels. To the extent all or any of the Health Care Reform Law provisions produce the intended result, an increase in utilization of health care services by those who are currently avoiding or rationing their health care can be expected and bad debt expenses may be reduced. Associated with increased utilization will be increased variable and fixed costs of providing health care services, which may or may not be offset by increased revenues, and a risk of physician shortages, especially in specialties necessary to provide critical intervention or chronic disease management (e.g., primary care).

The Health Care Reform Law also contains more than thirty-two sections related to health care fraud and abuse and program integrity as well as significant amendments to existing criminal, civil and administrative anti-fraud statutes. Increased compliance and regulatory requirements, disclosure and transparency obligations, quality of care expectations and extraordinary enforcement provisions that could greatly increase potential legal exposure are all aspects of the Health Care Reform Law that could increase operating expenses to the Obligated Group.

With respect to charity care, the Health Care Reform Law contains many features from previous tax exemption reform proposals, including a set of sweeping changes applicable to charitable hospitals exempt under § 501(c)(3) of the Internal Revenue Code. The Health Care Reform Law: (a) imposes new eligibility requirements for 501(c)(3) hospitals, coupled with an excise tax for failures to meet certain of those requirements; (b) requires mandatory IRS review of the hospital's entitlement to exemption; (c) sets forth new reporting requirements including information related to community health needs assessments and audited financial statements; and (d) imposes further reporting requirements on the Secretary of the Treasury regarding charity care levels. The Health Care Reform Law does not, however, mandate specific levels of charity care for nonprofit hospitals. See "Tax Exempt Status; Continuing Legal Requirements" below.

Given the general complexity of the Health Care Reform Law, additional legislation is likely to be considered and enacted over time. The Health Care Reform Law will also require the promulgation of substantial regulations with significant effects on the health care industry and third-party payors. In response, third-party payors as well as suppliers and vendors of goods and services to health care providers are expected to impose new contractual terms and conditions. Thus, the health care industry will be subjected to significant new statutory and regulatory requirements as well as contractual terms and conditions, and consequently to structural and operational changes and challenges, for a substantial period of time.

Management of the Obligated Group is analyzing the Health Care Reform Law and will continue to do so in order to assess the effects of the legislation and/or regulations on current and projected operations, financial performance and financial condition. However, management cannot predict with any reasonable degree of certainty or reliability any interim or ultimate effects of the legislation or promulgated regulations.

*Health Care Payment Reform.* As a part of the Health Care Reform Law, the payment structure from governmental payors, including Medicare and Medicaid and other government programs, as well as from private payors, has been or will be altered from current methodologies. With varying effective dates, the annual Medicare market basket updates for many providers, including hospitals, will be reduced, and adjustments to payments for expected productivity gains will be implemented. The Health Care Reform Law also provides for the implementation of various demonstration projects and pilot projects to test, evaluate, encourage, and expand existing and new payment structures and methodologies to reduce health care expenditures while maintaining or improving quality of care. Such projects include bundled payments under Medicare and Medicaid, and comparative effectiveness research programs that compare the clinical effectiveness of medical treatments and develop recommendations concerning practice guidelines and coverage determinations.

Certain other provisions of the Health Care Reform Law encourage the creation of new health care delivery programs, such as accountable care organizations in which a group of providers is held jointly responsible for improving the quality and cost of health care of a certain population, with the opportunity to share in financial benefits that result, or combinations of provider organizations that voluntarily meet quality thresholds and are able to share in the cost savings they achieve for the Medicare program. The outcomes of these projects and programs, including their effect on payments to providers and financial performance, cannot be predicted. The effect, however, may be the reduction of net revenue of the Obligated Group.

*Competition Among Health Care Providers.* Increased competition from a wide variety of sources, including specialty hospitals, other hospitals and health care systems, inpatient and outpatient health care facilities, including ambulatory surgery centers, long-term care and skilled nursing services facilities, clinics, physicians and others, may adversely affect the utilization and/or revenues of hospitals. Existing and potential competitors may not be subject to various restrictions applicable to hospitals. Future competition may arise from new sources not currently anticipated or prevalent.

Additionally, scientific and technological advances, new procedures, drugs and appliances, preventive medicine and outpatient health care delivery may reduce utilization and revenues of hospitals in the future or otherwise lead the way to new avenues of competition. These new technologies could result in higher hospital costs. In some cases, hospital investment in facilities and equipment for capital-intensive services may be lost as a result of rapid changes in diagnosis, treatment or clinical practice brought about by new technology or new pharmacology. See **Appendix A – “Certain Information Concerning the Institution - Medical Service Area and Competition”** for a description of the principal competitors of the Obligated Group in its service areas and certain information regarding service area economics.

*Internal Revenue Service Form 990.* IRS Form 990 is used by 501(c)(3) not-for-profit organizations to submit information required by the federal government for tax-exemption. Form 990 requires detailed public disclosure of compensation practices, corporate governance, loans to management and others, joint ventures and other types of transactions, political campaign activities and other areas the IRS deems to be compliance risk areas. Form 990 also requires the reporting of detailed community benefit information on Schedule H to the Form and establishes uniform standards for the reporting of charity care. Form 990 also contains a separate schedule requiring detailed reporting of information relating to tax exempt certificates or bonds, including compliance with the arbitrage rules and rules limiting private use of bond-financed facilities, including compliance with the safe harbor guidance in connection with management contracts and research contracts. Form 990 allows for enhanced transparency as to the operations of exempt organizations. It is likely to result in enhanced enforcement, as Form 990 makes available a wealth of detailed information on compliance risk areas to the IRS and other stakeholders, including state attorneys general, unions, plaintiff’s class action attorneys, public watchdog groups and others. The Health Care Reform Law amended the Code to require tax-exempt hospitals to include in their Form 990 a report describing how they are addressing the needs identified in each community health needs assessment conducted (see “Tax Exempt Status; Continuing Legal Requirements” below) and their audited financial statements (or the consolidated financial statements in which they are included).

*Litigation Relating to Billing and Collection Practices.* Lawsuits have been filed in both federal and state courts alleging, among other things, that hospitals have failed to fulfill their obligations to provide charity care to uninsured patients and have overcharged uninsured patients. The cases are proceeding in various courts around the country with inconsistent results. While it is not possible to make general predictions, some hospitals and health systems have incurred substantial costs in defending such lawsuits and in some cases have entered into substantial settlements. None of the members of the Obligated Group is currently a defendant in litigation relating to billing and collection practices.

*Challenges to Real Property Tax Exemptions.* Recently, a number of states have challenged the real property tax exemptions afforded to certain nonprofit health care providers by state and local taxing authorities on the grounds that the health care providers were not engaged in sufficient charitable activities. These challenges have been based on a variety of grounds, including allegations of aggressive billing and collection practices and excessive financial margins. Management is not aware of any challenges to the tax-exempt status of the real property of the Obligated Group.



*Indigent Care.* Tax-exempt hospitals often treat large numbers of indigent patients who are unable to pay in full for their medical care. General economic conditions that affect the number of employed individuals who have health coverage affects the ability of patients to pay for health care. Similarly, changes in government policy, which may result in coverage exclusions under local, county, state and federal health care programs, may increase the frequency and severity of indigent treatment by such hospitals and other providers. It is also possible that future legislation could require that tax-exempt hospitals maintain minimum levels of indigent care as a condition of federal income tax exemption and exemption from certain state and local taxes. The Authority provides substantially all of the indigent care to residents of the County. The Authority receives no compensation from the County for indigent care provided by the Facilities. Further increases in the volume or cost of indigent care for indigent care could have a material adverse effect on the financial condition of the Authority.

*Action by Purchasers of Hospital Services and Consumers.* Major purchasers of hospital services could take action to restrict hospital charges or charge increases. As a result of increased public scrutiny, it is also possible that the pricing strategies of hospitals may be perceived negatively by consumers, and hospitals may be forced to reduce fees for their services. Decreased utilization could result, and hospitals' revenues may be negatively impacted. In addition, consumers and groups lobbying on behalf of consumers are increasing pressure for hospitals and other health care providers to be transparent and provide information about cost and quality of services that may affect future consumer choices about where to receive health care services.

*Facility Damage.* Hospitals are highly dependent on the condition and functionality of their physical facilities. Damage from natural causes, fire, deliberate acts of destruction, or various facility system failures may have a material adverse impact on hospital operations, financial conditions and results of operations.

*Doctor and Nursing Shortage.* Currently, a doctor and nursing shortage exists which may have its primary impact on hospitals. Hospital operations, patient and physician satisfaction, financial condition and future growth could be negatively affected by doctor and nursing shortages, resulting in material adverse impact to hospitals.

## **Federal Laws Affecting Health Care Facilities**

*American Recovery and Reinvestment Act of 2009.* Title XIII of the American Recovery and Reinvestment Act of 2009 (the "**Recovery Act**"), otherwise known as the Health Information Technology for Economic and Clinical Health Act (the "**HITECH Act**"), modified the Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**") (as further discussed below) to strengthen the privacy and security protection for individuals' health information. For example, the HITECH Act significantly increased fines and the scope of remedies for violations of HIPAA and breaches of the security of electronic health records. If certain procedures and technologies are not in place, the HITECH Act requires disclosure to affected individuals, news media and the U.S. Department of Health & Human Services ("**HHS**") in the event security of protected information is breached. Criminal penalties are enforceable against persons who obtain or disclose protected health information without authorization. In addition, a state's attorney general can bring civil actions against a person on behalf of residents adversely affected by violations of either HIPAA or the HITECH Act. The Attorney General can either seek to enjoin further violations or obtain money damages on behalf of the residents harmed. HHS is now performing periodic audits of health care providers to ensure that required policies under the HITECH Act are in place. Individuals harmed by violations of HIPAA or the HITECH Act will be able to recover a percentage of monetary penalties or a monetary settlement based upon methods to be established by HHS for this private recovery in the next few years. Any violation of the HITECH Act is subject to HIPAA civil and criminal penalties.

*Federal Privacy Laws.* HIPAA addresses the confidentiality of individuals' health information. HIPAA requires the establishment of distinct privacy and security protections for individually identifiable health information. HHS promulgated privacy regulations under HIPAA (the "**Privacy Regulations**") that protect patient medical records and other personal health information maintained by health care providers, hospitals, health plans, health insurers and health care clearinghouses. Management believes that its operations and information systems comply with the Privacy Regulations.

Security regulations (the "**Security Regulations**") have also been promulgated under HIPAA to require the covered entities such as the Obligated Group, as healthcare providers, to implement administrative, physical and technical safeguards to protect the security of patient information. Additionally, HHS promulgated regulations to

standardize the electronic transfer of information pursuant to certain enumerated transactions (the “Code Set Transactions”). Management of the Obligated Group believes that all of its health care facilities are in substantial compliance with the Security Regulations and the Code Set Transactions. However, there have been increases in ransomware attacks on healthcare providers and information technology safeguards are complex and changing daily. Therefore, it is possible that even though the Obligated Group dedicates resources to prevent unauthorized access or use of protected health information, the Obligated Group may suffer a ransomware attack. The Security Incident Response programs and remedial steps necessary to mitigate the potential breach of patient information is costly and requires significant resources.

Disclosure of certain broadly defined protected health information is prohibited unless expressly permitted under the provisions of HIPAA and related regulations or authorized by the patient. HIPAA’s privacy and security provisions extend not only to patient medical records, but also to a wide variety of health care clinical and financial settings where patient privacy restrictions often impose new communication, operational, accounting and billing restrictions. These add costs and create potentially unanticipated sources of legal liability.

Violations of HIPAA can result in civil monetary penalties and criminal penalties. HIPAA incorporates a tiered civil monetary penalty structure promulgated by the HITECH Act, with civil penalties generally ranging from \$100 to \$50,000 per violation (with caps of \$25,000 to \$1.5 million for all violations of a single requirement in a calendar year) depending on the severity of the violation and the level of culpability involved.

The HITECH Act also (i) extends the reach of HIPAA beyond “covered entities,” such as healthcare providers, plans and clearing-houses, to their business associates, (ii) imposes a breach notification requirement on HIPAA covered entities, (iii) limits certain uses and disclosures of individually identifiable health information, (iv) restricts covered entities’ marketing communications and (v) permits imposition of civil monetary penalties for a HIPAA violation even if an entity did not know and would not, by exercising reasonable diligence, have known of a violation. Compliance with HIPAA and related regulations has imposed substantial financial burdens on the Obligated Group in such areas as electronic billing and other electronic transactions and in implementing procedures and altering facilities to promote the privacy and security of patient records.

The members of the Obligated Group believe that they are in material compliance with the Privacy Regulations, the Security Regulations, and HITECH.

*Medicare and Medicaid Programs.* Medicare and Medicaid are the commonly used names for hospital reimbursement or payment programs governed by certain provisions of the federal Social Security Act. Medicare is an exclusively federal program and Medicaid is jointly funded by federal and state governments and governed by both federal and state laws. Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older, blind, or disabled or who qualify for the End Stage Renal Disease Program. Medicaid is designed to pay providers for care given to the medically indigent and others who receive federal aid. Medicaid is funded by federal and state appropriations and is administered by the individual states. Federal funding is provided to a state for its Medicaid program in the form of matching payments in amounts equal to a percentage of state Medicaid expenditures, ranging from 50% to 100%, depending upon the use of the funds and the per capita income of the state recipient. These federal medical assistance percentages (“**FMAPs**”) are recalculated for each federal fiscal year. Receipt of federal funding is contingent on a state Medicaid program’s compliance with federal standards regarding beneficiary eligibility, coverage, benefits, fraud enforcement and use of FMAP payments. A number of provisions of the Health Care Reform Law impact FMAPs (*e.g.*, FMAPs of up to 100% for certain newly eligible individuals, increased FMAPs for disaster-affected states, primary care payment rate increases, specific preventative services and immunizations, smoking cessation for pregnant women, and health home services for patients with certain chronic conditions). Hospital benefits are available under each participating state’s Medicaid program, within prescribed limits, to persons meeting certain minimum income or other eligibility requirements, including children, the aged, the blind and/or the disabled.

Health care providers have been and will continue to be significantly impacted by changes in the last several years to the federal health care laws and regulations, particularly those pertaining to Medicare and Medicaid. The purpose of much of the recent statutory and regulatory activity has been to reduce the rate of increase in health care costs, particularly costs paid under the Medicare and Medicaid programs. The Health Care Reform Law amended Medicaid funding and substantially increased the potential number of Medicaid beneficiaries by creating a new national Medicaid minimum eligibility criteria that covers most Americans with household income up to 133% of the

federal poverty level, effective January 1, 2014. In June 2012, the Supreme Court ruled that states could decline to expand Medicaid coverage without losing their existing federal funding for the program. Because increased Medicaid funding generally brings more patients to most hospital providers, certain outcomes, such as a state refusing to expand Medicaid coverage, while Medicaid payment cuts are implemented, could put hospital providers at greater risk. As discussed in greater detail below, the State of Georgia has not expanded Medicaid coverage under the Health Care Reform Law. With respect to Medicare, the Health Care Reform Law, among other things, mandates significant reimbursement modifications, such as moving from a fee-for-service model to a quality of care model where value-based payments are tied to certain clinical objectives, including, but not limited to, patient outcomes and patient satisfaction.

Past federal budgets have contained cuts to the Medicare and Medicaid program budgets. In addition, due to the sequestration required by the Budget Control Act, cuts to the Medicare program of 2% of total program costs began on April 1, 2013. See “Nonprofit Health Care Environment -Budget Risks.” While it is uncertain what the outcome of current budget discussions will be and whether future federal budgets will propose additional cuts to these programs, any reduction in the level of Medicare and/or Medicaid spending or a reduction in the rate of increase of Medicare and/or Medicaid spending may have an adverse impact on the revenues of the Obligated Group derived from the Medicare and Medicaid programs.

The following is a summary of the Medicare and Medicaid programs and certain risk factors related thereto.

*The Medicare Program.* Medicare is the federal health insurance system under which physicians, hospitals and other health care providers are reimbursed or paid for services provided to eligible elderly and disabled persons or persons who qualify for the End Stage Renal Disease Program. Medicare is administered by the Centers for Medicare & Medicaid Services (“CMS”), which delegates to the states the process for certifying hospitals to which CMS will make payment. In order to achieve and maintain Medicare certification, hospitals must meet CMS’s “Conditions of Participation” on an ongoing basis, as surveyed by the CMS delegated agency in the state in which the provider is located. The requirements for Medicare certification are subject to change and, therefore, it may be necessary for hospitals to effect changes from time to time in their facilities, equipment, personnel, billing, policies and services. CMS may determine that a provider is not in compliance with its Conditions of Participation. In that event, a notice of termination of participation in Medicare may be issued or other sanctions potentially could be imposed.

The members of the Obligated Group are certified as providers for Medicare services and for the fiscal years ended June 30, 2024 and 2023, Medicare payments represented approximately 27% and 24%, respectively, of the Obligated Group’s net patient service revenues. See “-Medicare, Medicaid and Other Third-Party Payment Programs” in *Appendix A* to this Official Statement.

The Medicare program is consistently the most important source of patient service revenue for the Obligated Group with approximately 52% of gross patient charges attributable to Medicare patients in Fiscal Year 2023 and approximately 53% of gross patient charges attributable to Medicare patients in Fiscal Year 2024. Any revisions to the Medicare program or to the classification of the Obligated Group under the Medicare program may significantly affect the Obligated Group’s revenues. The laws and regulations governing Medicare reimbursement are extremely complex and subject to interpretation. In addition, there is no guarantee that the reimbursement methodologies described below for Medicare inpatient and outpatient services will continue in their present format, since those methodologies and the associated payment rates have been the frequent subject of Congressional action.

In addition, there is no assurance that the Obligated Group will be paid amounts that will reflect adequately their operating costs incurred in providing inpatient hospital services to Medicare beneficiaries, as well as any changes in the cost of providing health care or in the cost of health care technology being made available to Medicare beneficiaries.

*Hospital Inpatient Reimbursement.* Hospitals are generally paid for inpatient services provided to Medicare beneficiaries through an inpatient prospective payment system (“IPPS”) based on established categories of treatments or conditions known as diagnosis related groups (“DRGs”). DRGs are a system of classifying inpatient hospital services based on a person’s medical diagnosis, any secondary diagnoses, surgical procedures, age, sex and presence of any complications. Payments are made to hospitals based on the DRG assignment for each patient’s diagnosis.

Hospital reimbursement will be set at specific rates established by Medicare for that particular patient's DRG, regardless of the actual costs incurred by the hospital for such treatment. CMS established a new DRG classification system in its 2008 IPPS Final Rule, which categorizes base DRGs by severity and weight. The actual cost of care, including capital costs, may be more or less than the DRG rate. DRG rates are subject to adjustment by CMS and are subject to federal budget considerations. There is no guarantee that DRG rates, as they change from time to time, will cover actual costs of providing services to Medicare patients.

CMS continues to revise the IPPS and annually publishes an interim rule for notice and comment followed by a final rule.

Several significant Medicare payment reform measures - designed to incentivize hospitals based on quality and performance measures - implemented reimbursement incentives and penalties: the Readmission Reduction Program, the Hospital Value-Based Purchasing Program, the Hospital Inpatient Quality Reporting Program, and the Hospital-Acquired Condition Reduction Program (see "Medicare Payment for Preventable Medical Errors" below). The Readmission Reduction Program reduces Medicare payments by specified percentages to hospitals with excess or preventable hospital admissions based on historical discharge data. The Hospital Value-Based Purchasing Program, funded through an across-the-board reduction to the IPPS standardized DRG amounts, reallocates and redistributes Medicare reimbursement funds to hospitals based on how well they perform on quality and patient experience measures. The DRG percentage reduction is 2.0% for each federal fiscal year. Under the Hospital Inpatient Quality Reporting Program, annual payment updates to hospitals that do not successfully report designated quality measures are reduced by two percentage points, and beginning in federal fiscal year 2015, hospitals that do not participate successfully in the program will lose one-quarter of the percentage increase in their payment updates. Management of the Obligated Group is not aware of any situation in which a Medicare readmission penalty, Hospital Value-Based Purchasing Program performance measure, or payment reduction related to quality reporting is being, or may in the future be, assessed that would materially and adversely affect the financial condition or results of the operations of the Obligated Group. In 2016, CMS released final regulations for implementation of the Medicare Access and CHIP Reauthorization Act ("MACRA") and its physician Quality Payment Program ("QPP"), which dramatically alters the way physicians and other clinicians are reimbursed by Medicare. The QPP and other federal delivery reform initiatives evidence a rapid volume-value shift within Medicare and could present challenges for the Obligated Group and the employed or contracted clinicians with whom the Obligated Group partners to deliver care. It is generally anticipated that CMS will continue to experiment with additional alternative payment models. Additionally, private payors are moving toward value-based purchasing and alternative payment models.

There can be no assurance that future changes in classifications of patient hospitalizations or revisions to annual documentation and coding adjustments or other payment update measures implemented in future prospective payment regulations will not result in fluctuations or declines in revenue.

*Medicare Payment for Preventable Medical Errors.* The Deficit Reduction Act of 2005 (the "DRA") required the Secretary of HHS to identify complicating conditions present as a secondary diagnosis that are high cost and/or high volume and reasonably preventable through application of evidence-based guidelines (collectively referred to as "hospital-acquired conditions"). The DRA further required hospitals to begin reporting on claims for discharges, beginning October 1, 2007, whether the selected hospital-acquired conditions were present on admission. In its 2008 IPPS Final Rule, CMS included several conditions identified by the National Quality Forum as "never events" (*i.e.*, inexcusable outcomes in a health care setting). Each year, additional conditions classified as hospital-acquired or never events have been added through the inpatient prospective payment system rulemaking process. All such conditions have negative payment implications when acquired during an inpatient stay. Effective July 1, 2011, federal payments to states for Medicaid services related to hospital-acquired conditions are prohibited. And, under the Hospital-Acquired Condition Reduction Program, commencing in federal fiscal year 2016, Medicare payments to certain hospitals that rank in the lowest-performing quartile with respect to hospital-acquired conditions will be reduced by 1%. The incidence of adverse events and their payment implications continues to be an area of focus for regulators.

*Other Medicare Service Payments.* Medicare payment for skilled nursing services, psychiatric services, inpatient rehabilitation services, general outpatient services and home health services are subject to Medicare's consolidated billing rules. Consolidated billing requires covered providers to bill Medicare for the entire package of services their patients receive, other than a few excluded services, based on regulatory formulas or pre-determined rates. There is no guarantee that these rates, which may fluctuate, will be adequate to cover the actual cost of providing

these services to Medicare patients. In addition, there is no assurance that the members of the Obligated Group will be fully reimbursed for all services which each bills through consolidated billing.

*Reimbursement of Hospital Capital Costs.* Hospital capital costs apportioned to Medicare patient use (including depreciation and interest) are paid by Medicare exclusively on the basis of a standard federal rate (based upon average national costs of capital), subject to limited adjustments specific to each hospital. There can be no assurance that future capital-related payments will be sufficient to cover the actual capital-related costs of the Obligated Group's facilities applicable to Medicare patient stays or will provide flexibility for hospitals to meet changing capital needs.

*Physician Payments.* Physicians may elect to "participate" or enroll in the Medicare program as a provider. Medicare Part B provides reimbursement for physician services, including employed and provider-based physicians, based upon a national fee schedule called the Resource-Based Relative Value Scale ("**RBRVS**"). RBRVS sets a relative value for each physician service; that value is then multiplied by a geographic adjustment factor and a nationally-uniform conversion factor to determine the amount Medicare will pay for each service.

In April 2015, MACRA established QPP, which repealed the sustainable growth rate methodology for updates to the Medicare PFS, changed the way that Medicare rewards clinicians for services, streamlined existing quality and value programs, and provided for bonus payments to physicians and other clinicians for participating in certain payment models. The QPP provides incentive payments to eligible clinicians participating in Medicare Part B through two tracks: the Merit-based Incentive Payment System ("**MIPS**") and Advanced Alternative Payment Models ("**Advanced APMs**"). In 2016, CMS released final regulations implementing the QPP. The PFS was scheduled to increase by 0.5% annually from July 2015 through 2018. The Bipartisan Budget Act of 2018 reduced the annual PFS increase in 2019 to 0.25%. The PFS will then remain at the same reimbursement level (0.0% increase) for five years (2020-2025). Beginning in 2026, the PFS will be increased either by (i) 0.25% annually for providers participating in MIPS, or (ii) 0.75% annually for providers participating in Advanced APMs.

MIPS, which is the "default track" under MACRA, provides eligible clinicians with an adjustment to their Medicare Part B reimbursement based on performance in four categories: Quality, Promoting Interoperability, Improvement Activities and Cost. MIPS combines into a single program aspects of CMS's prior quality and value programs, including the Physician Quality Reporting System, Medicare Electronic Health Records Incentive Program, and the Physician Value-Based Payment Modifier. MIPS eligible clinicians include physicians, physician assistants, nurse practitioners, clinical nurse specialists and certified registered nurse anesthetists. 2017 was the first MIPS performance period. CMS applies a performance adjustment for each payment year based on the performance data reported for the prior two years. At this time, the Obligated Group believes that any adjustments have been payment neutral.

Advanced APMs are alternative payment models ("**APMs**") that use certified electronic health record technology, provide for payment for covered professional services based on quality measures comparable to those in the quality performance category under MIPS, and either require that participating APM entities bear risk for financial losses of more than a nominal amount under the APM or be a type of Medical Home Model. Eligible clinicians who meet threshold Medicare participation levels in their Advanced APMs may be entitled to incentive payments.

The QPP and other federal delivery reform initiatives evidence a rapid volume-value shift within Medicare and could present challenges for certain of the members of the Obligated Group and the employed or contracted clinicians with whom the members of the Obligated Group partner to deliver care. The new quality reporting programs may negatively impact the reimbursement amounts received by the Obligated Group for the cost of providing physician services.

Physicians who opt not to participate in the Medicare program also may provide care to Medicare beneficiaries, but will be reimbursed at a lower fee schedule. Regardless of physician enrollment status, physicians who furnish health care services to Medicare beneficiaries must meet all applicable federal coding, documentation, and other compliance requirements.

*Medicare and Medicaid Audits and Withholds.* Hospitals participating in Medicare and Medicaid are subject to audits and retroactive audit adjustments with respect to reimbursement claimed under those programs. Although

management of the Obligated Group believes its reserves are adequate for the purpose, any such future adjustments could be material. Both Medicare and Medicaid regulations also provide for or require withholding payments in certain circumstances. Any such withholding with respect to the Obligated Group could have a material adverse effect on the financial condition and results of operations of the Obligated Group. In addition, contracts between hospitals and third-party payors often have contractual audit, setoff and withhold language that may cause substantial, retroactive adjustments. Such contractual adjustments also could have a material adverse effect on the financial condition and results of operations of the Obligated Group. Management of the Obligated Group is not presently aware of any situation in which a Medicare or other payment is being or may in the future be withheld that would materially and adversely affect the financial condition or results of operations of the Obligated Group.

Under both the Medicare and Medicaid programs, certain health care providers, including hospitals, are required to report certain financial information on a periodic basis and with respect to certain types of classifications of information. Penalties are imposed for inaccurate reports. As these requirements are numerous, technical and complex, there can be no assurance that the Obligated Group will avoid incurring such penalties in the future. These penalties may be material and adverse and could include administrative, criminal or civil liability for making false statements or claims and/or an administrative action for exclusion from participation in the federal health care programs. Under certain circumstances, payments made may be determined to have been made as a consequence of improper claims subject to the federal False Claims Act (“FCA”) or other federal statutes, subjecting the provider to civil, administrative or criminal sanctions. The Department of Justice (“DOJ”) has initiated a number of national investigations involving proceedings under the FCA relating to alleged improper billing practices by hospitals. These actions have resulted in substantial settlement amounts being paid in certain cases.

Management of the Obligated Group does not anticipate that Medicare audits or cost report settlements for the Medicare program will materially adversely affect the financial condition or results of operations of the Obligated Group, taken as a whole, nor is it aware of any claims that have been improperly submitted by the Obligated Group. However, in light of the complexity of the regulations relating to the Medicare program and the threat of ongoing investigations as described above, there can be no assurance that significant difficulties will not develop in the future.

*Recovery Audit Contractors.* Section 302 of the Tax Relief and Health Care Act of 2006 required the Secretary of Health and Human Services to utilize recovery audit contractors (“RACs”) paid on a contingency fee basis under the Medicare Integrity Program to identify underpayments and overpayments and recoup overpayments under the Medicare program. Since January 1, 2012, state Medicaid agencies are also required to implement a recovery audit program to identify underpayments and overpayments. Currently, RACs may request to review Medicare and Medicaid payments for services billed during the previous three years as well as the current year.

Management of the Obligated Group is not aware of a situation in which a Recovery Audit, if conducted, and any resulting payments made by the Obligated Group would materially adversely affect the financial condition of the Obligated Group. However, in light of the complexity of the regulations relating to the Medicare program and the ongoing threat of audits, there can be no assurance that any audit would not materially adversely affect the financial condition of the Obligated Group.

*Medicaid Programs.* Medicaid is a jointly funded federal and state medical assistance program for qualified needy individuals and their dependents. Pursuant to federal guidelines, each state establishes its own eligibility standards; determines the type, amount, duration and scope of services; sets the payment rates for services; and administers its own programs. As described under the caption “Nonprofit Health Care Environment -Health Care Reform,” one component of the Health Care Reform Law incentivizes states to expand their Medicaid programs to individuals earning up to 138% of the federal poverty level by offering additional Medicaid funding to such states. The State of Georgia has decided not to expand its Medicaid programs to cover such individuals and thus have declined the additional federal funding tied to such expansion.

In response to the COVID-19 pandemic, the U.S. Congress passed the Families First Coronavirus Response Act (FFCRA) in March 2020. Under the FFCRA, Georgia Medicaid members have been eligible for continuous coverage during the federal public health emergency (PHE). In December 2022, the federal government passed a federal spending bill that permits states to begin Medicaid redetermination on April 1, 2023, regardless of the PHE end date. Georgia commenced the process to redetermine eligibility for approximately 2.7 million Medicaid and PeachCare for Kids® members. There is a risk that a large portion of Medicaid members may drop off of the Medicaid

rolls. Less Medicaid members may result in an increased in the self-pay population of patients that may have a material effect on the Obligated Group's net revenue and operating margin. In addition, if there are less Medicaid members, it may impact the Institutions' participation in the 340B Drug Pricing Program. The 340B Drug Pricing Program permits nonprofit hospitals that provide a minimum disproportionate share percent of 11.75% for the most recently filed cost report to purchase outpatient drugs at significantly reduced prices. If the volume of Medicaid members declines and it impacts the Institution's disproportionate share percentage, Tanner Medical Center may be required to purchase drugs at higher costs which would negatively impact its revenues.

For the fiscal years ended June 30, 2024 and 2023, the members of the Obligated Group received approximately 5.0% and 4.9%, respectively, of net patient service revenues from Medicaid programs. See "-Medicare, Medicaid and Other Third-Party Payment Programs" in *Appendix A* hereto.

The Medicaid Division of the Georgia Department of Community Health ("DCH") administers the Medicaid and other related programs such as PeachCare for Kids, Georgia's child health insurance program. DCH uses DRG's to reimburse hospitals for inpatient services to Medicaid recipients. The State of Georgia periodically audits the reimbursable costs on which patient Medicaid reimbursements are paid. While the administrative staff of the Obligated Group believes that the rates to be charged Medicaid patients will be appropriately premised on allowable costs, no assurance can be given that certain costs will not be disallowed.

From time to time, the DCH or the Georgia legislature may change policies relating to Medicaid eligibility, services and reimbursement. Any reduction in the services covered by the Georgia Medicaid program or in the payment amounts available for covered services could negatively impact the Institution's business. In addition, the federal contribution to Medicaid programs could diminish in the future. Any reduction in the federal government's contribution to the Georgia Medicaid program could negatively impact the amount of reimbursement available through the program and could ultimately negatively impact the Obligated Group's revenues.

Since Medicaid is a significant payor for the Institution, changes in the qualification criteria, covered benefits and reimbursement amounts could have a material effect on the Institution's net revenue and operating margin. Additionally, the effect of the implementation of a Medicaid managed care program cannot be predicted. With increased benefit limitations and more restrictive payments for services, reductions in reimbursement could be materially greater than current estimates and could result in more uninsured or underinsured patients. Accordingly, there is no assurance that Medicaid payments are or will continue to be adequate.

In 2019, the Georgia General Assembly adopted legislation authorizing the Department of Community Health to submit to CMS a Section 1115 waiver. On October 15, 2020, CMS approved the 1115 waiver for Georgia Pathways to Coverage which extends Medicaid coverage to 100 percent of the federal poverty level for parents and childless adults with initial and continued enrollment conditioned on compliance with work and premium requirements and other eligibility and benefit restrictions at the regular state match rate. Although coverage under this eligibility extension was set to begin on July 1, 2021, the State announced a delay in waiver implementation until at least the end of calendar year 2021, following the Biden Administration's steps to withdraw waivers with work requirement provisions. On December 23, 2021, CMS withdrew its approval of the 1115 waiver, but a federal court later overturned the withdrawal. The Biden Administration did not appeal the federal court decision, and Georgia has imposed work and community engagement requirements under a Medicaid demonstration program that launched July 1, 2023. The Georgia Department of Community Health has projected up to 100,000 people could eventually benefit from Georgia Pathways to Coverage. Management of the Obligated Group cannot predict whether the Pathways to Coverage program will have a negative financial impact on the Obligated Group.

Approximately 12% of the hospital portion of the Institution's gross patient service revenue for Fiscal Year 2023 and approximately 10.2% of the hospital portion of the Institution's gross patient service revenue for Fiscal Year 2024 was attributable to Medicaid patients. Since Medicaid is a significant payor for the Obligated Group, changes in the qualification criteria, covered benefits and reimbursement amounts could have a material effect on the Obligated Group's net revenue and operating margin. Additionally, the effect of the implementation of a Medicaid managed care program cannot be predicted. With increased benefit limitations and more restrictive payments for services, reductions in reimbursement could be materially greater than current estimates and could result in more uninsured or underinsured patients. Accordingly, there is no assurance that Medicaid payments are or will continue to be adequate.

*Disproportionate Share Payments.* The federal Medicare and state Medicaid laws permit states to include a “disproportionate share” adjustment in payments to hospitals in order to compensate those hospitals that serve a disproportionate share of indigent patients with a supplemental payment (collectively this program is referred to as “**DSH**”). Under Georgia’s disproportionate share program, which is part of the Indigent Care Trust Fund (“**ICTF**”), each hospital in Georgia is required to file with the Georgia Department of Community Health its financial and service data for its fiscal year. Those hospitals which qualify for ICTF payments are required to file additional data regarding amounts of uncompensated care provided by the provider. The state identifies providers eligible for disproportionate share payments and draws matching federal funds to allocate to qualifying providers based on the state’s formula of distribution.

The Health Care Reform Law reduces disproportionate share payments by 75% commencing October 1, 2013, but a portion of the 75% reduction will be distributed back to hospitals based on the percentage of the population that remains uninsured and the amount of uncompensated care provided. These payments will be increased thereafter to account for the national rate of consumers who do not have health care insurance and are provided uncompensated care. A state’s Medicaid disproportionate share hospital allotment from federal funds was also scheduled to be reduced beginning October 1, 2013; however, the Pathway for SGR Reform Act of 2013 subsequently repealed the reductions for fiscal years 2014 and 2015. The Protecting Access to Medicare Act of 2014, which became law on April 1, 2014, further delayed the reductions until October 1, 2016, but extended them through fiscal year 2024. In Fiscal Year 2024, the Obligated Group received Medicare disproportionate share payments of approximately \$4,300,000 and Medicaid disproportionate share payments of approximately \$3,300,000.

The Institution participated in Medicare and Medicaid. The lease of the Leased Facilities to the Institution requires the Obligated Group to process Change of Ownership Forms known as 855a and 855b enrollment forms with the Centers for Medicare and Medicaid Services (“**CMS**”). The Institution filed the enrollment forms to “tie” the new Institution tax identification number, the new National Provider Identifiers (“**NPI**”) and the Institution’s Medicare Provider Transaction Access Number (**PTAN**) together within the CMS eligibility, enrollment and billing systems. The CMS process to enroll Institution under its new tax identification number, NPI number and the Obligated Group PTAN number takes an extended period of time. The 855 enrollment forms have been filed and are currently in process. If CMS does not approve the Change of Ownership forms, which the Obligated Group does not anticipate occurring at this time, the Lease would likely be mutually terminated by the parties and the Institution will continue to operate the System. Enrolling the Institution in Medicaid, as the new provider, does not occur until after CMS approves the Institution Medicare enrollment and will take a longer period of time. In order to bill and collect for the services rendered, the Institution are operating under an Operation Transition Agreement until CMS issues the “tie in notice” providing evidence that Institution enrolled as the provider with CMS under its tax identification number and NPI.

*Pricing Transparency and Surprise Billing.* Under the Healthcare Reform Acts, hospitals are required to make public a list of their standard charges, and effective January 1, 2019, CMS has required that this disclosure be in machine-readable format and include charges for all hospital items and services and average charges for DRGs. On November 27, 2019, CMS published a final rule on “Price Transparency Requirements for Hospitals to Make Standard Charges Public.” This rule took effect on January 1, 2021 and requires all hospitals to also make public their payor-specific negotiated rates, minimum negotiated rates, maximum negotiated rates, and cash for all items and services, including individual items and services and service packages, that could be provided by a hospital to a patient. In addition, under this rule, hospitals must either (i) make available an internet-based price estimator tool that provides an estimate of a patient’s financial liability for 300 shoppable services (including 70 CMS-specified shoppable services) or (ii) make public charges, payor-specific negotiated rates, minimum negotiated rates, and maximum negotiated rates for 300 shoppable services (including 70 CMS-specified shoppable services) in a consumer-friendly manner. Hospitals must display the required information prominently, in a consumer-friendly manner, and clearly identify the hospital location with which the standard charge information is associated on a publicly available website. Initially, the penalty for noncompliance by a hospital was a maximum of \$109,500 annually. However, CMS, in response to widespread noncompliance with the Price Transparency Rule, finalized a rule change in 2022 that increased the maximum penalty for hospitals with over 550 beds to \$2,007,500, and for hospitals with a range of 31 beds through 549 beds, a civil monetary penalty of \$10 per bed per day, with the total maximum penalty being just under \$2 million.



Effective January 1, 2024, CMS modified the Pricing Transparency requirements to require a standard format for the standard charge data to be published. The final rule required for such data to be placed on a footer at the bottom of the hospital's home webpage to link directly to the URL that contains the machine readable file of the hospital's standard charges. This change in the rule was intended to improve the accessibility to a readable file related to the hospital's charges. In addition, by July 1, 2024, each hospital must make a good faith effort to ensure that the data in the machine-readable file is true, accurate and complete to include an affirmative statement that this is an accurate representation for the hospital. The updated final rule also strengthened and streamlined its enforcement activities to address the hospital that fail to implement the new format, accessibility and compliance requirements.

The final rule may result in competitively sensitive rate information becoming available to competing hospitals and insurers as well as employer sponsors of group health plans, which could lead to market distortions and possible anti-competitive effects that could impact hospital rates and revenue. Publication of hospital standard charges (including negotiated rates) as required may result in changes to consumer choice in a manner that may negatively impact the Obligated Group. Accordingly, compliance with these requirements could have a material adverse financial or operational impact on the Obligated Group.

As part of the Consolidated Appropriations Act, Congress passed legislation aimed at preventing or limiting patient balance billing in certain circumstances. The legislation addresses surprise medical bills stemming from emergency services, out-of-network ancillary providers at in-network facilities, and air ambulance carriers. The legislation prohibits surprise billing when out-of-network emergency services or out-of-network services at an in-network facility are provided, unless informed consent is received. In these circumstances providers are prohibited from billing the patient for any amounts that exceed in-network cost-sharing requirements. Insurers and providers would have 30 days to negotiate in a private and voluntary process to resolve payment disputes. If no agreement is reached, independent dispute resolution ("IDR") may be sought for a binding determination, not eligible for judicial review. CMS regulations and guidance implementing the IDR process has been subject to a significant amount of provider-initiated litigation. As a result, portions of those regulations and guidance materials have been vacated by a federal district court, causing CMS to, on several occasions, pause and resume IDR process operations, causing significant delay in the processing of claims.

Additionally, arguments made by the plaintiffs in such litigation have included allegations that CMS's regulations and guidance materials are favorable to payers. For these reasons, there can be no assurances that the hospital will receive timely payments in connection with this process. Additionally, the No Surprises Act includes transparency requirements for health plans to communicate in-network and out-of-network deductibles, as well as out-of-pocket maximums. The statute also includes language requiring health plans to have publicly available, online, and up-to-date directories for their in-network providers and to offer a price comparison tool for consumers.

In addition to the federal laws, the State of Georgia also passed the No Surprises Act. The state laws are similar to the federal laws in that the laws prohibit balance billing a patient for emergency or nonemergency services when the provider is out of network. If the provider is out of network, the insurer will remit payment for either (i) the verifiable median contracted amount paid by all eligible insurers for similar services calculated by a vendor utilized and chosen by the Commissioner; (ii) the most recent verifiable amount agreed to by the insurer and the non-participating medical provider for the same services during which time the provider was in-network with the insurer; (if applicable); or (iii) a higher amount as the insurer may deem appropriate given the complexity and circumstances of the services provided. Thus, if the Institution is out of network with a health plan or a state health plan, the reimbursement will be limited and the Institution will not be permitted to bill the patient for the difference between the amount paid and the Institution's charges. The state law provides an arbitration process in the event of a dispute between the provider and the insurer.

## **Government Regulation of Hospitals**

The operation of hospitals is extensively regulated by the federal and state governments. These regulations affect virtually every aspect of hospital operations, including (1) imposing procedures that increase costs (including complicated billing and other record keeping procedures), (2) requiring the providing of services free or below costs, (3) limiting the ability to make decisions based on economic best interest and (4) restricting the ability to pursue advantageous business opportunities with physicians and other health care providers. Such regulations are complex and subject to regular amendment and extension.

Significant federal and state restrictions include (1) the Physicians Self-Referral (“Stark”), along with state self-referral prohibitions, and “Anti-Kickback” laws, which severally restrict financial relationships with and referrals by private physicians, (2) the Anti-kickback Statute (as defined below) and its accompanying regulations that prohibit providing any form of remuneration to anyone if it induces the referral, ordering or purchasing of services or supplies billed to the state or federal government, unless it satisfies a “safe harbor”; (3) the federal False Claims Act and state counterparts; and (4) the Emergency Medical Treatment and Active Labor Act (“EMTALA”), imposing operating requirements on hospitals with emergency departments; and (5) the Civil Monetary Penalties for violation of (a) beneficiary inducements; (b) information blocking; or (c) HHS Grants, Contracts and Other Agreements.

Federal and state governments have a range of criminal, civil and administrative sanctions available to penalize and remediate violations of existing laws and regulations, including criminal fines, civil monetary penalties, repayment of erroneously paid claims, prison terms and exclusion from the Medicare, Medicaid, and/or other governmental programs. Because of the complexity and breadth of the regulations and the increased enforcement, there are numerous circumstances where alleged violations may trigger investigations, audits and inquiries that could result in expensive and prolonged enforcement actions against the Obligated Group. Enforcement actions may be initiated and prosecuted by one or more government entities and/or private individuals, and in some circumstances more than one of the available penalties may be imposed for each violation. An exclusion from participation in Medicare, Medicaid or other governmental health programs likely would result in a loss of substantial revenues.

See also **“CERTIFICATEHOLDERS’ RISKS -Physician Recruitment and Service Agreements.”**

*Stark Law.* The federal Ethics in Patient Referrals Act (known as the “Stark Law”) prohibits, subject to limited exceptions, a physician who has a financial relationship or whose immediate family has a financial relationship, with entities (including hospitals) providing “designated health services” from referring Medicare patients to these entities for the furnishing of “designated health services.” The Stark Law defines designated health services as including: physical therapy services, occupational therapy services, radiology or other diagnostic services (including MRIs, CT scans and ultrasound procedures), durable medical equipment, radiation therapy services, parenteral and enteral nutrients, equipment and supplies, prosthetics, orthotics and prosthetic devices, home health services, outpatient prescription drugs, inpatient and outpatient hospital services and clinical laboratory services. The Stark Law also prohibits the entity receiving the referral from filing a claim or billing for the services arising out of the prohibited referral. The prohibition applies regardless of the reasons for the financial relationship and the referral; no finding of intent to violate the Stark Law is required. Sanctions for violation of the Stark Law include denial of payment for the services provided in violation of the prohibition, refunds of amounts improperly collected, a civil penalty of up to \$15,000 for each service arising out of the prohibited referral, exclusion from participation in the federal health care programs and a civil penalty of up to \$100,000 against parties that enter into a scheme to circumvent the Stark Law’s prohibition. Under an emerging legal theory, violations of the Stark Law may also serve as the basis for liability under the FCA. The types of financial arrangements between a physician (or a physician’s immediate family member) and an entity that trigger the self-referral prohibitions of the Stark Law are broad and include ownership and investment interests and compensation arrangements as well as certain disclosure obligations.

Medicare may deny payment for all services related to a prohibited referral, and a hospital or other health care provider that has billed for prohibited services may be obligated to refund the amounts collected from the Medicare program. For example, if an office lease between a hospital and a large group of heart surgeons is found to violate Stark, a hospital could be obligated to repay CMS for the payments received from Medicare for all of the heart surgeries performed at the hospital by all of the physicians in the group for the duration of the lease; a potentially significant amount. The government may also seek substantial civil monetary penalties, and in some cases, a hospital or other health care provider may be liable for fines up to three times the amount of any monetary penalty, and/or be excluded from the Medicare and Medicaid programs. CMS has been very active in recent years in revising existing regulations and promulgating new regulations to close perceived loopholes and otherwise to impose new restrictions that have caused hospitals and other health care providers to completely revise the nature of certain common transactions with physicians. Government enforcement authorities have become increasingly active in bringing Stark enforcement actions. In addition, given its complexity and potential to generate very large financial damages and penalties, whistleblowers are bringing Stark-based False Claims Act actions with increasing frequency. Potential repayments to CMS, settlements, fines or exclusion for a Stark violation or alleged violation could have a material adverse impact on a hospital or other health care provider. Regulations promulgated under the Stark Law are subject

to frequent amendment. Such amendments are likely to require the Obligated Group to amend or terminate certain arrangements with physicians to comply with new regulatory requirements.

*Georgia Patient Self-Referral Act.* The Georgia Patient Self-Referral Act prohibits a healthcare provider from referring a patient for the provision of “designated health services” to an entity in which the healthcare provider is an investor or has an investment interest, subject to certain exemptions. A health care provider is any physician or other person licensed, certified or registered under the laws of the State of Georgia to provide healthcare services. Unlike the Stark law which applies to only Medicare, the Georgia Patient Self-Referral Act prohibits billing any payor (whether governmental or private) for any service furnished in violation of the law.

Penalties for violation of the anti-referral provisions of the Georgia Patient Self-Referral Act could be applied to many joint business activities between hospitals and physicians, such as hospital - physician joint ventures. The Obligated Group will conduct certain activities of these general types and similar activities. While management of the Obligated Group does not believe that the Obligated Group is or will be involved in any prohibited activity and is not aware of any challenge or investigation with respect to these matters, there can be no assurance that such challenge or investigation will not occur in the future. If the Obligated Group’s activities are determined to violate the anti-referral provisions of these laws, this determination may have a materially adverse effect on its financial position, especially if violations are identified and prosecuted and result in exclusion from reimbursement programs or substantial fines.

Although management of the Obligated Group believes that the arrangements of the members of the Obligated Group with physicians do not violate the Stark Law or the Georgia Patient Self-Referral Act, as currently interpreted, there can be no assurance that regulatory authorities will not take a contrary position or that the members of the Obligated Group will not be found to have violated these statutes. Sanctions under the Stark Law and the Georgia Patient SELF-Referral Act, including exclusion from the Medicare and Medicaid programs, could have a material adverse effect on the financial condition and results of operations of the Obligated Group, as would any significant penalties, demands for refunds or denials of payment.

*Anti-Kickback Law.* A federal law (known as the “Anti-Kickback Statute”) makes it a felony to knowingly and willfully offer, pay, solicit or receive remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in order to induce referrals for business that is reimbursable under any federal health care program. The Anti-Kickback Statute applies to many common health care transactions between entities and persons with which a hospital does business including hospital-physician joint ventures, medical director agreements, physician recruitment agreements, physician office leases and other transactions. The Anti-Kickback Statute has been interpreted to cover any arrangement where one purpose of the remuneration was to obtain or pay money for the referral of services or to induce further referrals. Violation of the Anti-Kickback Statute may result in imprisonment for up to five years and/or fines of up to \$50,000 for each act. In addition, the Office of Inspector General (“OIG”) has the authority to impose civil assessments and fines and to exclude hospitals engaged in prohibited activities from the Medicare, Medicaid, TRICARE (a health care program providing benefits to dependents of active duty and retired members of the United States military services) and other federal health care programs, for a period of not less than five years.

The Health Care Reform Law amended a number of provisions of the Anti-Kickback Statute. One such amendment provides that an Anti-Kickback Statute violation may be established without showing that an individual knew of the statute’s proscriptions or acted with specific intent to violate the Anti-Kickback Statute. The new standard could significantly expand criminal and civil fraud exposure for transactions and arrangements where there is no intent to violate the Anti-Kickback Statute. The Health Care Reform Law further amended the Anti-Kickback Statute to explicitly provide that a violation of the statute constitutes a false or fraudulent claim under the federal FCA, which prohibits the knowing presentation of a false, fictitious or fraudulent claim for payment to the United States government. Actions under the FCA may be brought by the United States Attorney General or as a qui tam action brought by a private individual in the name of the government.

In addition to certain statutory exceptions to the Anti-Kickback Statute, the OIG has promulgated a number of regulatory “safe harbors” under the Anti-Kickback Statute designed to protect certain payment and business practices. However, only a limited number of final safe harbors have been established to date, and the safe harbors are narrow and do not cover a wide range of common economic relationships involving hospitals. The regulations do not purport to comprehensively describe all lawful or unlawful economic arrangements or other relationships between health care providers and referral sources. While the failure to comply with a statutory exception or regulatory safe

harbor does not mean that an arrangement is unlawful, such failure may increase the likelihood of a regulatory challenge or the potential for investigation.

HIPAA created a new program operated jointly by HHS and the United States Attorney General to fund and coordinate federal, state and local law enforcement with respect to fraud and abuse including the Anti-Kickback Statute. HIPAA also provides for minimum periods of exclusion from a federal health care program for fraud related to the federal health care programs, provides for intermediate sanctions and expands the scope of civil monetary penalties.

Pursuant to the mandates of HIPAA, the DRA and the HITECH Act, increased emphasis is being placed on federal investigations and prosecutions of Medicare and Medicaid “fraud and abuse” cases and increases in personnel investigating and prosecuting such cases have been reported, which will most likely result in a higher level of scrutiny of hospitals and health care providers, including the members of the Obligated Group.

Hospital providers in many states also are subject to anti-kickback state laws (similar to the federal Anti-Kickback Statute or that are generally applicable anti-kickback or fraud laws). These prohibitions are similar in public policy and scope to the federal Anti-Kickback Statute and could pose the possibility of material adverse impact for the same reasons as the federal statutes.

Management of the Obligated Group believes that the members of the Obligated Group have used their best efforts to comply with the Anti-Kickback Statute. The Obligated Group individually, like most hospitals participating in the Medicare program, may have entered into arrangements with other health care providers which may not meet all of the requirements of the “safe harbor” regulations. However, management of the Obligated Group believes that these arrangements promote efficient and quality health care delivery, are fair market value, arm’s length transactions and are in compliance with the Anti-Kickback Laws. Nevertheless, as with most regulatory restrictions, no assurance can be given that regulatory authorities will always concur with the analysis. However, because of the breadth of those laws and the narrowness of the safe harbor regulations, there can be no assurance that regulatory authorities will not take a contrary position or that the members of the Obligated Group will not be found to have violated the Anti-Kickback Statute.

At the present time, Management of the Obligated Group is not aware of any pending or threatened claim, investigation or enforcement action regarding the Anti-Kickback Statute, if determined adversely to the members of the Obligated Group, taken as a whole, would have a material adverse effect on the Obligated Group’s financial condition. Furthermore, services provided at the facilities of the hospital by physicians involved in such arrangements could be deemed as unnecessary by the Medicare and/or Medicaid programs, thereby causing all claims submitted to these programs to be deemed to be false claims and subjecting the hospital to additional penalties under the False Claims Act.

See also **“CERTIFICATEHOLDERS’ RISKS -Physician Recruitment and Service Agreements.”**

*False Claims Laws.* There are principally three federal statutes addressing the issue of “false claims.” First, the civil FCA imposes civil liability (including substantial monetary penalties and damages) on any person or corporation that (1) knowingly presents or causes to be presented a false or fraudulent claim for payment to the United States government; (2) knowingly makes, uses or causes to be made or used a false record or statement to obtain payment; or (3) engages in a conspiracy to defraud the federal government by getting a false or fraudulent claim allowed or paid. A showing of specific intent to defraud the federal government is not required to establish the requisite knowledge. “Knowingly” is broadly defined to include not only actual knowledge but also deliberate ignorance or reckless disregard of the facts. This statute authorizes private persons to file *qui tam* actions on behalf of the United States. Because *qui tam* lawsuits are kept under seal while the federal government evaluates whether the United States will join the lawsuit, it is impossible to determine at this time whether any such actions are pending against the Obligated Group and no assurances can be made that such actions will not be filed in the future.

The Fraud and Enforcement and Recovery Act (“FERA”), signed into law on May 20, 2009, has expanded potential exposure under the civil FCA for a wide range of business transactions involving federal government funds. Pursuant to FERA amendments, the civil FCA may impose liability for false claims with more remote connections to

the federal government. FERA has the effect of expanding liability for the retention of money owed to the government, including overpayments by Medicare.

The Health Care Reform Law further expanded the civil FCA by requiring a person who receives an overpayment to report and repay the overpayment within 60 days after the overpayment is identified or the date any corresponding cost report is due, whichever is later. The Health Care Reform Law defines overpayments as “any funds that a person receives or retains under Medicare or Medicaid to which the person, after applicable reconciliation is not entitled.” Failure to repay any overpayment within the deadline could lead to liability under the FCA.

In addition, the Health Care Reform Law eliminates “public disclosure” as a jurisdictional defense to *qui tam* suits. The “public disclosure bar” previously required dismissal of a *qui tam* suit where the allegations were publicly disclosed in (i) a criminal, civil, or administrative proceeding; (ii) a congressional, administrative, or U.S. Government Accountability Office report, hearing, audit, or investigation; or (iii) news media. Under the Health Care Reform Law, courts are directed to dismiss the *qui tam* suit if the relator is not the original source of the claims or allegations that were publicly disclosed, unless the government opposes the dismissal.

In addition to the civil FCA, the Civil Monetary Penalties Law authorizes the imposition of substantial civil money penalties against an entity that engages in activities including, but not limited to, (1) knowingly presenting or causing to be presented, a claim for services not provided as claimed or which is otherwise false or fraudulent in any way; (2) knowingly giving or causing to be given false or misleading information reasonably expected to influence the decision to discharge a patient; (3) offering or giving remuneration to any beneficiary of a federal health care program likely to influence the receipt of reimbursable items or services; (4) arranging for reimbursable services with an entity which is excluded from participation from a federal health care program; (5) knowingly or willfully soliciting or receiving remuneration for a referral of a federal health care program beneficiary; (6) using a payment intended for a federal health care program beneficiary for another use; (7) blocking patient’s immediate access to his or her healthcare records, unless the failure to provide the records is covered by an exception; or (8) knowingly making or causing to be made a false statement, omission or misrepresentation of material fact in any application, bid or contract to participate in a federal health care program. The Secretary of HHS, acting through the OIG, also has both mandatory and permissive authority to exclude individuals and entities from participation in federal health care programs pursuant to this statute. The penalties for engaging in information blocking depend on the type of individual or entity. A health care provider commits information blocking when the provider engages in a practice that is likely to interfere with, prevent, or materially discourage the access, exchange, or use of EHI, and the provider knows the practice is unreasonable and is likely to interfere with, prevent, or materially discourage the access, exchange, or use of EHI. The OIG may assess penalties against a healthcare provider that engages in information blocking. A health IT developer of certified health IT, health information exchange, or network that engages in information blocking may be subject to penalties of up to \$1 million per violation.

In addition, pursuant to HIPAA, the commission of either one of the prohibited practices listed below may lead to civil monetary penalties: (1) the practice or pattern of presenting a claim for an item or service on a reimbursement code that the person knows or should know will result in greater payment than appropriate, i.e., upcoding, and (2) engaging in a practice of submitting claims for payment for medically unnecessary services. Violation of such prohibited practices could amount to civil monetary penalties of up to \$10,000 for each item or service involved. Management of the Obligated Group does not expect that the prohibited practices provisions of HIPAA will affect the Obligated Group in a material respect.

Finally, it is a criminal federal health care fraud offense to: (1) knowingly and willfully execute or attempt to execute any scheme to defraud any health care benefit program; or (2) to obtain, by means of false or fraudulent pretenses, representations or promises any money or property owned or controlled by any health care benefit program. Penalties for a violation of this federal law include fines and/or imprisonment and a forfeiture of any property derived from proceeds traceable to the offense.

The DRA provides financial incentives to states that pass similar false claims statutes or amend existing false claims statutes that track the FCA more closely with regard to penalties and rewards to *qui tam* relators. A number of states, including Georgia, have passed similar statutes expanding the prohibition against the submission of false claims to nonfederal third-party payors.

*Georgia False Claims Laws.* Georgia law prohibits submitting a false claim or making a false record or statement in order to secure reimbursement from an insurance company or an HMO. Violation of this prohibition may lead to the imposition of civil or criminal penalties. The Georgia Taxpayer Protection False Claims Act of 2012 states that any person or entity that knowingly or recklessly submits a false claim to any government body in Georgia has submitted a false claim, regardless of whether the person or entity has specifically intended to defraud the government. While the management of the Obligated Group believes they are in substantial compliance with these laws, there can be no assurance that its operations will not become the subject of an investigation in the future.

At the present time, members of the Obligated Group are not aware of any pending or threatened claims, investigations or enforcement actions regarding the federal or state false claims acts which, if determined adversely to the members of the Obligated Group, taken as a whole and taking into account current reserves, would have a material adverse effect on the financial condition of Obligated Group.

*Physician Recruitment and Service Agreements.* The IRS, CMS and OIG have issued various pronouncements that could limit physician service, recruiting and retention arrangements. In IRS Revenue Ruling 97-21, the IRS ruled that tax-exempt hospitals that provide recruiting and retention incentives to physicians risk loss of tax-exempt status unless the incentives are reasonably necessary to address a community need and accordingly provide a community benefit; improvement of a charitable hospital's financial condition does not necessarily constitute such a purpose. With respect to physician service contracts, the IRS takes the position that the compensation paid must be consistent with the value of services actually provided by the physician. The OIG also has taken the position that any arrangement between a federal health care program-certified facility and a physician that is intended even in part to encourage the physician to refer patients may violate the federal Anti-Kickback Statute unless a regulatory exception applies. Physician service, recruitment and retention arrangements may also implicate the Stark Law. While the OIG has promulgated a practitioner recruitment safe harbor to the Anti-Kickback Statute, it is limited to recruitment in areas that are health professional shortage areas ("HPSAs"). OIG also requires consistency with fair market for certain other exceptions that may apply to service contracts and may allege that any amount paid above fair market value implies an intent to induce referrals. The Stark Law exception for practitioner recruitment is not limited to HPSAs, rather it applies to the recruitment of physicians who are relocating their practices to the geographic area served by the hospital, if certain requirements are met. The Stark Law also contains an exception pertaining to retention arrangements that allows hospitals, in limited circumstances, to pay incentives to retain a physician in underserved areas. In addition, the Stark Law includes certain exceptions that may apply to service contracts, many of which also require (among other things) that payments to the physician are consistent with fair market value for services actually performed.

The sanctions which could be imposed by the IRS or the other regulatory authorities or the courts for violations of IRS regulations, the Stark Law and the Anti-Kickback Statute and for false claims under the FCA and other similar federal or state laws include, among other things, the loss of tax-exempt status of one or more of the members of the Obligated Group, repayment of up to three times the amount of claim payments related to services provided or referred by affected physicians, exclusion of one or more of the members of the Obligated Group entities from federal health care programs, including the Medicare and Medicaid programs and/or additional monetary penalties.

Members of Obligated Group believes that the physician recruitment arrangements of the Group are in material compliance with these laws and regulations, but no assurance can be given that regulatory authorities will not take a contrary position or that the members of the Obligated Group will not be found to have violated applicable law or that future laws, regulations or policies will not have a material adverse impact on the ability of the members of the Obligated Group to recruit and retain physicians.

*Emergency Medical Treatment and Active Labor Act.* The federal Emergency Medical Treatment and Active Labor Act ("EMTALA") imposes certain requirements on hospitals and facilities with emergency departments. Generally, EMTALA requires that hospitals and other facilities with emergency departments provide "appropriate medical screening" to patients who come to the emergency department to determine if an emergency medical condition exists. If so, the hospital must stabilize the patient within the capabilities of the hospital and the patient cannot be transferred unless stabilization has occurred or the transfer is done pursuant to EMTALA requirements. EMTALA defines the term "dedicated emergency department" to mean any hospital facility or department, whether situated on or off the main hospital campus, that satisfies any one of the following criteria: (i)

is licensed by the state as an emergency room or emergency department; (ii) is held out to the public as a place that provides care for emergency medical conditions on an urgent, non-appointment basis; or (iii) during the preceding calendar year, based upon a representative sample of patient visits, provided at least one third of all of its outpatient visits for the examination and treatment of emergency medical conditions on an urgent, non-appointment basis. The 2009 Inpatient Prospective Payment System Final Rule (the “2009 IPPS Final Rule”) contained some modifications to EMTALA obligations. Under the 2009 IPPS Final Rule, if an individual with an unstable emergency medical condition presents to a participating hospital and is admitted, the admitting hospital has satisfied its EMTALA obligation. If the patient is subsequently transferred to a hospital with capabilities for specialized care, that hospital does not have an EMTALA obligation to accept the individual. CMS also finalized requirements that hospitals must meet to participate in a community call plan to share on-call responsibilities and comply with EMTALA.

Failure to comply with EMTALA may result in a hospital’s exclusion from the Medicare and/or Medicaid programs, as well as imposition of civil monetary penalties. As such, failure of a Member of the Obligated Group to meet its responsibilities under EMTALA could adversely affect the financial condition of the members of the Obligated Group.

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

*Enforcement Activity.* Enforcement activity against health care providers has increased. Enforcement authorities may aggressively pursue perceived violations of health care laws. In the current regulatory climate, it is anticipated that many hospitals and physician groups may be subject to an audit, investigation or other enforcement action regarding the health care fraud laws mentioned above. For example, HHS approved federal funding for state Medicaid fraud control units to conduct data-mining activities to detect patterns of abuse. The cost of defending such an action, the time and management attention consumed and the facts of a case may dictate settlement. Therefore, regardless of the merits of a particular case, a hospital could experience materially adverse settlement costs, as well as materially adverse costs associated with implementation of any settlement agreement. Prolonged and publicized investigations could also be damaging to the reputation and business of a hospital, regardless of outcome.

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

*Joint Ventures.* The OIG has expressed its concern in various advisory bulletins that many types of joint venture arrangements involving hospitals may implicate the Anti-Kickback Statute, since the parties to joint ventures are typically in a position to refer patients of federal health care programs. In addition, under the federal tax laws governing § 501(c)(3) organizations, a tax-exempt hospital’s participation in a joint venture with for-profit entities must further the hospital’s exempt purposes and the joint venture arrangement must permit the hospital to act exclusively in the furtherance of its exempt purposes, with only incidental benefit to any for-profit partners. If the joint venture does not satisfy these criteria, the hospital’s tax exemption may be revoked, the hospital’s income from the joint venture may be subject to tax or the parties may be subject to some other sanction. Finally, many hospital joint ventures with physicians may also implicate the federal Stark Law.

Any evaluation of compliance with the Anti-Kickback Statute or tax laws governing § 501(c)(3) organizations depends on the totality of the facts and circumstances, while the Stark Law requires strict compliance with an exception if the prohibition is triggered. While management of the Obligated Group believes that the joint venture arrangements to which members of the Obligated Group are a party are in material compliance with the Anti-Kickback Statute, OIG pronouncements, the tax laws governing § 501(c)(3) organizations and the Stark Law, there can be no assurance that regulatory authorities will not take a contrary position or that such transactions will not be found to have violated these laws and related regulations. Any determination that a Member of the Obligated Group is not in compliance with these laws and related regulations could have a material adverse effect on the future financial condition of the Obligated Group.

The Obligated Group has entered or is in the process of entering into one or more joint ventures with physicians. The ownership and operation of certain of these joint ventures may not meet safe harbors under the Anti-Kickback Statute. Management of the Obligated Group has proceeded or is proceeding with the transactions related to the joint ventures on the assumption, after consultation with its legal counsel, that each of the transactions related to the joint ventures is in material compliance with the Stark Law and the tax laws governing § 501(c)(3) organizations, and is otherwise generally in material compliance with the Anti-Kickback Statute. However, there can be no assurance that regulatory authorities will not take a contrary position or that such transactions will not be found to have violated the Stark Law, the tax laws governing § 501(c)(3) organizations and/or the Anti-Kickback Statute. Any such determination could have a material adverse effect on the future operations or financial condition of the Obligated Group.

*Review of Outlier Payments.* CMS reviews health care providers that are receiving large proportions of their Medicare revenues from outlier payments. Outlier payments are additions or adjustments to standard payments due to unusual variations in the type of amount of care. Health care providers found to have obtained inappropriately high outlier payments will be subject to further investigation by CMS and potentially the OIG.

*Enforcement Affecting Clinical Research.* In addition to increasing enforcement of laws governing payment and reimbursement, the federal government has also heightened enforcement of laws and regulations governing the conduct of clinical trials at hospitals. HHS elevated and strengthened its Office of Human Research Protections, one of the agencies with responsibility for monitoring federally funded research. In addition, the National Institutes of Health significantly increased the number of facility inspections that these agencies perform. The Food and Drug Administration (“FDA”) also has authority over the conduct of clinical trials performed in hospitals when these trials are conducted on behalf of sponsors seeking FDA approval to market the drug or device that is the subject of the research. The FDA’s inspection of facilities has increased significantly in recent years. These agencies’ enforcement powers range from substantial fines and penalties to exclusions of researchers and suspension or termination of entire research programs.

*Exclusive or Anti-Competitive Credentialing.* Some hospitals have adopted admissions policies for their medical staffs that deny staff appointment or privileges to physicians that compete against the subject hospital (“exclusive” or “economic” “credentialing”). CMS has announced that it will examine whether exclusive credentialing violates provisions of federal law, including the Stark Law. CMS action could lead to regulations prohibiting or restricting exclusive credentialing. Any final rule or regulation of CMS on exclusive credentialing could adversely affect the members of the Obligated Groups’ policies.

## **State Regulation**

Georgia has established statutory and regulatory requirements for health care facilities. Failure to comply with laws and rules governing licensure and standards of care could result in the revocation of a hospital’s license and operating privileges, including licensure of inpatient facilities and outpatient programs such as hospitals, home health agencies, skilled nursing facilities, hospice programs and basic care facilities.

The obtaining of approvals for construction of new health care facilities and renovation of and additions to existing health care facilities is subject, in Georgia, to various governmental requirements, such as approval of sites and findings of community need for additional hospital facilities, beds and services. Under the Georgia State Health Planning and Development Act, a certificate of need (“CON”) program is administered by the DCH - Healthcare Facility Regulation (“HFR”) and requires, among other things, HFR’s review prior to construction of a new health care facility, a capital expenditure in excess of a statutory threshold, an increase in bed capacity, the establishment of a new clinical health service or the purchase of diagnostic or therapeutic equipment valued in excess of a statutory threshold. HFR’s review is based on a variety of statutory requirements, including a finding of community need for additional health care facilities and services. A CON is issued for a specific maximum expenditure, and the operator is required to build the approved project within a specified period of time. If a new institutional health service was offered or developed without first obtaining a CON as required, or if a CON for such a new institutional health service is revoked for failure to comply with the Act, HFR may revoke the license of the operator and assess an administrative fine against the operator for each day the new institutional health service continues to be offered or developed without CON approval. HFR may also seek injunctive relief to enforce the law. No assurance can be given as to the ability of



the hospital to obtain CON approval for future projects necessary to maintain competitive rates and charges or its quality and scope of care. The 2025 Project received CON approvals on August 22, 2024.

If the CON program were to be discontinued or additional exceptions to the CON requirements are promulgated, additional health care providers could enter the market and compete with the members of the Obligated Group. In addition, no assurance can be given as to the ability of the Obligated Group to obtain CON approval for future projects necessary to maintain competitive rates and charges or its quality and scope of care.

### **Negative Rankings Based on Clinic Outcomes, Cost, Quality, Patient Satisfaction and Other Performance Measures**

Health plans, Medicare, Medicaid, employers, trade groups and other purchasers of health services, private standard-setting organizations and accrediting agencies increasingly are using statistical and other measures in efforts to characterize, publicize, compare, rank and change the quality, safety and cost of health care services provided by hospitals and physicians. Published rankings such as “score cards,” “P4P” and other financial and non-financial incentive programs are being introduced to affect the reputation and revenue of hospitals and the members of their medical staffs and to influence the behavior of consumers and providers such as the members of the Obligated Group. Currently prevalent are measures of quality based on clinical outcomes of patient care, reduction in costs, patient satisfaction, and investment in health information technology. Measures of performance set by others that characterize a hospital negatively may adversely affect its reputation and financial condition.

### **Future Legislation**

Legislation is periodically introduced in the U.S. Congress and in the legislature of the State of Georgia that could result in limitations on hospital revenues, reimbursement, costs or charges or that could require an increase in the quantity of indigent care required to maintain charitable status. The effects on the members of the Obligated Group of such legislation, if enacted, cannot accurately be determined at this time.

In addition to legislative proposals previously discussed herein, other legislative proposals that could have an adverse effect on the members of the Obligated Group include: (a) any changes in the taxation of nonprofit corporations or in the scope of their exemption from income or property taxes; (b) limitations on the amount or availability of tax-exempt financing for corporations described in § 501(c)(3) of the Code; (c) regulatory limitations affecting the Members of the Obligated Groups’ ability to undertake capital projects or develop new services; and (d) elimination of the exclusion of interest on tax-exempt Certificates from gross income for all or some taxpayers. The scope and effect of any such legislation that may be adopted cannot be predicted.

Legislative bodies, including Congress as described above, have considered legislation concerning the charity care standards that nonprofit, charitable hospitals must meet to maintain their federal income tax-exempt status under the Code and legislation mandating nonprofit, charitable hospitals to have an open-door policy toward Medicare and Medicaid patients as well as offer, in a non-discriminatory manner, qualified charity care and community benefits. Excise tax penalties on nonprofit, charitable hospitals that violate these charity care and community benefit requirements could be imposed or their tax-exempt status under the Code could be revoked. The scope and effect of legislation, if any, which may be adopted at the federal or state levels with respect to charity care of nonprofit hospitals cannot be predicted. Any such legislation or similar legislation, if enacted, may have the effect of subjecting a portion of the income of a member of the Obligated Group to federal or state income taxes or to other tax penalties and adversely affect the ability of the members of the Obligated Group individually and of the Obligated Group, taken as a whole, to generate revenues sufficient to meet its obligations and to pay the debt service on the Series 2025 Certificates and its other obligations.

### **State Budgets**

Many states face severe financial challenges, including erosion of general fund tax revenues. These factors have resulted in a shortfall between revenue and spending demands. The financial challenges facing states may negatively affect hospitals in a number of ways, including, but not limited to, a decrease in the percentage of patients

who have private insurance, a greater number of indigent patients who are unable to pay for their care and a greater number of individuals who qualify for Medicaid and/or reductions in Medicaid reimbursement rates.

### **Managed Care and Third-Party Payors**

*Health Plans and Managed Care.* Most private health insurance coverage is provided by various types of “managed care” plans, including health maintenance organizations (“HMOs”) and preferred provider organizations (“PPOs”), that generally use discounts and other economic incentives to reduce or limit the cost and utilization of health care services. Medicare and Medicaid also purchase hospital care using managed care options. Payments to hospitals from managed care plans typically are lower than those received from traditional indemnity or commercial insurers.

For example, managed care plans have replaced indemnity insurance as the primary source of non-governmental payment for hospital services and hospitals must be capable of attracting and maintaining managed care business, often on a regional basis. Regional coverage and aggressive pricing may be required. However, it is also essential that contracting hospitals be able to provide the contracted services without significant operating losses, which may require multiple forms of cost containment.

HMO and PPO provider contracts generally obligate a health care provider to provide services to HMO and PPO participants at a discount from established charges. Currently, many HMOs and PPOs pay providers on a negotiated fee-for-service basis or, for institutional care, on a fixed rate per day of care, which, in each case, usually is discounted from the typical charges for that service or care. The discounts offered to HMOs and PPOs may result in payment to a provider that is less than its actual cost. Additionally, the volume of patients directed to a provider may vary significantly from projections and/or changes in the utilization may be dramatic and unexpected, thus jeopardizing the provider’s ability to manage this component of revenue and cost.

Some HMOs employ a “capitation” payment method under which hospitals are paid a predetermined periodic rate for each enrollee in the HMO who is “assigned” or otherwise directed to receive care at a particular hospital. The hospital may assume financial risk for the cost and scope of institutional care given. If payment is insufficient to meet the hospital’s actual costs of care or if utilization by such enrollees materially exceeds projections, the financial condition of the hospital could erode rapidly and significantly.

Often, HMO contracts are enforceable for a stated term, regardless of hospital losses and may require hospitals to care for enrollees for a certain time period, regardless of whether the HMO is able to pay the hospital. Hospitals also from time to time have disputes with managed care payors concerning payment and contract interpretation issues.

Failure to maintain contracts could have the effect of reducing the market share and net patient services revenues of the members of the Obligated Group. Conversely, participation may result in lower net income if the members of the Obligated Group are unable to adequately contain their costs. Thus, managed care poses a significant business risk that hospitals face.

### **Physician Relationships**

*Integrated Physician Groups.* As integrated health care providers, the members of the Obligated Group employ large numbers of physicians and have relationships with certain other physician groups.

Many hospitals and health systems are pursuing strategies with physicians in order to offer an integrated package of health care services, including physician and hospital services, to patients, health care insurers and managed care providers. These integration strategies may take many forms, including management service organizations (“MSOs”) that provide physicians or physician groups with a combination of financial and managed care contracting services, office and equipment, office personnel and management information systems. Integration objectives may also be achieved via physician-hospital organizations, or PHOs, organizations which are typically jointly owned or controlled by a hospital and physician group for the purpose of managed care contracting, implementation and monitoring. Other integration structures include hospital-based clinics or medical practice

foundations, which may purchase and operate physician practices as well as provide all administrative services to physicians. Additionally, some hospitals and health systems are pursuing accountable care arrangements, which include varying degrees of clinical and financial integration with physician groups and other health care providers to improve efficiencies and quality outcomes for population-management in a risk-sharing model. Many of these integration strategies are capital intensive and may create certain business and legal liabilities for the related hospital or health system.

Often the start-up capitalization for such structures, as well as operational deficits, are funded by the sponsoring hospital or health system. Depending on the size and organizational characteristics of a particular strategy, these capital requirements may be substantial. In some cases, the sponsoring hospital or health system may be asked to provide a financial guarantee for the debt of a related entity which is carrying out an integrated delivery strategy. In certain of these structures, the sponsoring hospital or health system may have an ongoing financial commitment to support operating deficits, which may be substantial on an annual or aggregate basis. In addition, participating physicians may seek their independence for a variety of reasons, thus putting the hospital or health system's investment at risk and potentially reducing its managed care leverage and/or overall utilization.

These types of integrated delivery strategies are generally designed to conform to existing trends in the delivery of medicine, to implement anticipated aspects of health care reform, to increase physician availability to the community and/or enhance the managed care capability of the affiliated hospital and physicians. However, these goals may not be achieved, and, if the structure is not functionally successful, it may produce materially adverse results that are counterproductive to some or all of the above-stated goals.

All such integrated delivery strategies carry with them the potential for legal or regulatory risks in varying degrees. Such strategies may call into question compliance with the Medicare fraud and abuse laws, relevant antitrust laws and federal or state tax exemption. Such risks will turn on the facts specific to the implementation, operation or future modification of any integrated delivery system. In addition, depending on the type of structure, a wide range of governmental billing and other issues may arise, including questions of the authorization of the entity to bill for or on behalf of the physicians involved. Other related legal and regulatory risks may arise, including employment, pension and benefits, requirements for risk-bearing organizations, and corporate practice of medicine, particularly in the current atmosphere of frequent and often unpredictable changes in federal and state legal requirements regarding health care and medical practice. The ability of hospitals or health systems to conduct integrated physician operations may also be altered or eliminated in the future by legal or regulatory interpretation or changes or by health care fraud enforcement.

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

*Physician Medical Staff.* The primary relationship between a hospital and physicians who practice in it is through the hospital's organized medical staff. Medical staff bylaws, rules and policies establish the criteria and procedures by which a physician may have his or her privileges or membership curtailed, denied or revoked. Physicians who are denied medical staff membership or certain clinical privileges or who have such membership or privileges curtailed or revoked often file legal actions against hospitals and medical staffs. Such actions may include a wide variety of claims, including antitrust claims, some of which could result in substantial uninsured damages to a hospital. Furthermore, from time to time, actions or decisions of hospital management may cause unrest among certain physician groups or members of the medical staff, which could result in legal or other actions, such as resignation from the medical staff. In addition, failure of the hospital governing body to adequately oversee the conduct of its medical staff may result in hospital liability to third parties.

*Physician Supply.* Sufficient community-based physician supply is important to hospitals and health systems. A shortage of physicians, especially in primary care, could become a significant issue for health providers to face in the coming years. Any physician shortage will be compounded by the expansion of coverage to the uninsured under the Health Care Reform Law. In addition, CMS annually reviews overall physician reimbursement formulas. Changes to physician compensation formulas could lead to physicians locating their practices in communities with lower Medicare and Medicaid populations. The Obligated Group may be required to invest additional resources for recruiting

and retaining physicians or may be required to increase the percentage of employed physicians in order to continue serving the growing population base and maintain market share.

*Physician Contracting.* Members of the Obligated Group may contract with physician organizations (such as independent physician associations, physician-hospital organizations, and accountable care organizations) to arrange for the provision of physician and ancillary services. Because physician organizations are separate legal entities with their own goals, obligations to shareholders, financial status, and personnel, there are risks involved in contracting with physician organizations.

The success of the Obligated Group is partially dependent upon its Members' ability to attract physicians to join the physician organizations at facilities operated by the Obligated Group and to participate in their networks, and upon the ability of the physicians, including the employed physicians, to perform their obligations and deliver high quality patient care in a cost-effective manner. There can be no assurance that the Obligated Group will be able to attract and retain the requisite number of physicians, or that physicians will deliver high quality health care services. Without contracting with a sufficient number and type of providers, the Obligated Group could fail to be competitive, could fail to keep or attract payor contracts, or could be prohibited from operating until its physician organizations provide adequate access to patients. Such occurrences could have a material adverse effect on the business or operations of the Obligated Group.

### **Other Health Care Professionals and Employees**

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

*Employee/Labor Relations and Collective Bargaining.* The ability of the members of the Obligated Group to employ and retain qualified employees, including any senior management, and their ability to maintain good relations with such employees and the unions they may be represented by affect the quality of services to patients and the financial condition of the members of the Obligated Group. Hospitals are large employers with a wide diversity of employees. Increasingly, employees of hospitals are becoming unionized and many hospitals have collective bargaining agreements with one or more labor organizations. In addition, various proposals have recently been made with the intent of making it easier to form, join or assist labor organizations. One such example is the Employee Free Choice Act ("EFCA Act"). The EFCA Act was introduced in Congress on March 10, 2009 with the stated purpose of amending the National Labor Relations Act to establish an easier system to enable employees to form, join, or assist labor organizations to provide for mandatory injunctions for unfair labor practices during organizing efforts. To date, it has not become law. It is uncertain, at this time, whether this proposed legislation will become law, or if it does, what its final provisions will be. Employees subject to collective bargaining agreements may include essential nursing and technical personnel, as well as food service, maintenance and other trade personnel. Renegotiation of collective bargaining agreements upon expiration may result in significant cost increases to hospitals. Employee strikes or other adverse labor actions may have an adverse impact on operations, revenue, and hospital reputation. No employees of the members of the Obligated Group are currently represented by unions.

*Wage and Hour Class Actions and Litigation.* Federal law and many states impose standards related to worker classification, eligibility and payment for overtime, liability for providing rest periods and similar requirements. Large employers with complex workforces, such as hospitals, are susceptible to actual and alleged violations of these standards. In recent years, there has been a proliferation of lawsuits over these "wage and hour" issues, often in the form of large, sometimes multi-state, class actions. For large employers such as hospitals and health systems, such class actions can involve multi-million dollar claims, judgments and/or settlements. A major class action decided or settled adversely to any Member of the Obligated Group could have a material adverse impact on its financial condition and result of operations. Currently, no such class action lawsuits are pending against any of the members of the Obligated Group.

*Staffing Shortages.* In past years, the health care industry experienced a scarcity of nursing personnel, respiratory therapists, radiation technicians, pharmacists and other trained health care technicians. A significant factor underlying this trend included a decrease in the number of persons entering such professions. As a result of the recent growth in the unemployment rate, however, these shortages have lessened. It is possible such shortages will reappear if the national economic conditions improve and demand for professional and technical staff increases. Competition for employees, coupled with increased recruiting and retention costs, could increase hospital operating costs, possibly significantly. Growth, therefore, could be constrained. Such a trend could have a material adverse impact on the financial conditions and results of operations of hospitals.

*Pension and Benefit Funds.* As large employers, hospitals may incur significant expenses to fund pension and benefit plans for employees and former employees and to fund required workers' compensation benefits. Funding obligations in some cases may be erratic or unanticipated and may require significant commitments of available cash needed for other purposes. In addition, to the extent investment returns are lower than anticipated or losses on investments occur, the member of the Obligated Group may also be required to make additional deposits in connection with pension fund liabilities.

### **Professional Liability Claims and General Liability Insurance**

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

Litigation also arises from the corporate and business activities of hospitals, from a hospital's status as an employer, as a result of medical staff or provider network peer review or the denial of medical staff or provider network privileges. As with professional liability, certain of these risks may not be covered by insurance. For example, some antitrust claims or business disputes are not covered by insurance and may, in whole or in part, become a direct liability of a Member of the Obligated Group if determined or settled adversely.

There is no assurance that hospitals will be able to maintain coverage amounts currently in place in the future, that the coverage will be sufficient to cover malpractice judgments rendered against a hospital or that such coverage will be available at a reasonable cost in the future.

### **Accreditations**

The members of the Obligated Group are subject to periodic review by The Joint Commission and various federal, state and local agencies. At its last review, each Member of the Obligated Group received accreditation by The Joint Commission. Failure to receive accreditation or licensure could have a material adverse impact on the members of the Obligated Group. Renewal and continuance of certain of these licenses, certifications and accreditations are based on inspections, surveys, audits, investigations or other reviews, some of which may require or include affirmative action or response by the members of the Obligated Group. Management of the Obligated Group currently anticipates no difficulty renewing or continuing currently held licenses, certifications or accreditations. Nevertheless, actions in any of these areas could result in the loss of utilization or revenues or the Obligated Group's ability to operate all or a portion of its facilities and, consequently, could adversely affect the Obligated Group's ability to make principal, interest and premium, if any, payments with respect to the Series 2025 Certificates. No assurance can be given as to the effect on future operations of existing laws, regulations and standards for certification or accreditation or of any future changes in such laws, regulations and standards.

### **Antitrust**

Enforcement of the antitrust laws against healthcare providers is becoming more common, and antitrust liability may arise in a wide variety of circumstances including medical staff privilege disputes, third-party contracting, physician relations, clinically integrated networks, and joint venture, merger, affiliation and acquisition activities. In some respects, the application of the federal and state antitrust laws to healthcare providers is still evolving, and

enforcement activity by federal and state agencies appears to be increasing. At various times, healthcare providers may be subject to an investigation by a governmental agency charged with the enforcement of the antitrust laws, or may be subject to administrative or judicial action by a federal or state agency or a private party. Violation of the antitrust laws could be subject to criminal and civil enforcement by federal and state agencies, as well as by private litigants.

The health care industry is expected to experience increased pressure from the Federal Trade Commission (“FTC”) after President Biden signed an executive order on July 9, 2021 aimed at encouraging economic competition. The executive order targets health care as one of the sectors that will receive increased FTC enforcement and scrutiny. A primary point of concern is consolidation among hospitals. The executive order calls on the Attorney General and the chair of the FTC to review and consider revising the current horizontal and vertical merger guidelines. Additionally, it reiterates that the FTC and the Department of Justice are allowed to challenge prior mergers that are already consummated. This remains an evolving issue and could have a materially adverse effect on the financial condition or operations of the Obligated Group.

From time to time, the Institution may be involved in a variety of activities that could receive scrutiny under the antitrust laws, and it cannot be predicted when or to what extent liability may arise. With respect to payor contracting, the hospital may, from time to time, be involved in joint contracting activity with hospitals or their providers. The precise degree to which joint contracting activities may expose the participants to antitrust risk from governmental or private sources is dependent on a number of factual matters which may change from time to time.

Hospitals, including the Institution, regularly have disputes regarding credentialing and peer review, and may be subject to liability in this area. In addition, hospitals occasionally indemnify medical staff members who are involved in such credentialing or peer review activities and may also be liable with respect to such indemnity.

Court decisions have also established private causes of action against hospitals that use their local market power to promote ancillary healthcare businesses in which they have an interest. Such activities may result in monetary liability for the participating hospitals.

The FTC proposed a Rule to eliminate noncompetition restrictions in employment and independent contractor arrangements. The Institution maintains restrictive covenants and noncompetition restrictions in its employment and independent contractor arrangements. If this Rule becomes final and enforceable, it may increase competition from healthcare providers that had access to the Institution’s confidential information and may adversely impact the hospital’s operations and revenues. At this time, the FTC Rule has not been finalized and the hospital is monitoring the FTC’s guidance and the potential legal challenges that may arise related to the proposed Rule.

## **Environmental Laws and Regulations**

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

Each Member of the Obligated Group may be subject to requirements related to investigating and remedying hazardous substances located on their property, including such substances that may have migrated off of their property. Typical hospital operations include the handling, use, storage, transportation, disposal and/or discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants and contaminants. As such, hospital operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such environmental laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations and/or increase their cost; may result in legal liability, damages, injunctions or fines; and may result in investigations, administrative proceedings, civil litigation, criminal prosecution, penalties or other governmental agency actions; and may not be covered by insurance. There is no assurance that the members of the Obligated Group will not encounter such problems in the future and such problems may result in material adverse consequences to the operations or financial condition of the Obligated Group.

At the present time, management of the Obligated Group is not aware of any pending or threatened claim, investigation or enforcement action regarding such environmental issues which, if determined adversely to the members of the Obligated Group, taken as a whole, would have a material adverse effect on the Obligated Group's financial condition.

The Master Trustee or the Certificate Trustee may decline to enforce the Amended and Restated Master Indenture or the Certificate Indenture, as the case may be, if the related Trustee has not been indemnified to its satisfaction, in accordance with its Indenture, for all liabilities it may incur as a consequence thereof. Such liabilities may include, but are not limited to, costs associated with complying with environmental laws and regulations.

## **Security and Enforceability**

### *Gross Receivables Pledge*

The Amended and Restated Master Indenture provides that each Obligated Group Member shall grant to the Master Trustee a security interest in all of its Gross Receivables, subject to Permitted Liens, and to perfect the grant of a security interest in the Gross Receivables to the extent that the same may be pledged and a security interest granted therein under the UCC. The Master Trustee's security interest in the Gross Receivables shall be perfected, to the extent that such security interest may be so perfected, by the filing of financing statements which comply with the requirements of the UCC. It may not be possible to perfect a security interest in any manner whatsoever in certain types of Gross Receivables (e.g., certain insurance proceeds and payments under the Medicare and Medicaid programs) prior to actual receipt of funds by any Obligated Group Member. The grant of a security interest in Gross Receivables may be subordinated to the interest and claims of others in several instances. Some examples of cases of subordination of prior interests and claims are (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment in any federal statutes or regulations, (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction, and (v) federal or state bankruptcy laws that may affect the enforceability of the Amended and Restated Master Indenture or grant of a security interest in the Gross Receivables.

### *Enforceability of the Amended and Restated Master Indenture and Master Indenture Obligations*

Each Obligated Group Member has covenanted in the Amended and Restated Master Indenture to make payments when due under the Amended and Restated Master Indenture and on the Master Indenture Obligations issued under the Amended and Restated Master Indenture. Master Indenture Obligations are joint and several obligations of each Obligated Group Member. The enforceability of the joint and several obligations of each Obligated Group Member is uncertain. As a consequence, the property of the Obligated Group Members that are not the beneficiaries of the proceeds of the Series 2025 Certificates may not be available to make such payments.

Counsel to the Obligated Group will deliver an opinion concurrently with the delivery of the Series 2025 Certificates to the effect that the Amended and Restated Master Indenture and the 2025-1 Master Indenture Obligation are enforceable in accordance with their terms. However, such opinion will be qualified as to the joint and several obligation of the Obligated Group Members to make payments of debt service on 2025-1 Master Indenture Obligation. In the opinion of such counsel, such joint and several obligation may not be enforceable against an Obligated Group Member for a variety of reasons.

If the obligation of a particular Obligated Group Member to make payment on a Series 2024 Master Indenture Obligation is not enforceable, and payment is not made on such Obligation when due in full, then an Event of Default will arise under the Amended and Restated Master Indenture.

An Obligated Group Member may not be required to make payments on or provide amounts for the payment of an Master Indenture Obligation, including the 2025-1 Master Indenture Obligation, issued by or for the benefit of another entity if and to the extent that any such payment or transfer would render such Obligated Group Member insolvent or would conflict with or not be permitted by or would be subject to recovery for the benefit of other creditors of such Obligated Group Member under applicable fraudulent conveyance, bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights. There is no clear precedent in the law as to whether payments on Master Indenture Obligations (including the 2025-1 Master Indenture Obligation) by an Obligated Group

Member may be voided by a trustee in bankruptcy in the event of a bankruptcy of such Obligated Group Member, or by third-party creditors in an action brought pursuant to state fraudulent conveyances statutes. Under the Bankruptcy Code (the “Bankruptcy Code”), a trustee in bankruptcy and, under state fraudulent conveyance statutes, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty, and (2) the guaranty renders the guarantor insolvent, as defined in the Bankruptcy Code or state fraudulent conveyances statutes, or the guarantor is undercapitalized. Under such principles, the obligation of an Obligated Group Member to make payments on Master Indenture Obligations (including the 2025-1 Master Indenture Obligation) that secures Related Bonds (including the Series 2025 Certificates) not issued for the direct benefit of such Obligated Group Member may be considered a guaranty.

Application by courts of the tests of “insolvency,” “reasonably equivalent value” and “fair consideration” has resulted in a conflicting body of case law. If judicial action were brought to compel an Obligated Group Member to make a payment on a Master Indenture Obligation (including the 2025-1 Master Indenture Obligation), a court might not enforce such payment in the event it is determined that sufficient consideration for the Obligated Group Member’s obligation was not received, or that the incurrence of such obligation has rendered or will render the Obligated Group Member insolvent, or the Obligated Group Member is or will thereby become undercapitalized.

In addition, state courts have common law authority and authority under state statutes to terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such action may arise on the court’s own motion or pursuant to a petition of the state attorney general or such other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

An action to enforce a charitable trust and to see to the application of its funds could also arise if an action to enforce the obligation to make payments on a Master Indenture Obligation would result in the cessation or discontinuation of any material portion of the health care or related service previously provided by the Obligated Group Member from which payment is requested.

#### *Limited Use of Obligated Group Facilities*

The facilities of the Obligated Group Members are not pledged as security for the Series 2025 Certificates. In addition, such facilities are not general-purpose buildings and may not be suitable for industrial or commercial use. Consequently, if an event of default were to occur and the Master Trustee were in a position to sell or lease the facilities as a result of the exercise of available remedies, it could be difficult to find a buyer or lessee. As a result, the Master Trustee may not obtain an amount sufficient to satisfy any Master Indenture Obligations, whether pursuant to a judgment against any Obligated Group Member or otherwise.

#### *Amendments to Documents*

Certain amendments to the Amended and Restated Master Indenture may be made without the consent of the owners of the Amended and Restated Master Indenture Obligations. Certain other amendments to the Amended and Restated Master Indenture may be made with the consent of the owners of not less than a majority of the aggregate principal amount of the outstanding Master Indenture Obligations. Amendments to the Amended and Restated Master Indenture may be obtained with the consent of the owners of Obligations other than the 2025-1 Master Indenture Obligation. Each Certificate Trustee is considered the holder of the respective Series 2024 Master Indenture Obligation. Certain amendments to the related Indenture may be made with the consent of the owners of not less than a majority of the outstanding principal amount of the respective series of Series 2025 Certificates. Such amendments may adversely affect the security of owners of such Series 2025 Certificates.

#### *Enforceability of Remedies*

The remedies available to each Certificate Trustee, the Master Trustee, and the Beneficial Owners of the



Series 2025 Certificates upon an event of default under the related Indenture and the Amended and Restated Master Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including, specifically, the Bankruptcy Code, the remedies provided in the related Indenture and the Amended and Restated Master Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Certificates will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors' generally and laws relating to fraudulent conveyances.

### *Bankruptcy*

In the event an Obligated Group Member files for protection from creditors under the Bankruptcy Code, the rights and remedies of the Owners of the Series 2025 Certificates would be subject to various provisions of the Bankruptcy Code. If an Obligated Group Member were to commence a proceeding in bankruptcy, payments made by that Obligated Group Member during the 90-day period immediately preceding such commencement (or, under certain circumstances, during the preceding one-year period) may be voided as preferential transfers to the extent such payments allow the recipients thereof to receive more than they would have received in the event of the liquidation of such Obligated Group Member. Security interests and other liens, if any, granted by such Obligated Group Member to the Certificate Trustee or the Master Trustee and perfected during such preference period may also be voided as preferential transfers to the extent such security interest or other lien secures obligations that arose prior to the date of such grant or perfection.

A bankruptcy filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such Obligated Group Member and its property and as an automatic stay of any act or proceeding to enforce a lien upon or to otherwise exercise control over its property as well as various other actions to enforce, maintain or enhance the rights of the Certificate Trustee and the Master Trustee. If the bankruptcy court so ordered, the property of such Obligated Group Member could be used for the financial rehabilitation of such Obligated Group Member despite any security interest of the Certificate Trustee or the Master Trustee therein. The rights of the Certificate Trustee and the Master Trustee to enforce their respective interests and other liens could be delayed during the pendency of the rehabilitation proceeding.

An Obligated Group Member could also file a plan for the adjustment of its debts in any such proceeding which could include provisions modifying or altering the rights of creditors generally, or any class of them, secured or unsecured. The plan, when confirmed by a court, binds all creditors who had notice or knowledge of the plan and, with certain exceptions, discharges all claims against the debtor to the extent provided for in the plan. No plan may be confirmed unless certain conditions are met, among which conditions are that the plan be feasible and that it shall have been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the class cast votes in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly. Any such plan could adversely affect the beneficial owners of the Series 2025 Certificates.

Under the Bankruptcy Code, a bankruptcy court could appoint a patient advocate, the cost of which would be an administrative expense of the estate and certain reimbursements from federal agencies could be discontinued. In addition, the bankruptcy of a health plan or physician group that is a party to a significant managed care arrangement with one or more Obligated Group Members, or that of any significant contract payor obligated to any one or more Obligated Group Members, could have material adverse effects on the Obligated Group.

### **Limitation on Nonprofit Corporations in Georgia**

Any remedies or rights available under the Master Trust Indenture may be limited by the provisions of the Georgia Hospital Acquisition Act, O.C.G.A. Sec. 31-7-400 et seq. which imposes certain procedural and other limitations on the disposition of hospitals by nonprofit corporations.

## **Market for Certificates**

Subject to prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the Series 2025 Certificates. There is presently no secondary market for the Series 2025 Certificates and no assurance can be given that a secondary market will develop. Consequently, investors may not be able to resell the Series 2025 Certificates purchased should they need or wish to do so.

## **Impact of Economic Recession and Disruption of Credit Markets**

An economic downturn, such as occurred in 2008, and a slow recovery therefrom, may have negative repercussions upon the national and global economies, including a scarcity of credit, lack of confidence in the financial sector, extreme volatility in the financial markets, increase in interest rates, reduced business activity, increased consumer bankruptcies and increased business failures and bankruptcies.

The economic climate generally may adversely affect the health care sector. Patient service revenues and inpatient volumes may not increase as historic trends would otherwise indicate. Increased unemployment rates nationally, may result in increased in self-pay admissions, increased levels of bad debt and uncompensated care, reduced demand for elective procedures, and reduced availability and affordability of health insurance. The economic climate may also increase stresses on state budgets, potentially resulting in reductions in Medicaid payment rates and tightening of Medicaid eligibility standards, and delays of payment of amounts due under Medicaid and other state or local payment programs.

The members of the Obligated Group have investments. Market fluctuations have affected and will continue to affect materially the value of those investments and the amounts that can be received from the sale of such investments and those fluctuations may be, and historically have been, material. Investment income or losses affect the net income of the Obligated Group. No assurance can be given that the investments of the members of Obligated Group will produce positive returns or that losses on investments will not occur in the future.

## **Tax Exempt Status; Continuing Legal Requirements**

The exclusion of interest on the Series 2025 Certificates from gross income for federal income tax purposes depends, among other things, upon maintenance by the members of the Obligated Group which operate facilities financed or refinanced with the proceeds of the Tax-Exempt Certificates of their status as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and such organizations continuing to use such facilities in activities which do not constitute an unrelated trade or business. The maintenance of such status is contingent on compliance with general rules based on the Code, Treasury regulations and judicial decisions regarding the organization and operation of tax-exempt hospitals and health systems. The IRS' interpretation of and position on these rules as they affect the organization and operation of health care organizations (for example, with respect to providing charity care, joint ventures, physician and executive compensation, physician recruitment and retention, etc.) are constantly evolving. The IRS can and in fact occasionally does, alter or reverse its positions concerning tax-exemption issues, even concerning long-held positions upon which tax-exempt health care organizations have relied.

In addition to violations of the Code and Treasury regulations, the IRS has asserted that tax-exempt hospitals that are in violation of Medicare and Medicaid regulations regarding inducement for referrals may also be subject to revocation of their tax-exempt status. Because a wide variety of hospital-physician transactions potentially violate these broadly stated prohibitions on inducement for referrals, the IRS has broadened the range of activities that may directly affect tax exemption, without defining specifically how those rules will be applied. As a result, tax-exempt hospitals, particularly those that have extensive transactions with physicians, are currently subject to an increased degree of scrutiny and perhaps enforcement by the IRS. The IRS's policy position is not necessarily indicative of a judicial determination of the applicable issues.

Section 4958 of the Code imposes excise taxes on "excess benefit transactions" between "disqualified persons" and tax-exempt organizations such as the members of the Obligated Group. According to the legislative history and regulations associated with § 4958, these excise taxes may be imposed by the IRS either in lieu of or in

addition to revocation of exemption. These intermediate sanctions may be imposed in situations in which a “disqualified person” (such as a voting member of the board, certain officers and others in a position to exercise substantial influence over the affairs of the exempt organization) engages in “excess benefit transactions” such as (i) a transaction with a tax-exempt organization on other than a fair market value basis, (ii) receipt of unreasonable compensation from a tax-exempt organization or (iii) receipt of payment in an arrangement that otherwise violates the prohibition against private inurement. A disqualified person who benefits from an excess benefit transaction will be subject to an excise tax equal to 25% of the amount of the excess benefit. Organization managers who participate in the excess benefit transaction knowing it to be improper are subject to an excise tax equal to 10% of the amount of the excess benefit, subject to a maximum penalty of \$20,000 per transaction. A second penalty, in the amount of 200% of the excess benefit, may be imposed on the disqualified person (but not upon the organization manager) if the excess benefit is not corrected within a specified period of time. Fair market value and reasonable compensation for tax purposes typically reflect a range rather than a specific dollar amount, and the IRS does not rule in advance on whether a transaction results in more than fair market value payment or more than reasonable compensation to a disqualified person. Although it is not possible to predict what enforcement action, if any, the IRS might take related to potential excess benefit transactions, the regulations indicate that not all excess benefit transactions jeopardize exempt status. Rather, the IRS will consider all relevant facts and circumstances including: the size and scope of the organization’s activities that further exempt purposes before and after the excess benefit transaction or transactions occurred; the size and scope, and frequency, of any excess benefit transactions; whether the organization has implemented appropriate safeguards reasonably calculated to prevent excess benefit transactions; and whether the organization has corrected, or made good faith efforts to correct, any excess benefit such as by obtaining repayment of the amount of any excess benefit.

Moreover, the legislation is potentially favorable to taxpayers because it provides the IRS with a punitive option short of revocation of exempt status to deal with incidents of private inurement. However, the standards for tax exemption have not been changed, including the requirement that no part of the net earnings of an exempt entity inure to the benefit of any private individual. Consequently, although the IRS has only infrequently revoked the tax exemption of nonprofit health care corporations in the past, the risk of revocation remains and there can be no assurance that the IRS will not direct enforcement activities against any of the members of the Obligated Group.

In certain cases, the IRS has imposed substantial monetary penalties and future charity care or public benefit obligations on tax-exempt hospitals in lieu of revoking their tax-exempt status, as well as requiring that certain transactions be altered, terminated or avoided in the future and/or requiring governance or management changes. These penalties and obligations are typically imposed on the tax-exempt hospital pursuant to a “closing agreement” with respect to the hospital’s alleged violation of § 501(c)(3) exemption requirements. Given the uncertainty regarding how tax-exemption requirements may be applied by the IRS, the members of the Obligated Group are, and will be, at risk for incurring monetary and other liabilities imposed by the IRS through this “closing agreement” or similar process. Like certain of the other business and legal risks described herein which apply to large multi-hospital systems, these liabilities are probable from time to time for some systems in the nonprofit health care industry and could be substantial, in some cases involving millions of dollars, and in extreme cases could be materially adverse.

The Health Care Reform Law places additional requirements on tax-exempt hospitals for them to receive and maintain their § 501(c)(3) federal tax exempt status. One significant new requirement is that tax-exempt hospitals must perform a community health needs assessment every three years and develop an implementation strategy to meet the identified needs. Requirements relating to community health needs assessments are effective for taxable years beginning after March 23, 2012, while other requirements are effective for taxable years beginning after March 23, 2010. Any tax-exempt hospital that fails to satisfy the community health needs assessment requirement for any taxable year will be subject to an excise tax penalty of \$50,000. Furthermore, the United States Secretary of the Treasury or that individual’s delegate is to review the community benefit activities of each tax-exempt hospital at least every three years. Another major element of the Health Care Reform Law relating to tax-exempt status of hospitals involves charges. A hospital must limit the amounts charged for emergency room or other medically necessary care provided to patients eligible for assistance under the hospital’s financial assistance policy to no more than the amounts generally billed to patients who have insurance covering such care. In other words, hospitals cannot charge persons eligible for financial assistance higher rates than the amounts generally billed to patients who have insurance covering such care. The Health Care Reform Law also requires that tax-exempt hospitals have a written financial assistance policy in place. Finally, the Health Care Reform Law prohibits a hospital from engaging in extraordinary collection actions (which may include, among other things, a restriction on filing suit) before it has made reasonable efforts to determine

whether the subject individual is eligible for financial assistance. On December 31, 2014, the IRS issued final regulations interpreting various portions of these new requirements.

The Tax Exempt and Governmental Entities Division of the IRS is responsible for the Team Examination Program (referred to as “TEP”) of the IRS, which conducts audits of exempt organizations using teams of revenue agents. The TEP audit teams consider a wide range of possible issues, including the community benefit standard, private inurement and private benefit, partnerships and joint ventures, retirement plans and employee benefits, employment taxes, tax-exempt bond financing, political contributions and unrelated business income. In addition, the IRS conducts compliance checks and correspondence audits that focus initially on limited issues, such as executive compensation, unrelated business income or community benefit. Such limited scope reviews can be expanded in certain circumstances to include a variety of other issues as in a TEP audit.

One or more of the members of the Obligated Group could be audited by the IRS. Management of the Obligated Group believes that they have properly complied with the tax laws. Nevertheless, because of the complexity of the tax laws and the presence of issues about which reasonable persons can differ, a TEP or other audit could result in additional taxes, interest and penalties. A TEP or other audit also could potentially affect the tax-exempt status of any of the members of the Obligated Group.

Loss of tax-exempt status by any of the members of the Obligated Group could result in loss of the exclusion from gross income of the interest on the Tax-Exempt Certificates that, in turn, could result in a default under the Series 2025 Indenture, potentially triggering an acceleration of the Series 2025 Certificates. Any such event would have material adverse consequences on the future financial condition and results of operations of the affected members of the Obligated Group and, potentially, the Obligated Group as a whole. Additionally, the loss of federal tax-exempt status by a Member of the Obligated Group could adversely affect its access to future tax-exempt financing.

As described herein under the caption “TAX EXEMPTION,” failure to comply with certain legal requirements may cause the interest on the Tax-Exempt Certificates to become included in gross income of the recipients thereof for federal income tax purposes. In such event, the Series 2025 Certificates may be accelerated at the discretion of the Certificate Trustee or at the written request of holders of not less than a majority of the aggregate principal amount of all the Series 2025 Certificates then outstanding under the Series 2025 Indenture. The Series 2025 Indenture does not provide for the payment of any additional interest or penalty in the event the interest on the Tax-Exempt Certificates is determined to be includible in gross income for federal income tax purposes.

## **Bond Ratings**

There can be no assurance that the ratings assigned to the Series 2025 Certificates at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Series 2025 Certificates. See the information under the heading “**MISCELLANEOUS - Ratings.**” Ratings on the Series 2025 Certificates take into account the Institution and its operations as well as the financial standing of the County, the value of property in the County subject to taxation for purposes of making payments on the Contract and the County’s ability to make payments required under the Contract from tax revenues or other sources available to the County.

## **Climate Change**

Planning for climate change in the State and its impact on the Obligated Group’s and the County’s operations is an unknown challenge. The State’s climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts include changes in the length, intensity, and frequency of droughts and floods. The financial impact of the climate change is not yet known and therefore its future impact on the Obligated Group and the County cannot be quantified reliably at this time.

## Cyber-Security

Computer networks and data transmission and collection are vital to the efficient operations of the Obligated Group and the County security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the Obligated Group and the County, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties and the services provided, and cause a loss of confidence in the operations of the Obligated Group and the County, which could materially adversely affect the operations of the Obligated Group and the County.

## Additional Risk Factors

The following factors, among others, may also adversely affect the operation of health care facilities, including the facilities of the Obligated Group, to an extent that cannot be determined at this time:

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

2. Cost increases without corresponding increases in revenue could result from, among other factors: increases in the salaries, wages and fringe benefits of hospital and clinic employees; increases in costs associated with advances in medical technology or with inflation; or future legislation which would prevent or limit the ability of the Obligated Group to increase revenues.

3. The State of Georgia currently does not have a program for the limitation or setting of the rates charged for hospital services furnished to private paying patients. If any such program limiting or setting rates were established, it may have an adverse effect on the revenues of the members of the Obligated Group.

4. An inflationary economy and difficulty in increasing charges and other fees charged while at the same time maintaining the amount or quality of health services may affect the Obligated Group's operating margins.

5. The possible inability to obtain future governmental approvals to undertake projects necessary to remain competitive both as to rates and charges as well as quality and scope of care could adversely affect the operations of the members of the Obligated Group.

6. Imposition of wage and price controls for the health care industry, such as those that were imposed and adversely affected health care facilities in the early 1970s.

7. Increased unemployment or other adverse economic conditions which could increase the proportion of patients who are unable to pay fully for the cost of their care. In addition, increased unemployment caused by a general downturn in the economy of the service areas of the members of the Obligated Group or by the closing of operations of one or more major employers in such service areas may result in a significant change in the demographics of such service areas, such as a reduction in the population.

8. Efforts by taxing authorities to impose or increase taxes related to the property and operations of nonprofit organizations or to cause nonprofit organizations to increase the amount of services provided to indigents to avoid the imposition or increase of such taxes.

9. Adoption of federal income tax reform, a reduction in the marginal rates of federal income taxation or replacement of the federal income tax with another form of taxation, any of which might adversely affect the market value of the Series 2025 Certificates.

10. Loss of accreditation by third party accreditation agencies based upon standards that are interpreted by the accreditation agency.
11. Information technology conversion and/or system upgrades that adversely impact revenue collection cycles.
12. A reduction in the Count's tax digest

In the future, other events may adversely affect the operation of the members of the Obligated Group, as well as other health care facilities, in a manner and to an extent that cannot be determined at this time.

## LEGAL MATTERS

### Litigation

Other than the validation proceedings with respect to the Series 2025 Certificates in the Superior Court of Carroll County, there is no controversy or litigation of any nature now pending against the Authority, the County, or the Institution, or to the knowledge of its respective officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2025 Certificates or in any way contesting or affecting the validity of the Series 2025 Certificates or any proceedings of the Authority or the Institution taken with respect to its issuance or sale, or the pledge or application of any moneys or security provided for the payment of the Series 2025 Certificates or the use of the Series 2025 Certificate proceeds. For a discussion of litigation pending against the Institution or the Authority which is not directly related to the issuance of the Series 2025 Certificates see **Appendix A- "Certain Information Concerning the Institution - TANNER MEDICAL CENTER - Litigation."**

### Validation

The State of Georgia has instituted proceedings in the Superior Court of Carroll County, Georgia to validate the Series 2025 Certificates and the security therefor. As required by Georgia law, the Series 2025 Certificates, together with certain other revenue anticipation certificates of the Authority, will be validated on February \_\_\_, 2025, by order of the Superior Court of Carroll County. Under Georgia law, the judgment of validation will be forever conclusive with respect to the validity of the Series 2025 Certificates and the security therefore against the Authority and the County.

### Approving Opinions

Legal matters incident to the authorization, issuance and delivery of the Series 2025 Certificates by the Authority are subject to the approving opinion of Murray Barnes Finister LLP, Atlanta, Georgia. Certain legal matters will be passed upon for the Authority, the County and the Institution by their counsel, Tisinger Vance, P.C., Carrollton, Georgia, and for the Underwriter by its counsel, Gray Pannell & Woodward LLP, Athens, Georgia.

## TAX EXEMPTION

In the opinion of Murray Barnes Finister LLP, Bond Counsel, which will be dated the date of issuance of the Series 2025 Certificates, under existing statutes, rulings and court decisions, and under applicable regulations, interest on the Series 2025 Certificates is not includable in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. No opinion will be expressed with respect to any other federal tax consequences relating to the receipt or accrual of interest on, or ownership of, the Series 2025 Certificates. Bond Counsel has not undertaken to notify the Authority, the Certificate Trustee, the Institution, the Underwriter, the owners of the Series 2025 Certificates or any other person or entity of any change in law or fact after the date of such opinion which might affect any of the opinions expressed therein. Such opinions as to the Series 2025 Certificates will be in substantially the form attached as **Appendix G – "Form of Opinion of Bond Counsel."**

In concluding the interest on the Series 2025 Certificates is not includable in gross income for federal income tax purposes, Bond Counsel will (i) rely as to certain factual matters upon representations of the Authority and

Institution with respect to, among other things, the use of the proceeds of the Series 2025 Certificates and the obligations refunded thereby, the design, scope, function, cost and reasonably expected remaining economic useful life of the facilities financed or refinanced with the Series 2025 Certificates, and the qualification of Institution as an organization described in Section 501(c)(3) of the Code, without undertaking to verify the same by independent investigation, and (ii) assume the continued compliance by the Authority and Institution with their respective covenants relating to the use of the proceeds of the Series 2025 Certificates and compliance with other requirements of the Code and applicable regulations. The inaccuracy of any such representations or noncompliance with such covenants may cause interest on the Series 2025 Certificates to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 Certificates.

Ownership of the Series 2025 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, banks, thrift institutions, and other financial institutions, foreign corporations which conduct a trade or business in the United States, property and casualty insurance corporations, S corporations, individual recipients of social security or railroad retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2025 Certificates. Purchasers of the Series 2025 Certificates should consult their tax advisors as to the applicability of such collateral federal tax consequences.

In the opinion of Bond Counsel, under existing statutes, interest on the Series 2025 Certificates is exempt from all present state income taxation within the State of Georgia. Interest on the Series 2025 Certificates may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Purchasers of the Series 2025 Certificates should consult their tax advisors as to the taxable status of the Series 2025 Certificates in a particular state or local jurisdiction other than Georgia.

From time to time, there are legislative proposals in Congress that, if enacted, could cause interest on the Series 2025 Certificates to be subject, directly or indirectly, to federal income taxation, adversely affect the market value of the Series 2025 Certificates or otherwise prevent owners of the Series 2025 Certificates from realizing the full current benefit of the tax status of such interest. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, such legislation would apply to Series 2025 Certificates issued prior to enactment. Purchasers of the Series 2025 Certificates should consult their tax advisors regarding the effect of any such legislation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2025 Certificates, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest the Series 2025 Certificates, or as to the consequences of owning or receiving interest on the Series 2025 Certificates, as of any future date. Bond Counsel has not agreed to notify the Authority, the Institution or the owners of the Series 2025 Certificates as to any event subsequent to the issuance of the Series 2025 Certificates that might affect the tax treatment of interest on the Series 2025 Certificates, the market value of the Series 2025 Certificates or the consequences of owning or receiving interest on the Series 2025 Certificates.

The opinion of Bond Counsel as to the Series 2025 Certificates will be dated the date of issuance of the Series 2025 Certificates, and Bond Counsel has not undertaken to notify the Authority, the Institution, the Underwriter, or the purchasers of the Series 2025 Certificates of any change in law or fact after the date of issuance of the Series 2025 Certificates which might affect any of the opinions expressed in the opinion of Bond Counsel.

### **CERTAIN TRANSACTIONS AND RELATIONSHIPS**

Tisinger Vance, P.C., Carrollton, Georgia, is counsel to the Authority, the County, and the Institution and has represented the Authority, the County, and the Institution in connection with the issuance of the Series 2025 Certificates.

### **VERIFICATION AGENT**

The Arbitrage Group, Inc., will deliver a report dated as of the closing date for the Series 2025 Certificates, verifying the accuracy of the mathematical computations of the adequacy of the maturing principal amount of non-callable United States obligations and the interest income to be realized thereon and/or uninvested cash, if any, to provide for the redemption price of and interest on the Series 2015 Certificates being redeemed on July 1, 2025.

## MISCELLANEOUS

### Underwriting

The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Series 2025 Certificates at a purchase price of \$\_\_\_\_\_ (which represents the par amount of the Series 2025 Certificates [plus/less] net original issue [premium/discount] of \$\_\_\_\_\_ and less Underwriter's discount of \$\_\_\_\_\_). The Institution has agreed to indemnify the Underwriter against certain liabilities arising under the securities laws with respect to this Official Statement and the offering of the Series 2025 Certificates. The Certificate Purchase Agreement provides that the Underwriter will purchase all of the Series 2025 Certificates if any are purchased.

The Underwriter intends to offer the Series 2025 Certificates to the public initially at the respective prices or yields set forth on the inside front cover page of this Official Statement, which may subsequently change without notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2025 Certificates to the public. The Underwriter may offer and sell the Series 2025 Certificates to certain dealers at prices lower than the public offering prices. In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Series 2025 Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

### Ratings

Moody's Investors Services, Inc. ("Moody's") and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") have assigned the Series 2025 Certificates the ratings on the cover page hereof. Any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. Generally, rating agencies base their ratings on the information and materials furnished to the agencies and on investigations, studies and assumptions made by the agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any such change or withdrawal of such ratings could have an adverse effect on the market price of the Series 2025 Certificates. The Underwriter and the Institution have not undertaken any responsibility, after the issuance of the Series 2025 Certificates, to oppose any such change or withdrawal.

Additionally, due to the ongoing uncertainty regarding the debt of the United States of America, including without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Series 2025 Certificates, could be subject to a rating downgrade. Furthermore, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, such as the Series 2025 Certificates.

### Independent Auditors

The consolidated financial statements of the Institution as of June 30, 2024 and for the fiscal period then ended, included in **Appendix C** of this Official Statement, have been audited by Draffin & Tucker, LLP, independent auditors, as stated in their report appearing therein.

The financial statements of the County as of June 30, 2024 and for the fiscal period then ended, included in **Appendix D** of this Official Statement, have been audited by Rushton & Company, LLC, independent auditors, as stated in their report appearing therein.

[Remainder of Page Intentionally Left Blank.]



**CERTIFICATION**

The execution and delivery of this Official Statement has been authorized by the Authority, the Institution and the County.

THE CARROLL CITY-COUNTY HOSPITAL  
AUTHORITY

By: \_\_\_\_\_  
Chairman

TANNER MEDICAL CENTER, INC.

By: \_\_\_\_\_  
Chief Executive Officer and President

CARROLL COUNTY, GEORGIA

By: \_\_\_\_\_  
Chairman

[THIS PAGE INTENTIONALLY LEFT BLANK]

## APPENDIX A

### CERTAIN INFORMATION CONCERNING THE INSTITUTION

*Unless otherwise disclosed, the information contained in this APPENDIX A has been obtained from Tanner Medical Center, Inc. Tanner Medical Center, Inc. has undertaken no responsibility to update such data since June 30, 2024, except as set forth herein.*

*The Official Statement to which this APPENDIX A is appended is referred to as the “Official Statement.”*

*Capitalized terms used in this APPENDIX A but not otherwise defined have the meanings assigned in the forepart of the Official Statement or in APPENDICES E and F to the Official Statement.*

## TANNER MEDICAL CENTER

### Corporate Structure and Obligated Group

Tanner Health, Inc., formerly Tanner Health Services, Inc. and Healthliant, Inc. (“Tanner Health”), a not-for-profit corporation, serves as the parent company of Tanner Medical Center, Inc. (the “Institution”), a not-for-profit corporation that operates the health facilities and provides health services. Tanner Medical Foundation, Inc. (“TMF”) is a fundraising entity organized solely for the benefit of the Institution. Tanner Health is charged with monitoring the financial integrity of the Institution and TMF, including budget approval, and approval of Accountants, and any transfer of funds between the Institution and TMF.

Tanner Health is governed by a Board of Directors which consists of eight to sixteen directors and two ex-officio directors who serve as Chair and Vice Chair. The current directors, their principal occupations and the expiration of their terms of office are as follows:

<u>Member</u>	<u>Principal Occupation</u>	<u>Date Term of Office Expires<sup>(1)</sup></u>
Chris Powell	Chief of Staff – Urologist	12/31/2026
Chris Jewell	Vice Chief of Staff – OB/GYN	12/31/2026
Daniel Jackson, <i>Chair</i>	Retired President, Carroll County Chamber	06/30/2015
Chris Arant	Cardiologist	06/30/2027
Jeff Lindsey, <i>Vice Chair</i>	Orthodontist	06/30/2027
Lynne Clark, <i>Secretary</i>	Attorney	06/30/2027
Karen Middlebrooks	Businesswoman	06/30/2025
Richard Davis	Businessman	06/30/2026
Tim Warren	President, United Community Bank	06/30/2028
Steve Adams	President, Verida	06/30/2026
Anna Berry	Retired CFO	06/30/2025
Fred O’Neal	Financial Advisor, Edward Jones	06/30/2025
Loy Howard	President/CEO, Tanner Health	06/30/2028

---

<sup>(1)</sup> The members will continue to serve until successors are appointed.

Certain Tanner Health entities are or in the future, can be, members of a Credit Group created under the Amended and Restated Master Indenture. See APPENDIX F – “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE.” The Credit Group will be comprised of Obligated Group Members and Designated Affiliates. Upon the issuance of the Series 2025 Certificates, the Obligated Group will consist of only the Institution. There will be no Designated Affiliates. The Institution is exempt from federal income taxation as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

[Remainder of Page Intentionally Left Blank.]

## **The Institution and the Leases**

The Authority owns a general medical and surgical hospital in the City of Carrollton, Georgia known as “Tanner Medical Center – Carrollton” and its related facilities, which are located in the County (the “Carrollton Facility”). The Authority leases the Carrollton Facility to the Institution pursuant to the Amended and Restated Lease and Transfer Agreement dated as of September 1, 2020 (“Carroll Lease”), between the Authority and the Institution. The term of the Carroll Lease expires on August 31, 2060. Under the terms of the Carroll Lease, the Institution assumed all operating and other liabilities of the Authority, including, without limitation, all accounts payable, contract obligations, lease obligations, accrued but unpaid salaries, payroll deductions, sick pay, vacation obligations, obligations under insurance fund and obligations under any retirement plans and deferred compensation arrangements of the Authority. The Authority has agreed in the Carroll Lease that it shall not sell the property subject to the Carroll Lease or any portion thereof without first giving the Institution the option to purchase such property upon the same terms, conditions, and for the same price, as shall be offered to the Authority by any other bona fide prospective purchaser. The Institution is responsible under the Carroll Lease for maintaining and repairing the property subject to the Carroll Lease and for maintaining appropriate insurance with respect to such property. The Carroll Lease provides that it may be terminated by the mutual consent of the Authority and the Institution; by the substantial destruction of the leased property as a result of fire or casualty; by reason of a default under the Carroll Lease; by the taking of a substantial portion of the leased property by eminent domain; or upon the expiration of the Lease Term. Events of default under the Carroll Lease include (i) the nonpayment by the Institution of any rent required under the Carroll Lease when due and (ii) material breach of any other covenant by either the Institution or the Authority for which substantial action to effect a cure of such event of default has not been instituted within 30 days after receipt by the defaulting party of notice of such event of default. Upon any termination of the Carroll Lease, the Institution is obligated to reconvey, retransfer and reassign to the Authority the leased property as then existing, plus its assets as then existing, subject to such debt or other liabilities as may be applicable.

The Institution owns and operates a general medical and surgical hospital in the City of Villa Rica, Georgia known as “Tanner Medical Center – Villa Rica” and its related facilities, including “Willowbrooke at Tanner” and all related real and personal property, tangible and intangible (the “Villa Rica Facility” and, together with the Carrollton Facility, the “Carroll Medical Centers”).

Commencing November 27, 2000, the Institution entered into a Lease and Transfer Agreement (the “Bremen Lease” and, together with the Carroll Lease, the “Leases”) with the Bremen/Haralson Authority, pursuant to which the Institution leased Higgins General Hospital and related facilities (the “Bremen Facility” and, together with the Carroll Medical Centers, the “Facilities”). The term of the Bremen Lease expires in November, 2040.

Upon termination of the Leases, the Institution shall reconvey, retransfer and reassign to the respective authority the leased premises, plus its assets as then existing subject to such debt or other liabilities as may be applicable thereto.

The Institution is governed by a Board of Directors currently consisting of the same members as the Board of Directors for Tanner Health as provided above.

## **The Carrollton Facility**

The Carrollton Facility is a 201-bed facility located on an approximately 15-acre site at 705 Dixie Street approximately 50 miles west of Atlanta. The Carrollton Facility was planned and constructed under the direction of the Authority and began operating in November 1949. The Carrollton Facility has undergone four major renovations and additions. The original building, constructed in 1949, and an addition constructed in 1961, have been demolished and replaced with more recent construction.

In 1976, a two-story structure was added, which currently houses the pharmacy and a 20-bed skilled Nursing unit. Additionally, a separate, three-story, Y-shaped structure was constructed, which currently houses 46 medical/surgical beds. Surgery, radiology, the emergency department, central supply, physical therapy, day surgery and office space are located in the 1976 addition.

In 1985, a four-story tower was added, containing 122 medical/surgical, obstetrics and pediatric beds. Administrative and classroom space, business office space, dietary services, human resources, engineering and medical records are currently located in the 1985 addition.

In 1997, an addition to the 1976 building expanded and relocated cardiopulmonary, laboratory, and expanded same-day surgery and patient registration.

The Carrollton Facility has a free-standing Cancer Center, a two-story outpatient services building, and space purchased in two medical office buildings to house outpatient diagnostic services and pain management services. In addition, a 20,000-square-foot general services building, a 40,000-square-foot warehouse, a sleep study center, and an occupational health center are located at the Carrollton Facility.

In 2006, a separate offsite building was constructed to house information systems and a centralized patient accounts department serving all three facilities.

In 2008, the Carrollton Facility opened a 95,000-square-foot addition, providing space for the consolidation of heart and vascular services, health education and wellness services, dietary services and a cafeteria.

With a 2012 expansion, the hospital's surgical services unit grew from six to 10 operating suites, including a new hybrid operating suite that doubles as a catheterization lab to provide the latest in vascular procedures. The short stay unit at the hospital was also expanded, from 16 to 23 rooms, providing greater access to the same-day surgical procedures that account for up to 90 percent of all surgical cases at Tanner. The new Clinic Avenue atrium boasts a spacious registration and waiting area, as well as Bistro '49, a bistro serving breakfast and lunch.

The 2012 project also included the construction of a new 32,000-square-foot, 40-bed emergency department. Tanner Health provides emergency care for more than 10,000 emergency department visits each year, and visits to Tanner Medical Center-Carrollton account for nearly half. The last major expansion of the hospital's emergency department was in the 1980s, when Carroll County's population was a little more than 56,000; the county's population has grown more than 96 percent, to more than 110,000 people, driving demand for greater access to emergency medical care and other services. The new emergency department offers trauma rooms, separate entrances for ambulances and walk-in patients/visitors, ample free parking in an adjacent parking deck, larger waiting areas with digital communication screens, on-unit diagnostic imaging (including CT, ultrasound and digital X-ray services), a permanent decontamination area and temporary "safe rooms" and negative-pressure rooms for behavioral health patients or patients suspected of having been exposed to contagious diseases.

In October 2019, Tanner Health Pavilion opened across the street from the medical center. The 130,000-square-foot, \$35 million facility is designed to make care more convenient and accessible. It focuses on wellness with park-like grounds around the facility. Many medical group practices relocated to the pavilion, including Tanner Imaging Center, which offers MRI, CT, ultrasound, x-ray and fluoroscopy. The center is a convenient outpatient destination offering more affordable hospital quality imaging services for those with high deductible plans.

### **The Villa Rica Facility**

The Villa Rica Facility is a 67-bed state-of-the-art full-service facility located on Dallas Highway approximately 30 miles west of Atlanta. The Villa Rica Facility was constructed in October 2003.

#### *Willowbrooke at Tanner*

In April 2009, "Willowbrooke at Tanner" opened as part of the Villa Rica Facility. This 92-bed free-standing behavioral health facility is an emergency receiving facility for children and adolescents, geriatric, and adult patients. Outpatient services include partial hospitalization, intensive outpatient and CORE services that include family intervention (in home counseling), individual counseling, family therapy, medication management and intensive case management.

### **The Bremen Facility**

The Bremen Facility is a 25-bed critical access facility located in the City of Bremen, Haralson County approximately 50 miles west of Atlanta. Founded in 1954, the Bremen Facility includes three hospital-based physician practices. The facility was extensively renovated in 2001, and a 30,000-square-foot office tower was constructed on the campus. The proceeds of the Series 2025 Certificates will not be used to finance or refinance the Bremen Facility.

### **Tanner Medical Center/ East Alabama**

Tanner Medical Center/East Alabama (“TMC–East Alabama”) is a 50,000 square foot community hospital with a 24-hour emergency department with eight exam rooms, 15 private inpatient beds, critical care support, on-site diagnostic imaging, an on-site modern laboratory, and a state-of-the-art surgical suite. TMC–East Alabama has entered into a long-term lease with the Institution, pursuant to which TMC-East Alabama operates the facility. TMC-East Alabama is not a member of the Obligated Group, and its revenues are not part of the Gross Receivables pledged as security for the Series 2025 Certificates. The proceeds of the Series 2025 Certificates will not be used to finance or refinance the TMC-East Alabama facilities.

### **Physician Practices**

In addition to the Institution’s four hospital facilities, the Institution owns and operates 44 individual physician practices, employing a total of 126 physicians and 113 mid-level providers. Practices include Cardiology, Pediatrics, Gastroenterology, Family Medicine, Internal Medicine, Psychiatry, General Surgery, Breast Surgery, Vascular Surgery, Neurology Anesthesia, Urgent Care, Plastics and Occupational Health. Such practices in Georgia are located in Carrollton, Villa Rica, Bremen, Tallapoosa, Douglasville, Franklin, South Paulding County, and New Georgia community. Additional practices are located in Woodland, Wedowee and Roanoke, Alabama.

[Remainder of Page Intentionally Left Blank.]

## Historical Summary of Revenues and Expenses and Changes in Assets

Set forth below is a historical, comparative summary of the revenues and expenses and changes in the unrestricted net assets as derived from the audited financial statements of the Institution for the fiscal years ended June 30, 2020 through 2024. The following financial information should be read in conjunction with the financial statements of the Institution included in Appendix C hereto.

### SUMMARY OF REVENUES AND EXPENSES

	Fiscal Year Ended June 30,				
	2020	2021	2022	2023	2024
Revenues, gains and other support:					
Net patient service revenue	\$531,912,290	\$644,682,082	\$736,343,072	\$778,211,379	\$869,692,564
Other revenue	8,498,683	12,853,066	13,725,615	15,487,679	20,419,727
CARES Act funding	<u>28,996,581</u>	<u>7,832,612</u>	<u>5,178,625</u>	<u>11,146,788</u>	<u>7,227,325</u>
Total revenues, gains and other support	<u>596,407,554</u>	<u>665,367,760</u>	<u>755,247,312</u>	<u>804,845,846</u>	<u>897,339,616</u>
Expenses and losses:					
Salaries	227,699,023	238,037,733	273,963,433	316,654,693	353,382,284
Employee benefits	50,557,094	53,241,736	57,150,984	65,746,737	79,849,149
Contracted services	35,317,354	65,784,633	88,448,690	56,806,443	56,870,796
Purchased services	28,789,963	32,283,952	34,130,439	41,129,632	46,466,351
Supplies and drugs	103,959,846	133,966,628	144,609,314	159,326,544	172,087,691
Insurance	3,675,209	4,232,687	4,632,162	15,795,019	8,042,386
Depreciation and Amortization	43,948,195	45,292,203	46,114,354	47,371,607	53,011,897
Interest	5,999,244	7,116,988	7,201,358	7,306,170	7,787,115
Other	<u>46,489,593</u>	<u>47,602,704</u>	<u>52,464,483</u>	<u>54,658,962</u>	<u>60,394,162</u>
Total expenses	<u>546,455,521</u>	<u>627,559,264</u>	<u>708,715,217</u>	<u>764,795,807</u>	<u>837,891,831</u>
Operating income	<u>22,952,033</u>	<u>37,808,496</u>	<u>46,532,095</u>	<u>40,050,039</u>	<u>59,447,785</u>
Other income:					
Contributions and other	2,111,898	3,260,736	4,413,139	4,537,826	7,269,853
Investment income	24,110,474	23,116,442	22,607,857	21,519,836	36,918,831
Gain (loss) on sale of assets	(4,682,562)	(420,318)	(274,093)	50,385	(160,684)
Net unrealized gains/(losses) on investments	(14,933,576)	58,407,078	(57,861,312)	15,743,590	24,568,886
Gain on extinguishment of debt	<u>--</u>	<u>302,451</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total other income (loss)	<u>6,606,234</u>	<u>84,666,389</u>	<u>(31,114,409)</u>	<u>41,851,637</u>	<u>68,596,886</u>
Excess of revenues before non-controlling interest in joint ventures	29,558,267	122,474,885	15,417,686	81,901,676	128,044,671
Net loss attributable to non-controlling interests in joint ventures	<u>--</u>	<u>--</u>	<u>--</u>	<u>467,891</u>	<u>1,534,459</u>
Excess Revenue	29,448,267	122,474,885	15,417,686	82,369,567	129,579,130
Change in interest in net assets of Tanner Medical Foundation, Inc.	(100,229)	2,312,598	(965,134)	700,881	1,534,459
Contributions and transfers from affiliated entities	<u>402,366</u>	<u>(689,958)</u>	<u>1,326,470</u>	<u>(663,750)</u>	<u>--</u>
Increase in unrestricted net assets	<u>\$29,860,404</u>	<u>\$124,097,525</u>	<u>\$15,779,022</u>	<u>\$82,406,698</u>	<u>\$131,113,589</u>



Set forth below is the Income Statement of the Institution for the 6-month periods ended December 31, 2023 and December 31, 2024. Information in this table has been prepared by the Institution without audit.

### Income Statement

	6- Month Period Ended December 31, (Unaudited)	
	<u>2025</u>	<u>2024</u>
<b>Patient Charges</b>		
Inpatient Charges	417,870,608	379,389,250
Outpatient Charges	762,228,076	712,004,928
HB Owned Practice Revenue	5,921,573	5,503,174
Total Patient Charges	1,186,020,258	1,096,897,352
Owned Practice Revenue	121,001,423	109,257,125
Other Revenue	13,271,404	15,426,688
Total Gross Charges	1,320,293,084	1,221,581,166
<b>Revenue Deductions</b>		
Contractuals	(779,356,569)	(730,198,800)
Bad Debt - Charity - Other	(78,468,964)	(73,816,843)
Total Revenue Deductions	(857,825,533)	(804,015,643)
Total Net Charges	462,467,551	417,565,522
<b>Operating Expenses</b>		
Salaries and Wages	184,282,034	165,537,490
Contract Salaries	11,487,867	12,152,702
Benefits	44,462,490	39,084,290
Fees - Physicians	15,107,744	13,158,411
Fees - Other	26,481,826	22,789,602
Supplies	85,747,048	82,602,385
Utilities	4,192,423	3,695,293
Repair and Maintenance	14,709,905	12,147,512
Lease and Rental	1,118,199	1,477,517
Insurance	3,917,197	3,204,932
Interest Expense	3,888,940	4,227,017
Provider Fee	4,694,801	4,025,624
Other Expenses	7,779,109	6,648,652
Total Operating Expense	407,869,584	370,751,428
Depreciation	24,313,954	23,037,957
Total Expense	432,183,538	393,789,385
Operating margin	30,284,014	23,776,137
Non-Operating Income - Investments	18,745,659	26,303,321
Non-Operating Income -Other	9,180,628	7,737,536
Excess of Revenue Over Expenses	58,210,301	57,816,994
EBITDA	86,413,195	85,081,969

[Remainder of Page Intentionally Left Blank.]

Set forth below is a summary of changes in net assets for the fiscal years ended June 30, 2020 through 2024 derived from the audited financial statements of the Institution for the fiscal years ended June 30, 2020 through 2024.

	CHANGES IN NET ASSETS				
	Years Ended June 30				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Net assets without donor restriction:					
Excess of revenues over expenses	\$29,558,267	\$122,474,885	\$15,417,686	\$82,369,567	128,044,785
Changes in interest in net assets of Tanner Medical Foundation, Inc.	(100,229)	2,312,598	(965,134)	700,881	1,534,459
Contributions and transfers from affiliated entities	<u>402,366</u>	<u>(689,958)</u>	<u>1,326,470</u>	<u>(663,750)</u>	<u>--</u>
Increase (decrease) in unrestricted net assets	<u>29,860,404</u>	<u>124,097,525</u>	<u>15,779,022</u>	<u>82,406,698</u>	<u>129,579,244</u>
Net Assets with donor restrictions:					
Change in interest in net assets of Tanner Medical Foundation, Inc.	<u>638,260</u>	<u>5,522,555</u>	<u>808,654</u>	<u>5,800,809</u>	<u>1,866,835</u>
Increase in Tanner Medical Center, Inc. net assets	30,498,663	129,620,080	16,587,676	88,207,507	131,446,079
Non-controlling interests in joint ventures:					
Net loss attributable to non-controlling interest in joint venture	--	--	--	(467,891)	--
Contributions from non-controlling interests in joint ventures	<u>--</u>	<u>--</u>	<u>--</u>	<u>8,277,828</u>	<u>--</u>
Increase in non-controlling interests	--	--	--	7,809,937	--
Increase (decrease) in net assets	--	--	--	<u>96,017,444</u>	131,446,079
Net assets, beginning of year, as originally reported	689,805,343	720,304,006	849,924,087	875,012,532	962,259,207
Prior period adjustment	<u>--</u>	<u>--</u>	<u>--</u>	<u>(8,500,769)</u>	<u>--</u>
Net Assets, beginning of year	<u>689,805,343</u>	<u>720,304,006</u>	<u>849,924,087</u>	<u>866,511,763</u>	<u>962,529,207</u>
Net assets, end of year	<u>\$720,304,006</u>	<u>\$849,924,086</u>	<u>\$866,511,763</u>	<u>\$962,529,207</u>	<u>\$1,093,975,286</u>

## Management's Discussion and Analysis of Results of Operations

The Institution reported total income in 2023 and 2024, respectively, of \$82.4 million and \$129.6 million. The Institution continues to have a strong balance sheet with a long term debt to capitalization ratio of 17.3% for 2023 and 15.2 % for 2024, declining slightly. Admissions across the Facilities saw a 6.9% increase in 2024, along with an average daily census of 272. Deliveries in primarily in the Villa Rica market area. Emergency room visits increased 4.6%, and overall outpatient visits increased 2.5% in 2024. The Institution continues to be a thriving community healthcare system facing the challenges of meeting the medical needs of the communities we serve and addressing the care gaps.

The Institution had the following sources of liquidity available as of November 30, 2024:

<u>Available Unrestricted Liquidity</u> (dollars in thousands)	
<u>Source</u>	<u>Amount</u> <sup>(1)</sup>
Short Term Investments	\$257,208,699
Unrestricted cash and investments as of November 30, 2024	\$105,979,740
Total unrestricted cash and investments available as of November 30, 2024	\$230,113,089

<sup>(1)</sup> Derived from unaudited financial statements of the Institution.

[Remainder of Page Intentionally Left Blank.]

SUMMARY OF BALANCE SHEET ITEMS  
TANNER MEDICAL, INC.

	Fiscal Year Ended June 30,				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$117,050,552	\$140,842,275	\$154,272,859	\$121,383,171	\$120,843,485
Short-term investments	102,175,716	123,502,478	57,392,582	55,373,398	73,524,390
Assets limited as to use – current portion	8,035,626	8,066,590	7,961,990	8,069,779	8,181,053
Patient accounts receivable, net	90,196,115	92,544,346	102,170,204	115,277,450	111,366,993
Supplies, at lower of cost or market	10,384,678	12,225,999	13,116,230	13,486,361	15,050,381
Estimated third-party payor settlements	1,479,359	771,584	1,369,969	1,043,318	661,743
Other current assets	<u>18,377,271</u>	<u>23,953,309</u>	<u>31,288,869</u>	<u>33,072,256</u>	<u>49,654,601</u>
Total current assets	<u>347,699,317</u>	<u>401,906,581</u>	<u>367,572,703</u>	<u>347,705,733</u>	<u>379,282,646</u>
Assets limited as to use:					
Internally designated	245,655,753	321,620,623	336,482,422	402,489,062	452,040,026
Held by trustee under indenture for debt obligations	26,036,626	46,476,774	50,991,013	52,119,050	26,238,851
Held by trustee for unemployment	--	--	917,406	917,406	0
Assets limited as to use – current portion	<u>(8,035,626)</u>	<u>(8,066,590)</u>	<u>(7,961,990)</u>	<u>(8,069,779)</u>	<u>(8,181,053)</u>
Noncurrent assets limited as to use	<u>263,655,753</u>	<u>360,030,807</u>	<u>380,428,851</u>	<u>447,455,739</u>	<u>470,097,824</u>
Property and equipment, net	399,267,449	396,982,258	388,953,391	442,174,977	418,731,209
Long-term investments	--	--	--	45,971,265	92,064,552
Interest in net assets of Tanner Medical Foundation, Inc.	<u>14,513,330</u>	<u>22,348,483</u>	<u>22,192,003</u>	<u>28,693,693</u>	<u>32,094,988</u>
Other assets:					
Operating lease right-of-use assets	--	6,535,007	5,788,943	4,771,888	3,751,097
Finance lease right-of-use assets	--	5,190,348	4,450,438	3,727,818	3,111,376
Physician notes receivable and other	7,393,560	9,374,305	8,661,822	7,048,696	5,924,216
Investments in unconsolidated companies	--	--	3,801,150	1,756,353	13,018,057
Goodwill and intangible assets	<u>2,908,800</u>	<u>2,545,200</u>	<u>2,181,600</u>	<u>6,827,902</u>	<u>8,801,523</u>
Total other assets	<u>10,302,360</u>	<u>23,644,860</u>	<u>24,883,953</u>	<u>24,132,657</u>	<u>34,606,719</u>
Total assets	<u>\$1,035,438,209</u>	<u>\$1,204,912,989</u>	<u>\$1,184,012,901</u>	<u>\$1,336,134,064</u>	<u>\$1,426,877,938</u>

Liabilities and Net Assets

Current liabilities:					
Current portion of long-term debt	\$10,520,376	\$11,039,894	\$9,052,737	\$12,181,292	\$12,655,232
Current portion of operating lease liabilities	--	923,016	981,216	1,009,385	946,509
Current portion of finance lease liabilities	--	677,342	682,746	591,086	461,390
Accounts payable	26,737,229	25,994,985	25,236,621	60,489,020	34,362,552
Accrued salaries	26,512,448	33,640,685	32,262,166	40,614,752	48,797,698
Other accrued expenses	9,729,161	10,703,163	10,231,316	19,005,599	18,939,475
Estimated third-party payor settlements	2,125,172	1,644,007	694,355	1,105,148	2,892,203
Current portion of Medicare advance payments	4,509,659	24,015,517	7,395,885	--	--
CARES Act refundable advances	<u>3,799,429</u>	<u>7,577,068</u>	<u>18,445,017</u>	<u>7,383,861</u>	<u>--</u>
Total current liabilities	<u>83,933,474</u>	<u>116,251,677</u>	<u>104,982,059</u>	<u>142,380,143</u>	<u>119,055,059</u>
Medicare advance payments, excluding current portion	<u>31,567,617</u>	<u>7,785,116</u>	--	--	--
Long term debt, net of current portion:					
Notes and leases payable	1,289,580	365,480	243,653	121,827	--
Revenue certificates payable	<u>198,353,531</u>	<u>220,288,769</u>	<u>203,404,338</u>	<u>223,831,523</u>	<u>210,607,093</u>
Total long-term debt, net of current portion	<u>199,633,111</u>	<u>220,654,249</u>	<u>203,647,991</u>	<u>223,953,350</u>	<u>210,607,093</u>
Operating lease liabilities	--	<u>5,739,158</u>	<u>4,995,132</u>	<u>3,986,187</u>	<u>3,040,003</u>
Finance lease liabilities	--	<u>4,558,702</u>	<u>3,875,956</u>	<u>3,285,177</u>	<u>2,823,903</u>
Total liabilities	<u>315,134,202</u>	<u>354,988,902</u>	<u>317,501,138</u>	<u>373,604,857</u>	<u>335,526,058</u>
Net assets:					
Net assets without donor restrictions	708,041,010	832,138,535	847,917,557	930,324,255	1,064,349,275
Net assets with donor restrictions	<u>12,262,997</u>	<u>17,785,552</u>	<u>18,594,206</u>	<u>24,395,015</u>	<u>26,261,851</u>
Total Tanner Medical Center, Inc. net assets	--	--	866,511,763	954,719,270	<u>1,090,611,126</u>
Non-controlling interests in joint ventures	--	--	--	<u>7,809,937</u>	<u>740,754</u>
Total net assets	<u>720,304,007</u>	<u>849,924,087</u>	<u>866,511,763</u>	<u>962,529,207</u>	<u>1,091,351,880</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,035,438,209</u>	<u>\$1,204,912,989</u>	<u>\$1,184,012,901</u>	<u>\$1,336,134,064</u>	<u>\$1,426,877,938</u>

## Capital Expenditures

The following capital expenditures have been made from hospital earnings or from revenue anticipation certificate proceeds for the fiscal years ended June 30, 2020 through 2024:

	Fiscal Year Ended June 30,				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Amount of Capital Expenditures:					
Carrollton Facility	\$92,992,978	\$21,157,170	\$15,020,739	\$41,895,083	\$47,548,530
Villa Rica Acute and Willowbrooke Facility	5,365,323	7,375,353	3,616,098	7,279,191	2,650,059
Bremen Facility	3,601,077	1,605,144	980,094	1,380,920	956,597
Physician Practices	<u>26,336,297</u>	<u>3,484,605</u>	<u>1,603,801</u>	<u>8,782,894</u>	<u>3,410,544</u>
Total	<u>\$128,295,74</u>	<u>\$33,622,273</u>	<u>\$21,220,733</u>	<u>\$59,338,088</u>	<u>\$54,565,730</u>

Source: Hospital Administration.

## Future Capital Improvements

Future capital projects for the Institution focus on plans to expand bed capacity in the Carrollton and Villa Rica facilities. Additional beds are needed in Carrollton for higher acuity levels services like open heart surgery, structural heart, and neurosurgery which require some departments to be updated, expanded or relocated to provide adequate patient beds and optimal patient flow. In addition, Villa Rica needs additional beds to accommodate growth in overall patient volumes and especially to support a growing community for OB/GYN services with the addition of birthing suites.

[Remainder of Page Intentionally Left Blank.]

### Outstanding Master Indenture Secured Debt

After giving effect to the issuance of the Series 2025 Certificates and the financing plan, including the defeasance of the [Refunded] Series 2015 Certificates, the Obligated Group will have the following outstanding debt secured by the Amended and Restated Master Indenture:

<u>Indenture Secured Debt</u> <sup>(1)</sup>	<u>Outstanding Principal Balance</u>	<u>Final Maturity Date</u>
Series 2025 Certificates	\$[175,720,000]*	July 1, 20__
Series 2020 Certificates	37,185,000	July 1, 2050
Series 2016A Certificates	20,525,000	July 1, 2038
Series 2016B Certificates	31,150,000	July 1, 2040
[Series 2015 Certificates]	[62,015,000]	July 1, 2045
Total	\$_____	

<sup>(1)</sup> All debt is fixed rate. Outstanding principal amount is as of the date of delivery of the Series 2025 Certificates.

### Other Long Term Debt and Guarantee

Other long-term debt not secured by the Amended and Restated Master Indenture is set forth under note captioned [“LONG-TERM DEBT”] in the financial statements included in APPENDIX C.

### Short-Term Debt

The Obligated Group will not have any outstanding short-term debt when the Series 2025 Certificates are issued.

### Anticipated Debt

The Obligated Group does not presently expect to incur any additional debt other than in the ordinary course of business during the next two years. This expectation could change as a result of changes in market conditions or the Institution’s assessment of strategic options or the need for new or additional health care facilities or services. The Institution pursues affiliations, acquisitions and consolidations from time to time. Such transactions may involve the incurrence or assumption of additional Obligated Group debt.

[Remainder of Page Intentionally Left Blank.]

## Selected Operating Statistics for the Facilities

The following table summarizes selected utilization statistics for the Facilities for the fiscal years ended June 30, 2020 through 2024.

	Fiscal Year Ended June 30				
	2020	2021	2022	2023	2024
<u>Carrollton</u>					
Licensed Beds	181	181	199	199	201
Total Admissions	8,675	9,193	9,142	8,998	9,918
Average Length of Stay (Days)	4.52	5.59	6.28	5.61	5.07
Total Patient Days	39,248	51,407	57,381	50,494	50,270
Average Daily Census	107.5	140.84	157.21	138.34	137.7
Annual Percent of Occupancy	76.4%	85.8%	97.9%	80.9%	80.50%
Emergency Room Visits	53,042	50,439	54,443	56,354	58,460
Outpatient Non-emergency Visits	157,275	156,684	158,986	165,364	175,344
Births	1,294	1,240	1,286	1,373	1,253
Surgical Procedures	6,586	7,702	8,225	8,751	8,553
Average Number of Full Time Equivalent Employees	1,745	1,802	1,817	1,890	2,046
<u>Villa Rica Acute</u>					
Licensed Beds	53	53	54	67	67
Total Admissions	3,508	3,925	4,178	3,855	4,169
Average Length of Stay (Days)	3.89	4.96	5.12	4.42	4.26
Total Patient Days	13,639	19,450	21,393	17,042	17,743
Average Daily Census	37.3	53.29	58.61	46.69	48.61
Annual Percent of Occupancy	88.4%	99.9%	110.6%	106.1%	110.5%
Emergency Room Visits	36,099	36,835	42,499	45,187	47,662
Outpatient Non-emergency Visits	124,562	153,507	146,985	166,162	164,615
Births	513	627	705	717	734
Surgical Procedures	3,750	4,281	4,553	5,159	4,854
Average Number of Full Time Equivalent Employees	519	583	603	634	689
<u>Villa Rica Willowbrooke</u>					
Licensed Beds	92	92	92	92	92
Admissions	4,316	4,334	3,892	3,628	3,486
Patient Days	24,629	25,671	26,157	26,845	25,570
Average Daily Census	67.48	70.33	71.66	73.55	70.05
Average Length of Stay	5.71	5.92	6.72	7.40	7.34
Occupancy Percent	76.6%	85.8%	87.4%	89.7%	85.4%
Average Number of Full time Equivalent Employees	238	230	210	210	210
<u>Bremen</u>					
Licensed Beds	25	25	25	25	25
Total Admissions	478	607	566	394	499
Average Length of Stay (Days)	7.96	7.98	8.67	10.81	8.97
Total Patient Days	3,803	4,846	4,906	4,258	4,475
Average Daily Census	10.4	13.28	13.40	11.70	12.3
Annual Percent of Occupancy	45.2%	57.7%	58.4%	50.7%	53.3%
Emergency Room Visits	16,817	16,122	17,818	18,323	18,906
Outpatient Non-emergency Visits	26,975	27,043	28,144	29,331	29,343
Births	0	0	0	0	0
Surgery Cases	1,881	1,703	1,629	1,719	1,755
Average Number of Full Time Equivalent Employees	209	212	213	212	212

Source: Hospital Administration and Hospital Audits -- Statistical Data.



**Medical Staff of Tanner Medical Center**

The Tanner Health currently has 258 members on the active Medical Staff distributed by specialty as follows:

<u>Medical Specialties</u>	<u>Number of Physicians</u>
Allergy & Immunology:	0
Anesthesia:	15
Behavioral PEDs:	6
Breast Surgery:	2
Cardiovascular:	11
Critical Care	2
Dermatology:	1
Emergency Medicine:	30
Endocrinology:	2
Family Medicine:	13
Gastroenterology:	5
General Surgery:	8
Gynecology:	16
Infectious Disease:	2
Internal Medicine:	46
Medical Oncology:	2
Neonatology	4
Neurology:	6
Nephrology:	10
OB/GYN:	15
Oral & Maxillofacial:	0
Ophthalmology:	3
Orthopedics:	10
Otolaryngology:	6
Psychiatry:	21
Pathology:	1
Pediatrics:	9
Pediatric Cardiology:	1
Pediatric Dentistry:	0
Plastic Surgery:	1
Pain Management:	2
Podiatry:	2
Pulmonary Med.:	2
Radiology:	14
Radiation Oncology:	2
Rheumatology:	2
Telemedicine:	0
Urology:	3
Vascular Surgery:	3
TOTAL:	278

Tanner Health also has an affiliate physician staff of 145 physicians. The average age of the entire affiliate physician staff is 49 years old. 75% are board certified.

---

Source: Hospital Administration.

## Administrative Staff

The biographical information of the principal members of the Administrative Staff is provided below.

**Loy M. Howard**, President and Chief Executive Officer, Tanner Health . Education: BA, Accounting, University of West Florida; MBA, Accounting, University of South Carolina. Experience: 1994-Present, CEO, Tanner Medical Center, Inc.; 1990-1994, CEO, Union Hospital District, Union, SC; 1987-1990, CFO Union Hospital District, Union, SC. Mr. Howard is a Certified Public Accountant. He is Treasurer of HealthWest, a hospital sponsored physician hospital organization. Mr. Howard is also a Board member on the Tanner Medical Foundation, Inc., Carroll County Chamber of Commerce, Carroll County Health Department, Heard County Water Department, and Chairman of Carroll Tomorrow.

**Ben Camp, MD**, Executive Vice President, Chief Medical Officer, Tanner Health. His previous roles at Tanner includes senior vice president of Medical Affairs, chairman of the Credentials Committee, chairman of Peer and Process Review, member of the Bylaws Committee and Tanner Health chief of staff.

Dr. Camp is board certified in emergency medicine and has served as medical director and medical operations leader of the Emergency Department at Tanner Health . He earned his medical degree from the University of Alabama at Birmingham (UAB) School of Medicine, completed an internship and residency in general surgery at Dartmouth Medical Center in Lebanon, N.H., and completed a residency in emergency medicine at the University of Colorado/Denver General Hospital.

**Carol S. Crews**, CPA, Executive Vice President, Chief Financial Officer, Tanner Health . Education: BA, Accounting from the University of West Georgia. Ms. Crews came to Tanner Health in 1991 as a staff accountant, rising to senior accountant, controller, vice president of finance and, most recently, senior vice president and chief financial officer. As CFO of Tanner, Crews oversees all business-related activity for the system, including budgets, audits, cost reports, and governmental filings. Her areas of responsibility include accounting, patient financial services, patient registration and scheduling, materials, coding and health information management and more.

**Eric Dalton**, MHA, Senior Vice President, Hospital Operations, Tanner Health. As the senior vice president for hospital operations, Dalton oversees the daily operations of Tanner Health's acute care campuses. He is responsible for campus and support services, clinical engineering, EVS, lab, nutritional services, respiratory, pharmacy and security. He most recently served as vice president of clinical program development and administrator for Tanner Medical Center Villa Rica. Prior to joining Tanner, he was service line administrator for Chesapeake Regional Medical Center in Chesapeake, Virginia, where he had responsibility for developing their initial service line structure. He has also served as administrative director of orthopedics for the Bon Secours Hampton Roads Health System, a three- hospital system. Dalton holds a bachelor's degree in health services administration from James Madison University and master's degree in health administration from Virginia Commonwealth University.

**Jim Griffith**, MBA, Executive Vice President, Chief Operating Officer and Chief Strategy Officer, Tanner Health. Griffith has served in leading healthcare systems for more than 25 years. He is responsible for facilities performance, service line advancement, nursing and clinical departments, human resources, patient experience and employee engagement. Griffith most recently served as the COO at El Camino Health in Mountain View, California. Prior to El Camino Health, Griffith served as the COO at Tanner. He was also the COO at Salinas Valley Memorial Healthcare System in Salinas, California. Griffith grew up in Chattanooga and earned his bachelor's degree in speech communications from the University of Tennessee at Knoxville and his master's in business administration from the Monterey Institute of International Studies.

**Clint Hoffman**, Senior Vice President, Tanner Medical Group. In addition to leading Tanner Medical Group, a multispecialty medical group that provides services throughout Northwest Georgia and East Alabama, Hoffman manages Tanner Urgent Care, Tanner Home Health and Tanner Hospice, and is responsible for supporting Tanner's population health management initiatives. Prior to joining Tanner, he served in a dual role as chief administrative officer of physician integration and business development for Salinas Valley Memorial Healthcare System and as chief operating officer of Salinas Valley Medical Clinic, a 150-provider multispecialty group that

operated as a component of SVMHS. Hoffman is a fellow in the American College of Healthcare Executives. He received his MBA from San Diego State University and holds a bachelor's in telecommunication , multimedia and applied computing from California State University-Monterey Bay.

**Greg Schulenburg**, Executive Vice President, Chief Information Officer/Chief Administrative Officer, Tanner Health. Before joining Tanner, Greg Schulenburg joined Greenway Health™ in March 1999 as Vice President of Development and was promoted to Executive Vice President and COO in May 2004. Mr. Schulenburg manages the day-to-day operations of Greenway.

Prior to joining Greenway, Mr. Schulenburg worked at NationsBank in Atlanta, Georgia and Charlotte, North Carolina, where he managed testing and development teams for the Nationwide Platform Development Project. He also managed the Support and Projects Development group for National Support. Mr. Schulenburg previously managed the Development/System Projects for Prudential Bank in Atlanta.

Greg received a bachelor's degree in Economics from the University of Georgia.

**Wayne Senfeld, Ed.S., LPC**, Executive Vice President, Business Development and Behavioral Health, Tanner Health. Education: BS, Psychiatry from the University of Florida, Education Specialist's degree in Guidance and Counseling and his master's degree in psychology and Guidance and Counseling from the University of West Georgia. Mr. Senfeld joined Tanner in 1998 as a program manager for the partial hospitalization program (PHP) at the Tanner Center for Behavioral Health in Carrollton. He worked his way to assistant director, then director, and was promoted in 2008 to the position of administrator of Willowbrooke at Tanner, which was, at that time, the first new behavioral health hospital built in Georgia in at least 20 years. He was promoted to Senior Vice President of Behavioral Health and Business Development.

## **Employees**

Tanner Medical Center, Inc. utilizes a total of 3,607 full-time equivalent employees (FTEs) as of January 1, 2025. The employees are not currently represented by any union, nor is there a known organizing effort.

The Carrollton Facility currently employs approximately 2,046 FTEs. This total includes "System Employees" (i.e., centralized Accounting, Human Resources Materials Management, Information Systems, etc.) which support the three acute hospitals, Willowbrooke, TMC-East Alabama and Tanner's owned Practices. Despite including system support services, Carrollton's staffing level calculates to 4.7 FTEs per adjusted occupied bed.

The Villa Rica Facility currently employs approximately 899 FTEs. The Villa Rica Facility's staffing approximates 2.9 FTEs per adjusted occupied bed. The Villa Rica Willowbrooke Facility currently employs approximately 210 FTEs. The Villa Rica Willowbrooke Facility's staffing approximates 2.5 FTEs per adjusted occupied bed.

The Bremen Facility currently employs approximately 212 FTEs. The Bremen Facility's staffing approximates 4.0 FTEs per adjusted occupied bed.

Tanner Medical Center's Physician Practices employs 450 FTEs, including 126 physicians and 113 midlevel providers. Staffing averages 2.6 man hours per visit in non-hospital based practices.

## **Pension**

The Medical Center has a 401(k) defined contribution plan and a 403(b) defined contribution plan. The 401(k) plan covers substantially all employees 18 years of age and with 30 days of eligible service. Employees are 100% vested in employee contributions and become 100% vested in employer contributions after three years of vesting service. The 403(b) plan covers substantially all employees. Employees are 100% vested in employee contributions. The Medical Center, at its sole discretion, has agreed to match up to 4.25% of employee contributions in the 401(k) plan. The Medical Center's contributions to the plan were approximately \$10,241,000 and \$8,742,000 for the years ended June 30, 2024 and 2023 respectively.

## Services of the Facilities

The Carrollton Facility provides, in addition to the basic levels of primary care, a wide range of secondary diagnostic and treatment services. The Carrollton Facility provides the primary medical care for the majority of citizens residing in Carrollton and Carroll County. A listing of services currently available within the Carrollton Facility is as follows:

Inpatient Medical Surgical Nursing Care	Cardiopulmonary
Inpatient Surgery	Pharmacy
Outpatient Surgery	Physical Therapy
Neurosurgery	Structural Heart
Cardiothoracic Surgery	
Labor and Delivery	Outpatient Infusion Services
Newborn Nursery	Inpatient Hemodialysis Services
Laboratory	Cardiac Cath/Special Procedures
Imaging	Cardiac Stenting and Angioplasty
- Radiology	Cardiac Rehab
- Nuclear Medicine	Wound Care Center
- MRI	Inpatient Rehabilitation Services
- CT	Sleep Study Center
- Calcium Scoring	Radiation Therapy
- Ultrasound	Spine Surgery
- Mamography	Home Health
- Bone Density	Hospice
- PET CT	Outpatient Behavioral Health Services
Emergency Services	Neonatal Intensive Care Unit

The Villa Rica Facility provides primary care for the citizens of Villa Rica and the surrounding area. A listing of ancillary services currently available within the Villa Rica Facility is as follows:

Inpatient Medical Surgical Nursing Care	Emergency Services
Inpatient Surgery	Cardiopulmonary
Outpatient Surgery	Pharmacy
Labor and Delivery	Physical Therapy
Newborn Nursery	Outpatient Infusion Services
Laboratory	Inpatient Hemodialysis Services
Imaging	Sleep Study Center
- Radiology	Outpatient Pain Management Service
- Nuclear Medicine	Cardiac Cath
- MRI	Sleep Study Center
- CT	Spine Surgery
- Calcium Scoring	
- Ultrasound	
- Mamography	
- Bone Density	
- PET CT	

The Villa Rica Willowbrooke Facility provides behavioral health services for the System's service area and the entire State of Georgia. A listing of ancillary services currently available within the Villa Rica Willowbrooke Facility is as follows:

- Adult Inpatient Behavioral Health
- Child and Adolescent Inpatient Behavioral Health
- Geriatric Inpatient Behavioral Health
- Outpatient Behavioral Health Services

The Bremen Facility provides primary care for the citizens of Bremen and the surrounding area. A listing of ancillary services currently available within the Bremen Facility is as follows:

Inpatient Medical Surgical Nursing Care

Outpatient Surgery

Laboratory

Imaging

- Radiology
- Nuclear Medicine
- CT
- Ultrasound
- Mamography
- Bone Density

Emergency Services

Cardiopulmonary

Pharmacy

Physical Therapy

Outpatient Pain Management Services

Lithotripsy

[Remainder of Page Intentionally Left Blank.]

## Medicare, Medicaid and Other Third-Party Payment Programs

The following tables indicate the estimated percentage of total gross revenue of the Facilities for the fiscal years ended June 30, 2020 through 2024 from Medicare, Medicaid and all other sources of revenue:

	Fiscal Year Ended June 30				
	<u>2020<sup>(1)</sup></u>	<u>2021<sup>(1)</sup></u>	<u>2022<sup>(1)</sup></u>	<u>2023<sup>(1)</sup></u>	<u>2024<sup>(1)</sup></u>
<b>The Carrollton Facility</b>					
Medicare	51.2%	52.3%	51.4%	52.4%	53.2%
Medicaid	10.9%	11.5%	12.2%	12.0%	10.1%
All Other	<u>37.9%</u>	<u>36.2%</u>	<u>36.4%</u>	<u>35.6%</u>	<u>36.7%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%
<b>The Villa Rica Acute Facility</b>					
Medicare	42.9%	45.3%	46.0%	45.9%	46.5%
Medicaid	14.0%	12.3%	12.7%	12.5%	9.6%
All Other	<u>43.1%</u>	<u>42.4%</u>	<u>41.3%</u>	<u>41.6%</u>	<u>43.9%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%
<b>The Villa Rica Willowbrooke Facility</b>					
Medicare	10.1%	8.5%	10.5%	12.5%	13.8%
Medicaid	50.4%	48.0%	45.8%	42.8%	40.4%
All Other	<u>39.5%</u>	<u>43.5%</u>	<u>43.7%</u>	<u>44.7%</u>	<u>45.8%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%
<b>The Bremen Facility</b>					
Medicare	41.8%	43.0%	42.5%	42.4%	44.1%
Medicaid	13.8%	14.1%	14.4%	15.3%	14.5%
All Other	<u>44.4%</u>	<u>42.9%</u>	<u>43.1%</u>	<u>42.3%</u>	<u>41.4%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%

<sup>(1)</sup> Unaudited

Source: Hospital Administration and Hospital Audits -- Statistical Data.

## Renewal of Accreditation

The Facilities have been accredited by the Joint Commission on Accreditation of Healthcare Organizations. In the past, the Facilities have encountered no difficulty in renewing this accreditation, but no assurance can be given that future renewals will be granted. Any failure to obtain such renewal could have a material adverse effect on the operation of the Facilities. The Facilities are members of the Georgia Hospital Association, the American Hospital Association and the Joint Commission on Accreditation of Healthcare Organizations and are licensed by the Georgia Department of Human Resources and are certificated by the United States Department of Health and Human Services.

## Medical Service Area and Competition

### Service Area

Based on 2023 estimates, Tanner Health's combined service area had a population of about 565,346 residents. Tanner's primary service area, comprised of Carroll, Haralson and Heard counties with an estimated population of 171,170 residents. Tanner's secondary service area – comprised of Douglas, Paulding and Polk counties in Georgia, along with Cleburne and Randolph counties in east Alabama – had an estimated population of more than 394,176 residents.

As the Atlanta metro area continues to grow, the west Georgia region continues to experience population increases and expanding industry/housing development. The current population estimate of Carroll County is approximately 127,098 (a 6.7 percent increase from 2020 to 2023). The population of Haralson County is approximately 32,038 (a 7.1 percent increase from 2020 to 2023), while Heard County has a population of about 12,034 (5.5 percent increase from 2020 to 2023). Just to the southeast from Tanner's primary service area, Coweta County has grown almost 6.7 percent from 2020 to 2023, with a population of about 155,892.

Douglas County, which is just east of Carroll County and has one ZIP code, Winston, in Tanner's primary service area, has a population of 149,160 (an increase of 3.4 percent from 2020 to 2023). Polk County, north of Haralson County, has a population of 44,223 (an increase of 3.2 percent from 2020 to 2023) while Paulding County saw an increase in population of 8.6 percent from 2020 to 2024, with a population of 183,164. Cleburne and Randolph counties in east Alabama have populations of 15,639 and 22,786, respectively in 2023 a 3.9% and 3.7% growth respectively.

The population of the state of Georgia has grown by 3.0 percent from 2020 to 2023, with a population of almost 11,029,227 people.

Carroll County's median household income is estimated to be \$72,327. The population is about 51.3 percent female, 48.7 percent male. In 2019, about 23.7 percent of the county's population was younger than 18 years of age, while about 14.4 percent of the population was age 65 and older. Working-age adults accounted for 61.9 percent of Carroll County's population. Approximately 74.5 percent of the county's residents are white, non-Hispanic. Blacks accounted for approximately 20.8 percent of county residents and Hispanics account for about 8.8 percent of county residents.

### Competitors

Market share analysis provides a means to determine the share of the market in various service lines, as well as our competition's share. The data used to determine market share is compiled by the Georgia Hospital Association and is available to all hospital members.

Based on 2023 market share data, the Institution has seen a slight decrease in its overall inpatient market share in the primary service area from 2022 to 2023 (66.7 percent vs. 66 percent). The Institution's main competitor continues to be WellStar Cobb Hospital with approximately 3.5 percent of our primary inpatient market share. In 2023, the Institution had 72.4 percent inpatient market share for cardiology in the primary service area, with the main competitors (WellStar Paulding, WellStar Douglas and AdventHealth Redmond) together having 9.5 percent market share for cardiology. For inpatient general surgery, the Institution had 49.3 percent market share in the primary service area, and Grady Memorial Hospital and WellStar Kennestone together had 12.4 percent market share for primary service care. The Institution's orthopedics service line had 57.6 percent of the primary inpatient market share, and Grady Memorial Hospital and WellStar Cobb together had 13.9 percent market share.

### **Indigent and Charity Care**

The Tanner Health provides indigent and charity care without charge or at reduced rates to qualified patients. The amount of this care has increased in recent years in concert with increases in gross patient revenue, which are expected to continue into the future due to projected growth in volume. A large portion of this indigent and charity care results from emergency room admissions. The Institution maintains records to identify and quantify the level of indigent and charity care it provides, which includes the amount of foregone charges for services and supplies furnished pursuant to its indigent and charity policies. Future impacts to the amount of indigent and charity care may be adversely impacted by changes in the general economic conditions in the market, which may cause indigent and charity care to grow at rates greater than the expected growth in overall volume.

The approximate amounts of indigent and charity care provided by the Institution, based on foregone charges, and the percentage of gross revenues represented by indigent and charity care charges for the fiscal years ended June 30, 2024 and 2023 are set forth below.

## Analysis of Indigent and Charity Care

(dollars in thousands)

	Fiscal Years Ended June 30,	
	<u>2023</u>	<u>2024</u>
Charity/Indigent Care Charges	\$58,912,067	\$73,684,266
Percentage of Gross Revenues	2.5%	2.9%

## Litigation

The entities that comprise the Tanner Health are involved in litigation and other regulatory proceedings common in the healthcare industry. Management estimates that these matters will be resolved without a material adverse effect on the future financial position or results of operations of the Tanner Health.

## Insurance Coverage

The Tanner Health carries liability insurance for the types of claims and in amounts that are customary for similar enterprises. The Tanner Health also carries cyber and property damage insurance on buildings and other physical assets. The Facilities currently carry professional and general liability coverage in the amount of \$1,000,000 for each occurrence and \$3,000,000 aggregate per year. There is a \$5,000 deductible per occurrence for General Liability and \$100,000 retention for professional liability. The Institution maintains umbrella general liability insurance in the amount of \$9,000,000. The Facilities currently maintain blanket coverage of real and personal property for all risk and replacement cost with \$400,000,000, for flood or earthquake with \$50,000,000 each, and for business interruption with \$100,000,000. The Institution currently carries an automobile liability policy in the amount of \$1,000,000 for bodily injury and property damage with \$100,000 for uninsured motorists. In addition to the general liability and all risk property coverage, the Institution maintains other insurance to insure against various types of business risks including Cyber security with \$10,000,000 in coverage.

[Remainder of Page Intentionally Left Blank.]



**APPENDIX B**

**CERTAIN INFORMATION CONCERNING CARROLL COUNTY**

[THIS PAGE INTENTIONALLY LEFT BLANK]

## CERTAIN INFORMATION CONCERNING CARROLL COUNTY

### CARROLL COUNTY

Carroll County, Georgia (the “County”) is a political subdivision created and existing under the laws of the State of Georgia. The County is located approximately 34 miles west of Atlanta on the Alabama border. There are eight municipalities located in the County: Bowdon, Bremen, Carrollton, Mt. Zion, Roopville, Temple, Villa Rica and Whitesburg. Carrollton is the county seat and is the largest municipality in the County with approximately 27,793 residents (2023 U.S. Census Bureau). It is located near the geographic center of the County, approximately 50 miles west of Atlanta, Georgia and 110 miles east of Birmingham, Alabama.

#### Form of Government and County Officials

*County Commission.* The County is governed by a seven-member Board of Commissioners, consisting of a Chairman that is elected county-wide, and six commissioners elected by districts. The commissioners serve four-year terms and three of the six district commissioners are elected every two years.

The Commissioners now in office, their principal occupation and expiration of their current terms in office are as follows:

<u>Name</u>	<u>Principal Occupation</u>	<u>Date Term of Office Expires</u>
Michelle Morgan, <i>Chair</i>	Human Resources Manager	12/31/2028
Montrell McClendon	Director of Transportation, Carrollton Elementary School	12/31/2028
Clint Chance	Special Events Promoter	12/31/2026
Tommy Lee	Commercial Business Owner	12/31/2028
Steve Fuller	Retired	12/31/2026
Ben Hicks	Rancher	12/31/2028
Danny Bailey	Territory Sales Manager	12/31/2026

*County Clerk to the Board of Commissioners.* The Board of Commissioners appoints the County Clerk who serves at the pleasure of the Board of Commissioners. The County Clerk has the duties, among other things, to serve as the custodian of the official records and documents of the governing body of the County, to prepare, maintain and attest to official records and actions taken by the Board of Commissioners, and to maintain and attest to official records and actions taken by the Board of Commissioners.

Lynda Bingham is the current County Clerk. Ms. Bingham has been employed by the County since July 18, 2022. Prior to becoming County Clerk, she served as Educator. Ms. Bingham received her Master of Education degree from the LaGrange College in 2010. She will receive her certification as County Clerk in February 2025 from UGA Carl Vison Institute of Government and her certification as County Official in December 2025 from ACCG.

#### Employee Relations

The County presently employs approximately 631 full-time and 84 part-time, employees. No employees the County are represented by labor organizations or are covered by collective bargaining agreements, and the County is not aware of any union organizing efforts at the present time. The County has never experienced a strike or disruption of services.

#### Demographic Information

The following information is provided to give prospective investors an overview of certain demographic information of the County. These statistics have not been adjusted to reflect population or economic trends and are not to be relied upon as a representation or guarantee of The Carroll City-County Hospital Authority, Tanner Medical Center, Inc., the County or Raymond James & Associates, Inc., as underwriter.

The following table presents population statistics for the County and the State of Georgia for the census years 1990, 2000, 2010 and 2020. An estimated population for 2023 is also provided.

<u>Population</u>		
<u>Year</u>	<u>County</u>	<u>State of Georgia</u>
2023	127,098 <sup>(1)</sup>	11,029,227 <sup>(1)</sup>
2020	119,148	10,711,908
2010	110,527	9,687,653
2000	87,268	8,186,453
1990	71,422	6,478,216

<sup>(1)</sup> Numbers reflect estimate of U.S. Census as of July 1, 2023.  
 Source: U.S. Department of Commerce, Bureau of the Census.

The following table shows the median home value in the County, the State of Georgia and the United States for the census years 1990 through 2020. An estimate for 2023 is also provided.

<u>Median Home Value</u>			
<u>Year</u>	<u>County</u>	<u>State of Georgia</u>	<u>United States</u>
2023	\$280,800	\$323,000	\$340,200
2020	147,400	190,200	229,800
2010	136,100	169,100	197,600
2000	86,800	111,200	119,600
1990	45,400	71,300	79,100

Source: U.S. Department of Commerce, Bureau of the Census.

The following table reflects the estimated per capita income figures for the County, the State of Georgia and the United States for calendar years 2019 through 2023.

<u>Per Capita Income</u>			
<u>Year</u>	<u>County</u>	<u>State of Georgia</u>	<u>United States</u>
2023	\$51,798	\$59,882	\$68,810
2022	49,914	57,290	66,244
2021	49,186	56,088	64,460
2020	44,587	51,463	59,123
2019	40,655	48,530	55,566

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

[Remainder of Page Intentionally Left Blank.]

Set forth below is information concerning banking deposits in the County for the fiscal years ending June 30, 2020 through 2024.

<u>Year</u>	<u>Banking Deposits</u> <u>Institutions</u>	<u>Total Deposits as of June 30</u> <u>(in thousands)</u>
2024	10	\$3,013,425
2023	10	2,763,735
2022	10	2,676,488
2021	9	2,536,685
2020	9	2,302,231

Source: Federal Deposit Insurance Corporation

### Economic Information

Set forth below is information concerning building permits in the County for the fiscal years 2019 to 2024<sup>(1)</sup>.

<u>Fiscal</u> <u>Year</u>	<u>Family Residential</u>		<u>Multi-family Residential</u>		<u>Total New Construction</u>	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Total</u> <u>Permits</u>	<u>Total</u> <u>Value</u>
2024	657	\$188,712,285	145	\$20,020,852	802	\$208,733,137
2023	582	170,201,312	280	47,112,698	862	217,314,010
2022	761	195,960,798	0	0	761	195,960,798
2021	1,059	265,627,860	192	31,161,936	1,251	296,789,796
2020	813	194,052,147	4	250,000	817	194,302,147
2019	784	191,920,459	8	815,182	792	192,735,641

<sup>(1)</sup> Through November 30, 2024.

Source: Georgia Department of Labor.

Set forth below are the ten largest private employers located in the County as of January 17, 2025, their industries, and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the County or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed below.

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
1. Tanner	Healthcare	4,200
2. Southwire	Manufacturing – Wire/Cable	3,302
3. Decostar	Manufacturing – Automotive Supplier	837
4. Aubrey-Silvey	Manufacturing – Power Generation	764
5. Janus International	Manufacturing – Metal Roll Up Doors	600
6. Printpack	Manufacturing – Packaging	574
7. OFS Fitel	Manufacturing – Optical Fiber, Cable	485
8. Royal Metals	Manufacturing – Sheet Metal for HVAC Industry	369
9. Flowers Bakery	Food Processing – Baking/Bread Products	253
10. Yachiyo	Manufacturing – Automotive Supplier	224

Source: Carroll County Chamber of Commerce.

The following table sets forth the labor force for the County, together with the unemployment rates for the County, the State of Georgia and the United States for the years 2019 through 2023. Employment includes nonagricultural wage and salary employment, self-employed, unpaid family and private household workers, and agricultural workers. Persons in labor disputes are counted as employed. The use of rounded data does not imply that the numbers are exact.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Employment	53,887	51,291	53,911	55,328	56,195
Unemployment	<u>2,019</u>	<u>3,442</u>	<u>2,076</u>	<u>1,808</u>	<u>1,906</u>
Total Labor Force	55,906	54,733	55,987	57,136	58,101
County Unemployment Rate	3.6%	6.3%	3.7%	3.2%	3.3%
State Unemployment Rate	3.6%	6.5%	3.9%	3.1%	3.2%
U.S. Unemployment Rate	3.7%	8.1%	5.3%	3.6%	3.6%

---

Source: State of Georgia Department of Labor, Workforce Information & Analysis, Local Area Unemployment Statistics Unit.

[Remainder of Page Intentionally Left Blank.]

The following table shows the industry mix for the County as of the 2<sup>nd</sup> quarter of 2024, the most recent information available. The table is intended to provide information regarding the types of industries employing residents in the County and the compensation paid to those employees. The tables do not provide information with respect to all industries and firms.

Industry Mix

<u>Industry</u>	<u>Number of Firms</u>	<u>Average Monthly Employment</u>	<u>Average Weekly Wages</u>
Goods Producing:	493	11,520	\$1,347
Agriculture, forestry and fishing	14	181	973
Mining, quarrying, oil and gas extraction	2	**	**
Construction	314	3,310	1,558
Manufacturing	163	7,998	1,267
Service Providing:	2,066	27,135	912
Utilities	5	193	1,802
Wholesale Trade	107	1,429	1,164
Retail Trade	395	5,580	674
Transportation and warehousing	81	931	1,043
Information	36	504	1,177
Finance and Insurance	143	640	1,347
Real Estate, rental and leasing	131	424	1,041
Professional, scientific and technical services	244	934	1,117
Management of companies and enterprises	6	**	**
Administrative, support, waste management	150	2,658	862
Educational services	19	**	**
Health Care and social assistance	257	6,371	1,189
Arts, entertainment and recreation	27	297	472
Accommodation and food services	268	5,153	379
Other services	197	998	748
Unclassified	144	73	903
Total Private Sector	2,703	38,728	1,041
Total Government	79	6,807	1,025
Federal Government	13	229	1,272
State Government	23	1,915	1,189
Local Government	43	4,663	946
ALL INDUSTRIES	2,782	45,535	\$1,039

\*\* Denotes confidential data relating to individual employers and cannot be released.

Source: Georgia Department of Labor; data represent jobs in the County covered by unemployment insurance legislation.

[Remainder of Page Intentionally Left Blank.]

## Categories of Land by Use

Set forth below are the types of land use within the County for the last five years, computed based on the number of acres of real property in the County of the various categories for ad valorem property tax purposes.<sup>(1)</sup>

<u>Year</u>	<u>Residential</u>	<u>Agricultural</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Conservation</u> <sup>(2)</sup>	<u>Other</u> <sup>(3)</sup>
2024	33.79%	19.40%	2.34%	0.96%	38.56%	4.94%
2023	33.82	20.53	2.36	0.90	37.76	4.64
2022	33.63	20.35	2.38	0.89	36.37	6.38
2021	33.20	20.83	2.39	0.89	36.59	6.11
2020	32.13	23.42	2.29	0.99	35.79	5.38

<sup>(1)</sup> Percentages are based on the number of acres of real property set aside for each purpose. The total acreage of all real property subject to ad valorem taxation located in Carroll County is approximately 290,581 acres. This figure does not include the acreage of real property that is exempt from ad valorem property taxation. See “AD VALOREM TAXATION – Property Subject to Taxation.”

<sup>(2)</sup> A large proportion of amounts constituting real property on Carroll County’s general tax digest is designated as Conservation Use property. See “AD VALOREM TAXATION – Conservation Use Property.”

<sup>(3)</sup> Includes Utilities, forest land, timber 100% and preferential.

Source: Georgia Department of Revenue, Tax Digest Consolidated Summary.

## Other Information Concerning the County

*Government Services and Facilities.* Carroll County’s Sheriff’s office has 2 police stations (1 main station and one training center), 112 sworn Sheriff’s deputies, 82 jailers, 9 civilian employees, and 126 vehicles. The Sheriff’s Department maintains a 24-hour uniformed patrol. The County has a paid fire department with 13 outlying stations and approximately 123 paid firefighters and 56 volunteers. The National Board of Fire Underwriters’ fire insurance ratings for the fire districts are Classes 2, 4 and 5. The County also provides convenience centers for garbage and recycling throughout the County.

*Higher Education.* West Georgia Technical College is a two-year technical institute, has approximately 7,001 students. University of West Georgia in Carrollton has approximately 12,125 students. There are 27 colleges and universities in the Atlanta area (51 miles) with a total enrollment of more than 100,000 students.

*Transportation.* The nearest navigable river is the Chattahoochee, which has a nine-foot channel depth with a public barge dock located in Columbus, Georgia, 83 miles away. The nearest seaport is Savannah, 277 miles away, which has a forty-two foot channel depth. The County has a public airport containing a 5,000 foot asphalt runway. The nearest commercial air service is located in Atlanta. Norfolk Southern Railway services Carrollton and piggy back service is available in Atlanta, Georgia, by the Norfolk Southern Railway and CSX Railway.

*Utilities.* Water is provided by the Carroll County Water Authority. The Carroll County Water Authority provides water to residents of the unincorporated parts of the County, but it does not provide sewer services. Residents of the unincorporated parts of the County have septic tanks. The cities within the County provide water and sewer services within their city limits and to certain surrounding properties. As a part of Georgia’s modern integrated electrical transmission system, the County has excellent ability to supply industrial demands. Compared to 47% for the United States, coal accounts for 84% of fuel used by the State’s power generating plants. This provides long-term continuity. Electricity is provided by the Georgia Power Company, Carroll EMC and Greystone Power. Natural gas is available in industrial quantities on both a firm and an interruptible basis by a number of providers.

## Local Option Sales and Use Tax

*Generally.* Article II of the Sales Tax Act (O.C.G.A. Section 48-8-80, et seq., as amended) authorizes the imposition of a local option sales and use tax (the “Local Option Sales and Use Tax”). The Local Option Sales and Use Tax may only be implemented if it is approved by the qualified voters of the county.



Proceeds from the Local Option Sales and Use Tax must be used to reduce the ad valorem property tax dollar-for-dollar and must be shared between the county and the municipalities located within the county. The qualified voters of the County approved the imposition of a Local Option Sales and Use Tax. The Local Option Sales and Use Tax has been in effect since October 1, 1977. The Local Option Sales and Use Tax will remain in effect until it is repealed by the qualified voters of the County.

The law requires a county and the qualified municipalities therein to agree among themselves as to the division of the net sales and use tax proceeds. The County and the municipalities therein have agreed to a division of the net proceeds of the tax under which the County receives 59.0% of the net revenues generated by collections of the tax in the County and the municipalities receive 41.0%.

*Historical Collections.* Set forth below are historical collections of the County’s percentage of the Local Option Sales and Use Tax for the years 2020 through 2024.

<u>Year</u>	<u>Local Option Sales and Use Tax<sup>(1)</sup></u>
2024	\$17,769,000.97
2023	17,253,853.58
2022	15,942,732.96
2021	14,240,743.65
2020	12,526,973.16

---

<sup>(1)</sup> Includes collection revenues for the County.  
Source: Georgia Department of Revenue.

[Remainder of Page Intentionally Left Blank.]

## COUNTY DEBT STRUCTURE

### Summary of County Direct and Overlapping Debt By Category

Set forth below is information concerning direct debt of the County, assuming the issuance of the Series 2025 Certificates and the refunding of the Series 2015 Certificates, and the estimated overlapping property tax supported debt of certain governmental entities that is attributable to property owners in the County based upon the proportion to which the jurisdiction of the County overlaps such entities as of June 30, 2024 unless otherwise indicated. Property tax supported debt of cities within the County is also attributable to property owners within the incorporated areas of the County but is not included in the information set forth below. Although the County has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity which has this information available, and the amounts are based on information supplied by others.

<u>Category of Debt</u>	<u>Amount Outstanding</u>
<u>Direct Debt</u>	
County:	
General Obligation Bonds <sup>(1)</sup>	
The Series 2021 Bonds	\$21,337,000
Intergovernmental Contract	
Carroll City-County Hospital Authority <sup>(2)</sup>	\$283,250,000*
Capital Leases <sup>(3)</sup>	\$2,017,000
GEFA Loans <sup>(4)</sup>	<u>\$37,332,740</u>
TOTAL DIRECT:	<u>\$346,937,754*</u>

<sup>(1)</sup> General obligation bonds are general obligations of the issuer to which its full faith and credit and tax powers are pledged. The City of Villa Rica received \$4,568,500 of the proceeds of the Series 2021 Bonds, and pursuant to an intergovernmental contract, the City of Villa Rica is obligated to pay 10% of the principal and interest on the Series 2021 Bonds.

<sup>(2)</sup> Includes the Carroll City-County Hospital Authority’s Series 2016 Certificates, the Series 2016B Certificates, the Series 2020 Certificates and the Series 2025 Certificates. This obligation does not constitute debt of the County for purposes of the constitutional debt limit described in “COUNTY DEBT STRUCTURE—Limitation on County Debt” herein and does not count against the County’s debt limit.

<sup>(3)</sup> The obligations for the governmental lessee under such capital leases do not constitute general obligations of such governmental entity to which its full faith and credit or taxing power are pledged but are subject to and dependent upon lawful appropriations of general revenues.

<sup>(4)</sup> As of June 30, 2024. GEFA loans are general obligations of the issuer to which its full faith and credit are pledged, but do not constitute debt for the purposes of the constitutional debt limit. However, the County anticipates that the GEFA loans will be paid from revenues of the Carroll County Water Authority water and sewerage systems. The County has agreed to make payments to the Carroll County Water Authority in amounts sufficient to pay when due the principal and interest on (a) a GEFA loan entered into on September 9, 2015 in the amount not to exceed \$9,070,000, the full amount of which has been currently drawn, and (b) a GEFA loan entered into on January 2, 2020, as amended, in the amount not to exceed \$33,000,000, of which \$28,245,561 has been currently drawn.

There has never been a default in payment of the principal of or interest on any general obligation bonds issued by the County.

[Remainder of Page Intentionally Left Blank.]

<u>Category of Debt</u>	<u>Amount of Outstanding Debt</u>	<u>Estimated Applicable Percentage</u>	<u>Estimated Share of Outstanding Debt</u>
<u>Overlapping Debt</u>			
Carroll County School District: General Obligation Bonds <sup>(1)</sup>	\$29,640,000	100%	\$29,640,000
Carrollton School District: General Obligation Bonds <sup>(1)</sup> Intergovernmental Contract <sup>(3)</sup>	\$30,805,000 8,000,000	100% 100%	\$30,805,000 8,000,000
City of Carrollton: Capital Leases <sup>(2)</sup> GEFA <sup>(4)</sup>	\$156,494 15,141,667	100% 100%	\$156,494 15,141,667
City of Bremen: <sup>(5)</sup> Capital Leases Notes Payable	\$231,187 1,254,489	10.45% 10.45%	\$24,168 \$131,142
Bremen School District: <sup>(5)</sup> General Obligation Bonds <sup>(1)</sup> Capital Leases <sup>(2)</sup>	\$13,460,000 345,151	10.45% 10.45%	\$1,407,086 \$36,082
City of Bowdon: Revenue Bonds GEFA <sup>(4)</sup>	\$1,230,571 1,176,572	100% 100%	\$1,230,571 1,176,572
City of Villa Rica: <sup>(6),(7)</sup> Intergovernmental Contracts GEFA <sup>(4)</sup>	\$50,330,000 \$4,369,492	59.68% 59.68%	\$30,036,979 \$2,607,716
City of Temple: <sup>(8)</sup> General Obligation Bonds <sup>(1)</sup> GEFA	\$2,919,000 <u>1,237,491</u>	99.34% 99.34%	\$2,899,591 <u>\$1,229,263</u>
TOTAL OVERLAPPING:	<u>\$157,378,114</u>		<u>\$124,522,330</u>
TOTAL DIRECT AND OVERLAPPING:	<u>\$504,315,868*</u>		<u>\$471,460,084*</u>

<sup>(1)</sup> General obligation bonds are general obligations of the issuer to which its full faith and credit and tax powers are pledged.

<sup>(2)</sup> The obligations for the governmental lessee under such capital leases do not constitute general obligations of such governmental entity to which its full faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of general revenues.

<sup>(3)</sup> Intergovernmental contracts under Georgia law, while not “debt”, are binding obligations of the governmental entity to make payments.

<sup>(4)</sup> The obligations under GEFA Loans are general obligations of the issuer to which its full faith and credit and taxing powers are pledged, but do not constitute debt for purposes of the constitutional debt limit.

<sup>(5)</sup> The City of Bremen (“Bremen”) is located in a portion of two counties: Haralson and Carroll. Approximately 10.45% of Bremen’s 2023 tax digest is attributable to the portion of Bremen located within Carroll County. Consequently, its intergovernmental contracts amount represents 10.45% of Bremen’s outstanding obligation, which is the amount of overlapping debt attributable to County taxpayers. The same is true for tax digest attributable to the Bremen School District.

<sup>(6)</sup> The City of Villa Rica has a September 30 year end, numbers shown reflect Villa Rica’s outstanding debt as of September 30, 2024.

<sup>(7)</sup> The City of Villa Rica (“Villa Rica”) is located in a portion of two counties: Douglas and Carroll. Approximately 59.68% of Villa Rica’s 2023 tax digest is attributable to the portion of Villa Rica located within Carroll County. Consequently, its intergovernmental contracts amount represents 59.68% of Villa Rica’s outstanding obligation, which is the amount of overlapping debt attributable to County taxpayers.

(8) The City of Temple (“Temple”) is located in a portion of two counties: Haralson and Carroll. Approximately 99.34% of Temple’s 2023 tax digest is attributable to the portion of Temple located within Carroll County. Consequently, its intergovernmental contracts amount represents 99.34% of Temple’s outstanding obligation, which is the amount of overlapping debt attributable to County taxpayers.

[Remainder of Page Intentionally Left Blank.]

## Debt Ratios

The following table sets forth certain debt ratios following issuance of the Series 2024 Certificates.

	<u>Direct Tax Supported Debt<sup>(1)*</sup></u>	<u>Overlapping Tax Supported Debt<sup>(2)</sup></u>	<u>Overall Tax Supported Debt<sup>(3)*</sup></u>
Per Capita Debt <sup>(4)</sup>	\$2,729.69	\$973.73	\$3,709.42
Percentage of Gross Tax Digest <sup>(5)</sup>	4.90%	1.76%	6.66%
Percentage of Fair Market Value <sup>(6)</sup>	1.96%	0.70%	2.67%
Per Capita Debt as Percentage of Per Capita Income <sup>(7)</sup>	5.27%	1.89%	7.16%

(1) Based upon direct debt of \$346,937,754\*.

(2) Based upon overlapping debt chargeable to the County of \$124,522,330.

(3) Based upon overall debt chargeable to the County of \$471,460,084\*.

(4) Based upon 2023 population figure of 127,098.

(5) Based upon 2024 Gross Tax Digest of \$7,076,091,299.

(6) Based upon 2024 estimated actual value of \$17,687,773,072.

(7) Based upon 2023 per capita income figure of \$51,798.

## Proposed Debt

Other than these proposed Series 2024 Certificates, the County does not anticipate the need to issue any additional long-term indebtedness in the next three years.

[Remainder of Page Intentionally Left Blank.]

## Limitations on County Debt

The Constitution of the State of Georgia provides that the County may not incur long-term obligations payable out of general property taxes without the approval of a majority of the qualified voters of the County voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the County may not incur long-term obligations payable out of general property taxes in excess of ten percent of the assessed value of all taxable property within the County. Cities within the County and the school district may also incur general obligation debt up to the ten percent limitation.

Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation and intergovernmental obligations are not subject to the legal limitations described above. In addition, refunded obligations cease to count against the County's debt limitations.

As computed in the table below, based upon the 2024 assessed value, the County could incur (upon necessary voter approval) approximately \$480,644,711 in long-term obligations payable out of general property taxes (or general obligation bonds).

### Computation of Legal Debt Margin

Estimated 2024 Net Tax Digest for Maintenance and Operations Purposes <sup>(1)</sup>	\$5,049,827,250
Debt Limit (10% of Tax Digest)	\$504,982,725
Amount of Debt Applicable to Debt Limit	\$24,338,014
Estimated Legal Debt Margin	<u>\$480,644,711</u>

<sup>(1)</sup> The legal debt margin should be based upon the net general obligation bond digest. This digest was not prepared because the outstanding General Obligation Sales Tax Bonds have been paid with proceeds of the existing sales and use tax. If prepared, the net general obligation bond digest would have been smaller than the gross digest, resulting in a lower debt margin.

## COUNTY AD VALOREM TAXATION

### Introduction

An important source of revenue to fund the operations of the County is ad valorem property taxes. Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

### Property Subject to Taxation

Ad valorem property taxes are levied, based upon value, against real and personal property within the County. There are, however, certain classes of property which are exempt from taxation, including public property, religious property, charitable property, property of nonprofit hospitals, nonprofit homes for the aged, and nonprofit homes for the mentally handicapped, college and certain educational property, public library property, certain farm products, certain air and water pollution control property, and personal effects.

For the purposes of reducing the burden of ad valorem taxation for property owned by a taxpayer and occupied as his or her legal residence ("homestead"), the State has granted several types of homestead exemptions and Carroll County has enacted several types of homestead exemptions specific to the County. The County allows exemptions from ad valorem taxation for homesteads of the following classes of persons:

- (1) The homestead of all persons that is actually occupied and used as the primary residence by the owner may be granted a \$2,000 deduction for State and up to a \$4,000 deduction for County and School. This amount is deducted from the 40% assessed value of the home. The exemption applies

to the maintenance and operation portion of the millage rate levy and does not apply to taxes levied to pay bonded indebtedness.

- (2) The standard elderly general homestead exemption allows individuals sixty-five (65) years of age or over where the net income of that person and their spouse does not exceed \$10,000 for the prior year to exempt an amount up to \$4,000 from the 40% assessed value of the homestead for county taxes, school taxes and the state tax and the exemption does apply to taxes levied to retire bonded indebtedness. Additionally, individuals sixty-five (65) years of age or over may claim an additional exemption of up to \$8,000 for County and School tax with no income requirements. The Local County Exemption increases as the property is revalued by the Board of Assessors due to market value and applies only to the County portion of the tax bill.
- (3) Individuals sixty-five (65) years of age or over that qualify for any of the other homestead exemptions also qualify for an exemption from the State portion of ad valorem taxes in an amount equal to 100% of the value of the home and up to 10 acres of land.
- (4) Individuals sixty-two (62) years of age or over may claim an additional exemption of up to \$10,000 from all *ad valorem* taxes for school taxes including taxes levied to retire bond indebtedness if the income of that person and the spouse does not exceed \$10,000 for the prior year; provided that income from retirement sources, pensions, and disability income is excluded up to the maximum amount allowed to be paid to an individual and his spouse under the federal Social Security Act.
- (5) Any qualifying disabled veteran may be granted an exemption of \$50,000. This exemption applies to all *ad valorem* taxes levied. The amount of this exemption is subject to change annually and should be confirmed on an annual basis with the Georgia Department of Revenue.
- (6) The unremarried surviving spouse of a member of the armed forces who was killed in any war or armed conflict will be granted a homestead exemption from all *ad valorem* taxes levied in an amount up to \$50,000. The amount of this exemption is subject to change annually and should be confirmed on an annual basis with the Georgia Department of Revenue
- (7) The unremarried surviving spouse of a firefighter or peace officer killed in the line of duty shall be granted total exemption from all *ad valorem* taxes levied.
- (8) The floating or varying homestead exemption applies to homeowners sixty-two (62) years of age or older who have a gross household income of \$30,000 or less. This exemption applies to state and county *ad valorem* taxes but does not apply to school taxes. The exemption is called floating because the amount of the exemption increases as the value of the homestead property is increased; however, this exemption replaces any other state and county exemption already in place for the property so taxpayers should be careful in making application for this exemption.

In addition to the various homestead exemptions listed above, the County also offers a property tax deferral program whereby qualified homestead property owners aged sixty-two (62) years of age and older with gross household incomes of \$15,000 or less may defer but not exempt the payment of ad valorem taxes on a part or all of the homestead property. Generally, the tax would be deferred until the property ownership changes or until such time that the deferred taxes plus interest reach a level equal to 85% of the fair market value of the property.

Additionally, the following types of commercial and industrial inventory are 100% exempt from ad valorem taxation: (1) raw materials and goods in process of manufacture, (2) finished goods produced in Georgia within the last 12 months, and (3) finished goods stored in Georgia within the last 12 months and destined for shipment out-of-state, known as “freeport” exemptions.

### **Transportation Funding Act**

On May 4, 2015, the Governor of Georgia signed into law House Bill 170 (the “Transportation Funding Act”), which became effective July 1, 2015. The new law eliminates the current State sales tax on gasoline and diesel and imposes a new per-gallon excise tax on motor fuel (the “Excise Tax”). The Excise Tax is subject to annual

adjustments to account for inflation and the increasing fuel efficiency of new vehicles (which will be tied to increases in the Corporate Average Fuel Economy standard and the National Highway and Construction Cost index) and will initially be imposed at the rate of 26 cents per gallon for gasoline and 29 cents per gallon for diesel. Proceeds of the Excise Tax would be required to be spent on transportation related projects. The Transportation Funding Act generally allows local governments to continue to collect local sales and use tax (“LOST”), special purpose local option sales tax (“SPLOST”), sales tax for educational purposes (“ESPLOST”), homestead option sales tax (“HOST”), and municipal optional sales tax (“MOST”), if any, at the current 1% rate on the sale of motor fuel. However, if the retail price of motor fuel rises above \$3.00 per gallon, any increase above \$3.00 will not be subject to such 1% rate of tax. At this time, it is uncertain if the Transportation Funding Act will have an adverse impact on tax revenues of the Issuer.

### **Save Our Homes Act**

On April 18, 2024, the Governor of Georgia signed into law House Bill 581 (the “Save Our Homes Act”). The Save Our Homes Act provides for a new statewide floating homestead exemption from ad valorem taxation for each Georgia resident designed to offset inflationary increases in value for homesteads. The floating homestead exemption provides that the base value of homesteads for property tax purposes will be adjusted and will increase by a rate of inflation determined by the State of Georgia Revenue Commissioner. The floating homestead exemption will take effect for all taxable years on and after January 1, 2025. After properly advertising and conducting three public hearings, any county, city or school district may opt out of this homestead exemption by a resolution duly adopted by its governing body on or before March 1, 2025. A local government may not opt out of this statewide floating homestead exemption after this deadline.

The County cannot predict what impact the new exemption would have on the County’s ad valorem tax revenues in future years. Also, it has not been determined whether the County would pursue opting out of this homestead exemption before the March 1, 2025 deadline.

[The existing County floating homestead exemption provides a greater exemption than the new statewide floating homestead exemption. As long as the existing County floating home exemption is in place, the statewide floating homestead exemption would not be applicable to the County.]

### **Assessed Value**

Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires taxable tangible property to be assessed, with certain exceptions, at 40% of its fair market value and to be taxed on a levy made by each respective tax jurisdiction according to 40% of the property’s fair market value. Georgia law requires certain agricultural real property to be assessed for ad valorem property tax purposes at 75% of the value of which other real property is assessed, requires certain historical property to be valued at a lower fair market value for ad valorem property tax purposes and requires certain agricultural, timber, and environmentally sensitive real property and certain single-family real property located in transitional developing areas to be valued at their current uses.

The chief appraiser of the County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within the County to the County Board of Assessors. The Tax Commissioner of the County is required to present the tax returns of the County to the County Board of Assessors by April 1 of each year. The County Board of Assessors is required to complete its revision and assessment of returns by June 1 of each year and to forward a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The State of Georgia Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may also be subject to review at various stages by the County Board of Equalization and by state courts.

The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia Property Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to each county which bills these taxes to the utilities.



### **Annual Tax Levy**

The County determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within its corporate limits, will produce the necessary amount of property tax revenues.

### **Property Tax Collections**

Ad valorem tax digests are furnished to the Department of Revenue of the State of Georgia generally by August 1 of each year. After the digest has been approved, tax bills are sent out by the County by October 1, and taxes are due and payable on December 20. Once ad valorem taxes on real and personal property are delinquent, a penalty of one percent per month of the amount due accrues on any unpaid delinquent balance. After ninety days, a penalty of ten percent of the unpaid amount due is also assessed. Notices relating to delinquent taxes are mailed to taxpayers in approximately March of each year, and in late spring or early summer, a tax fi fa is issued and a final notice that foreclosure is forthcoming is mailed to the delinquent taxpayer. If the tax bill remains delinquent, a legal advertisement is run for four consecutive weeks and the property is sold.

[Remainder of Page Intentionally Left Blank.]

## Millage Rates

Set forth below is information concerning the rate of levy of property taxes per \$1,000 of assessed value, or millage rates, of the County and all overlapping governments for the past five years.

MILLAGE RATES BY CATEGORY:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
State of Georgia	0.000	0.000	0.000	0.000	0.000
County School	17.998	17.998	17.500	17.000	16.259
City of Bowdon	7.942	7.713	7.302	6.860	6.464
City of Carrollton	4.489	4.490	4.490	4.082	4.082
City of Mount Zion	7.050	7.050	7.050	6.427	6.427
City of Roopville	0.000	0.000	0.000	0.000	0.000
City of Temple	5.549	5.449	5.171	4.299	4.160
City of Villa Rica	6.250	6.250	6.250	5.822	5.588
City of Whitesburg	7.569	7.569	7.321	6.489	7.569
Carroll County Unincorporated	7.668	7.639	7.580	6.671	6.363
Carrollton Independent Schools	18.500	18.500	18.500	18.500	17.866
County Inc. Carrollton	6.230	6.201	6.200	5.565	5.376
Carroll County Incorporated – Other	7.668	7.639	7.580	6.671	6.363
County Inc. Bremen	6.200	6.280	6.439	0.000	5.052
Bremen (40%)	8.417	8.591	8.552	6.884	9.360
Bremen Special Tax District	--	--	--	--	5.000
Bremen School (40%)	14.950	14.950	14.950	14.950	14.950
 TOTAL COMBINED MILLAGE RATES:					
City of Bowdon	33.608	33.350	32.382	30.531	29.086
City of Carrollton	29.219	29.191	29.190	28.147	27.324
City of Mount Zion	32.716	32.687	32.130	30.098	29.049
City of Roopville	25.666	25.637	25.080	23.671	22.622
City of Temple	31.215	31.086	30.251	27.970	26.782
City of Villa Rica	31.916	31.887	31.330	29.493	28.210
City of Whitesburg	33.235	33.206	32.401	30.160	30.191
Carroll County Unincorporated	25.666	25.637	25.080	23.671	22.622
Bremen (40%)	29.567	29.821	29.941	21.834	34.362

Source: Carroll County Tax Commissioner.

[Remainder of Page Intentionally Left Blank.]

## Ad Valorem Tax Digest

*Historical Digests.* The property tax digests, or the assessed valuations, of Carroll County for the last five calendar years are shown below.

Property Type <sup>(1)</sup>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Agricultural	\$183,718,244	\$201,976,685	\$252,227,501	\$344,821,787	\$385,734,378
Commercial	748,805,393	775,693,654	818,461,378	954,740,081	1,007,630,900
Historical	436,312	415,736	405,274	457,823	941,121
Industrial	559,311,800	535,890,708	640,349,960	725,846,112	759,249,670
Forest Land Cons Use	4,481,829	5,179,945	6,517,128	9,489,494	11,872,925
Preferential	1,452,768	1,595,535	1,004,219	922,662	718,315
Qualified Timberland	295,956	2,764,644	3,038,490	1,442,025	1,904,206
Residential	2,232,798,467	2,549,375,693	3,065,277,267	3,950,025,013	4,369,326,745
Utility <sup>(2)</sup>	139,340,258	145,807,702	152,418,858	153,331,108	165,280,605
Conservation Use <sup>(2)</sup>	117,169,966	129,961,145	161,183,276	247,547,546	310,996,271
Motor Vehicle <sup>(3)</sup>	52,745,140	44,808,880	43,983,740	45,557,670	45,354,880
Mobile Home <sup>(4)</sup>	10,148,530	10,590,263	10,741,300	12,871,801	15,362,407
Timber 100%	1,742,723	1,125,903	741,195	1,411,799	982,070
Heavy Equipment	<u>622,496</u>	<u>262,185</u>	<u>362,071</u>	<u>509,083</u>	<u>736,806</u>
Gross Digest	<u>\$4,053,069,882</u>	<u>\$4,405,098,678</u>	<u>\$5,156,711,657</u>	<u>\$6,448,974,004</u>	<u>\$7,076,091,299</u>
Bond Exemptions	--	--	--	--	--
Net Bond Digest	<u>\$4,053,069,882</u>	<u>\$4,405,098,678</u>	<u>\$5,156,711,657</u>	<u>\$6,448,974,004</u>	<u>\$7,076,091,299</u>
M&O Exemptions	746,294,953	914,549,451	1,287,725,821	1,806,852,507	2,026,264,049
Net M&O Digest <sup>(5)</sup>	<u>\$3,306,774,929</u>	<u>\$3,490,549,227</u>	<u>\$3,868,985,836</u>	<u>\$4,642,121,497</u>	<u>\$5,049,827,250</u>

<sup>(1)</sup> The State requires all counties to assess real estate and personal property at the rate of at least 40% of estimated value, with the exception of timber, which is assessed at 100%.

<sup>(2)</sup> The State Property Tax Unit assesses the value of property for public utilities at the percentage of fair market value used by the County. The Property Tax Unit divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these figures to the County which bills these taxes to the utilities with the amount of tax for each.

<sup>(3)</sup> Under Georgia law motor vehicles purchased after March 1, 2013 are not subject to ad valorem taxation.

<sup>(4)</sup> The State assesses the value of mobile homes at the percentage of fair market value for the M&O of the County.

<sup>(5)</sup> Total assessed value, after deducting exemptions, for purposes of levying for the M&O of the County.

Source: Carroll County Tax Commissioner.

[Remainder of Page Intentionally Left Blank]

**Property Tax Levies and Collections**

The County levies M&O taxes on behalf of the County on January 1 of each year and normally bills said taxes by October 20<sup>th</sup> of each year. M&O taxes are due and payable on the earlier of December 20<sup>th</sup> or 60 days after the tax bill is mailed. Set forth below is information concerning total real and personal property tax and public utilities tax collections of the County reported as of the County’s fiscal years ended June 30, 2020 through June 30, 2024, for the prior year’s tax levy. The figures below exclude taxes levied and collected on motor vehicles, mobile homes, heavy equipment and timber. The County may place liens on property once the related tax payments become delinquent.

	FISCAL YEAR ENDED JUNE 30,				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
M&O Levy <sup>(1)</sup>	\$22,506,724	\$23,059,919	\$24,539,913	\$27,348,194	\$26,696,529
Collection of Current Year’s Taxes	21,537,594	22,354,973	23,837,835	26,496,894	25,443,615
Collection of Subsequent Year’s Taxes	<u>410,125</u>	<u>513,852</u>	<u>696,760</u>	<u>470,479</u>	<u>773,436</u>
Total Tax Collections	\$21,947,719	\$22,868,825	\$24,534,595	\$26,967,373	\$26,217,051
Current Year’s Tax Collections as a Percent of Current Year’s Tax Levy	95.69%	96.94%	97.14%	96.89%	95.31%
Total Tax Collections as a Percent of Current Year’s Tax Levy	97.52%	99.17%	99.98%	98.61%	98.20%
Uncollected Current Year’s Taxes	\$478,822	\$673,558	\$452,244	\$774,487	\$727,945
Delinquent Taxes Outstanding as of Fiscal Year ending June 30	<u>241,030</u>	<u>200,663</u>	<u>195,750</u>	<u>227,086</u>	<u>225,325</u>
Total Delinquent Taxes	\$719,852	\$874,221	\$647,994	\$1,001,573	\$953,270
Percent of Delinquent Taxes to Current Year’s Levy	3.20%	3.79%	2.64%	3.66%	3.57%

<sup>(1)</sup> The Prior Calendar Year’s M&O Tax Levy relates to the preceding calendar year digest and millage rates and does not include taxes levied and collected on motor vehicles, mobile homes, heavy equipment, timber, intangibles or NOD taxes.

Source: Carroll County Tax Commissioner.

Delinquent property taxes of the County are written off when the statute of limitations for their collection (seven years) expires or if no property is found to levy upon. The delinquent taxes written off are usually for personal property, which are more difficult to collect than taxes on real property.

[Remainder of Page Intentionally Left Blank.]

## Conservation Use Property

Approximately 42% by acreage (approximately 5% of the total value) of the real property on the County’s 2024 general tax digest was designated as Conservation Use property. Conservation Use property is real property that consists of timber land or agricultural land and is assessed at a value equal to the sum of (a) 65% of the capitalization of the net income generated from use of the property and (b) 35% of its current use value. The purpose of this tax treatment is designed to protect property owners of agricultural and timber lands from being pressured by property tax burdens to convert their land to residential or commercial use. Conservation Use property must remain undeveloped and employed for a qualifying use (i.e., agricultural or timber land) for at least ten years after its original designation. The value of conservation use property is not permitted to be increased or decreased by more than 3% from the current use valuation for the immediately preceding tax year or increased or decreased during the ten year covenant period by more than 34.39% from its current use valuation in the initial year of the 10-year period.

## Ten Largest Taxpayers

The ten largest taxpayers in the County for fiscal year 2025 (calendar year 2024)<sup>(6)</sup> and the assessed value of the taxable property of such taxpayers are listed in the table below.

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Assessed Value as a Percent of 2024 Assessed Values<sup>(1)</sup></u>	<u>Taxes Levied</u>	<u>Percentage of 2024 Total Levied<sup>(5)</sup></u>
Southwire Co.	Wire manufacturing	\$265,851,361	5.26%	\$731,907	2.74%
Carroll EMC	Public Utility	44,548,100	0.88	267,632	1.00
Walmart Stores East Inc.	Retail Store	51,385,259	1.02	247,988	0.93
Georgia Power Company	Public Utility	36,437,985	0.72	210,221	0.79
Magna International	Industrial Packaging	40,803,476	0.81	179,909	0.67
Print Pack Inc.	Public Utility	35,197,473	0.70	127,453	0.48
Ga Transmissions Corp.	Public Utility	19,697,918	0.39	116,159	0.44
Dogwood Enterprises Holdings Inc.		18,819,688	0.37	114,247	0.43
Janus International/ Jandoor LLC	Rollup Door Manufacturing	20,769,422	0.41	105,603	0.40
Sugar Foods Corp.	Confectionary Wholesales	<u>27,731,959</u>	<u>0.55</u>	<u>100,963</u>	<u>0.38</u>
<b>Total</b>		<b>\$561,242,641</b>	<b>11.11%</b>	<b>\$2,202,082</b>	<b>8.25%</b>

<sup>(1)</sup> Based on the 2023- 2024 M&O Tax Digest Year Net Maintenance & Operations Tax Digest of \$5,049,827,250

<sup>(2)</sup> Levy amounts shown are estimated based on the City of Carrollton’s 2023-2024 millage rate of 28.147%, as a portion, or in some instances all, of the taxpayer’s property is within the City of Carrollton and therefore uses the City of Carrollton’s millage rate.

<sup>(3)</sup> Tax levy amounts shown do not reflect abatements.

<sup>(4)</sup> Levy amounts were calculated using the County’s 2023-2024 millage rate of 23.671%.

<sup>(5)</sup> Based upon the County’s 2024 M&O Tax Levy of \$26,696,529. This excludes taxes levied for mobile homes, motor vehicles, timber and heavy equipment.

Source: Carroll County Tax Commissioner.

[Remainder of Page Intentionally Left Blank.]

## COUNTY FINANCIAL INFORMATION

### Management Discussion and Analysis

Carroll County has experienced year-over-year growth in population and jobs. Population and employment have grown at an annual rate of about 1%-2% over the last four years. Of our ten largest private employers, five of them are expanding while the others do not project any change. Public sector employers have also added jobs. Our unemployment rate is low at 3.3% for January 2025. This is lower than the national average of 4.0% and the State's rate of 3.7%.

The revenue for Carroll County has grown on average 4.2% over the last four years. The two largest contributors for revenue are property tax and sales tax which is about 60% of total revenue. About two-thirds of the growth in property tax has been inflationary growth supported by increased sales prices for real estate. The other one-third is new construction. Growth in property taxes has continued while we have rolled back the millage rate each year.

The primary function of government is services to the citizens. Public safety and public works are the largest part of those services. Salaries and benefits are the largest expenses within our budget. To become more competitive in the job market, we have improved salaries and benefits. That has been the largest contributor to the increase in our expense budget.

Overall, the financial condition of Carroll County has seen continued improvement over the past four years. Government wide net position has increased from \$163 million in 2021 to \$249 million in 2024. The unrestricted net position increased from \$31 million in 2021 to \$59 million in 2024. Cash and investments increased \$54.9 million during that period.

See "CERTIFICATE HOLDER'S RISKS – Impact of COVID-19 Pandemic" in the Official Statement.

### Five Year General Fund History

Set forth below is a historical comparative summary of the revenues, expenditures, and changes in fund balance of the County's General Fund for the past five fiscal years. Information in the following table has been extracted from audited financial statements of the County for the years ended June 30, 2020 through 2024. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the County for the fiscal years shown. For more complete information, reference is made to the audited financial statements, copies of which are available from the County upon request.

[Remainder of Page Intentionally Left Blank.]

Carroll County, Georgia, General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance

	<u>Fiscal Year Ended June 30</u>				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Revenues</b>					
Taxes	\$47,439,964	\$52,392,454	\$56,400,024	\$60,788,336	\$63,862,462
Licenses and permits	639,764	808,956	1,093,368	781,380	743,885
Fines, fees and forfeitures	2,066,718	2,995,571	2,882,361	3,109,548	3,085,841
Charges for services	5,709,174	5,756,985	6,466,623	6,733,458	7,209,484
Intergovernmental	477,342	5,063,772	1,168,729	888,710	795,096
Interest and investment earnings	229,585	56,247	122,608	1,072,057	2,457,236
Contributions	64,680	57,338	49,051	20,990	65,351
Other revenues	<u>521,872</u>	<u>656,462</u>	<u>601,957</u>	<u>729,261</u>	<u>1,133,768</u>
Total revenues	57,149,099	67,787,785	68,784,721	74,123,740	79,353,123
<b>Expenditures</b>					
Current:					
General government	6,257,263	7,242,617	7,750,406	8,112,890	11,048,129
Judicial	6,570,713	6,819,764	7,813,359	8,186,010	8,135,149
Public safety	27,736,693	28,916,847	32,413,440	37,063,224	40,225,996
Public works	6,963,731	7,505,820	8,208,985	8,959,470	9,515,265
Health and welfare	262,851	191,137	232,243	198,014	233,069
Culture and recreation	2,688,913	2,824,178	3,087,484	3,632,570	5,939,980
Housing and development	1,159,591	1,471,039	1,585,191	1,496,924	1,574,053
Capital outlay	--	--	--	--	--
Intergovernmental	--	--	--	--	--
Debt service	<u>294,471</u>	<u>293,954</u>	<u>441,452</u>	<u>146,982</u>	<u>787,052</u>
Total expenditures	51,934,226	55,265,356	61,532,560	67,796,084	77,458,693
Excess (Deficiency) of revenues over (under) expenditures	5,214,873	12,522,429	7,252,161	6,327,656	1,894,430
<b>Other financing sources (uses):</b>					
Transfers in	16,188	19,608	33,193	36,622	10,036,021
Transfers out	(50,798)	--	--	(4,429,800)	(7,753,515)
Sale of capital assets	<u>184,280</u>	<u>30,553</u>	<u>51,227</u>	<u>65,875</u>	<u>--</u>
Total other financing sources (uses)	149,670	50,161	84,420	(4,327,303)	2,282,506
Net change in fund balances	5,364,543	12,572,590	7,336,581	2,000,353	4,176,936
<b>Fund balance, beginning of year (original)</b>					
	14,190,397	19,554,940	32,127,530	39,508,245	41,508,598
Prior period adjustments	--	--	44,134	--	--
<b>Fund balance, beginning of year (restated)</b>					
	<u>14,190,397</u>	<u>19,554,940</u>	<u>32,171,664</u>	<u>39,508,245</u>	<u>41,508,598</u>
<b>Fund balance, end of year</b>					
	<u>\$19,554,940</u>	<u>\$32,127,530</u>	<u>\$39,508,245</u>	<u>\$41,508,598</u>	<u>\$45,685,534</u>

[Remainder of Page Intentionally Left Blank.]

## Accounting Policies and Budgetary Process

The accounting policies of the County conform to generally accepted accounting principles as applied to governments. The General Fund is the principal accounting fund of the County and incorporates the operating expenditures of all services provided by the County. Separate funds are maintained for the County's special revenue funds and capital projects funds. Account groups include General Fixed Assets and General Long Term Debt account groups.

The various departments of the County government submit budgets to be approved by the Board of Commissioners. It is mandatory that the budget be balanced.

## Budget

Set forth below is a summary of the County's budgets<sup>(1)</sup> for its General Fund for the fiscal years ending June 30, 2025.

REVENUES	<u>2025</u>
Taxes	\$65,783,700
Licenses and Permits	608,000
Intergovernmental	124,600
Charges for Services	7,089,850
Fines and Forfeitures	3,997,000
Interest on Invested Funds	1,587,200
Contributions:	30,000
Other	<u>692,994</u>
<b>TOTAL REVENUES</b>	<b><u>\$79,913,344</u></b>
EXPENDITURES	
General Government	\$10,544,900
Public Works	9,465,649
Public Safety	43,446,435
Court Operations	9,996,700
Health and Welfare	306,680
Cultural and Recreation	4,027,780
Economic Development	1,830,800
Debt Service	<u>294,400</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$79,913,344</u></b>

---

<sup>(1)</sup> Accrual Basis.

[Remainder of Page Intentionally Left Blank.]



## Employee Benefits

### *Defined Benefit Pension Plan*

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Carroll County Employees (the "Plan"), which is a defined benefit pension plan. This plan covers eligible County employees as of July 15, 1999 who made a one-time irrevocable choice to continue participating in the Plan. No employee hired after July 15, 1999 is eligible to participate in this plan.

*Plan Description.* The Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (the ACCG Plan), an agent multiple-employer defined benefit pension plan administered by the Government Employee Benefits Corporation of Georgia (GEBCorp). The ACCG, in its role as the Plan sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County retains the authority to amend the adoption agreement, which defines the specific operational provisions of the Plan. A separately issued financial report of the Plan may be obtained by writing GEBCORP at 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339.

Participant counts as of January 1, 2023, the date of the most recent actuarial valuation, are as follows:

Retirees, beneficiaries and disablees receiving benefits	45
Terminated plan participants entitled to but not yet receiving benefits	42
Active employees participating in the plan	0
Total number of plan participants	<u>87</u>

*Benefits Provided.* Any full-time employee meeting the provisions as set out in the Adoption Agreement is eligible to participate. No new participants after July 1, 1999. Members who have attained age 65 with 5 years of service are eligible for normal retirement. Members who have attained age 60 with 10 years of service and 3 years of plan participation are eligible for early retirement. Members who have 10 years of service and who are deemed to be totally disabled by the Federal Social Security Administration are eligible for disability retirement. Participants are 100% vested after 5 years of service. Benefits are based on years of credited service. The benefit is payable monthly for life equal to the participant's accrued benefit at retirement. Accrued benefit is calculated as 1.00% of average annual compensation up to \$6,600 plus 1.50% of average annual compensation in excess of \$6,600 plus \$36 multiplied by years of service. The Plan also provides for pre-retirement and post-retirement death benefits.

*Contributions.* The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the minimum funding standards for state and local governmental pension plans. The County's actuarially determined contribution rate for the current fiscal year was \$204,535. There were no active employees participating in the Plan during the current fiscal year. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish, and amend from time-to-time the contribution rates for the County and its plan participants.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At the end of the current fiscal year, the County reported a net pension liability of \$935,080. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. For the current fiscal year, the County recognized pension expense of \$181,742. For governmental activities, the net pension liability is liquidated by the General Fund.

The components of the net pension liability are as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
<b>Balances at December 31, 2022</b>	<u>\$2,660,737</u>	<u>\$1,573,597</u>	\$1,087,140
Changes for the year:			
Interest	174,976	0	174,976
Liability experience (gain)/loss	44,242	0	44,242
Assumption change	4,313	0	4,313
Employer contributions	0	204,536	(204,536)
Net investment income	0	213,140	(213,140)
Benefit payments	(322,173)	(322,173)	0
Administrative expense	0	(18,009)	18,009
Other changes	<u>0</u>	<u>(24,076)</u>	<u>24,076</u>
Net changes	<u>(98,642)</u>	<u>53,418</u>	<u>(152,060)</u>
<b>Balances at December 31, 2023</b>	<u>\$2,562,095</u>	<u>\$1,627,015</u>	<u>\$935,080</u>

Plan fiduciary net position as a percentage of the total pension liability	63.50%
Covered payroll	\$0
Net pension liability as a percentage of covered payroll	N/A

At the end of the current fiscal year, the County reported deferred outflows of resources totaling \$500,000 for County contributions subsequent to measurement date and \$82,954 for the net difference between projected and actual earnings on pension plan investments.

The \$500,000 of deferred outflows of resources resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

<b>Fiscal Year Ending June 30,</b>	
2025	\$13,563
2026	31,142
2027	59,971
2028	<u>(21,722)</u>
Totals	<u>\$82,954</u>

Actuarial Assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Future salary increases	N/A
Cost of living adjustments	N/A
Net investment rate of return	7.00%

Healthy mortality rates were based on the Pub-2010 Amount weighted Mortality Table with a blend of 50% of the General Employees Table and 50% of the Public Safety Employees with Scale AA to 2023. Disabled mortality rates were derived from the 1985 CIDA Table Class 1.

The mortality and economic actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study conducted in February 2024.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's target asset allocation as of December 31, 2023 is summarized in the following table:

	<b><u>Target Allocation</u></b>	<b><u>Range</u></b>
Fixed Income	30%	25%-35%
Large Cap	30%	25%-35%
Mid Cap	5%	2.5%-10%
Small Cap	5%	2.5%-10%
REIT	5%	2.5%-10%
International	15%	10%-20%
Multi Cap	5%	2.5%-10%
Global Allocation	5%	2.5%-10%

*Discount Rate.* The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00 percent) or one percentage-point higher (8.00 percent) than the current rate:

	<b><u>Discount Rate</u></b>	<b><u>Net Pension Liability</u></b>
1% decrease	6.00%	\$ 1,118,985
Current discount rate	7.00%	935,080
1% increase	8.00%	773,148

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Association of County Commissioners of Georgia GEBCorp financial report.

#### *Defined Contribution Plan*

All full-time employees of Carroll County who have performed at least six months of service are allowed to participate in the Carroll County Money Purchase Plan (the "Money Purchase Plan") administered by Nationwide Retirement Solutions Company. This plan is intended to qualify under the Internal Revenue Code Section 401(a). Plan provisions and contribution requirements are established and may be amended by the Carroll County Board of Commissioners. The County is required to contribute 1% of compensation for each participant with less than three years of service and 6% of compensation for each participant with three or more years of service. Participants' vesting in the Money Purchase Plan is based on years of credited service, as defined. A participant becomes 100% vested after five years of credited service. Total County contributions for the current fiscal year were \$1,764,658.

#### *Deferred Compensation Plan*

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The County contributes a match of up to 3% of compensation. This

match is contributed to the Carroll County Money Purchase Plan. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Employee contributions for the current fiscal year were \$1,383,476.

In accordance with GASB Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the assets and liabilities of the County's Deferred Compensation Plan are not included within the County's financial statements.

#### *Carroll County Department of Public Health Retirement Plan*

Eligible employees of the Carroll County Department of Public Health participate in the Georgia State Employees' Retirement System (ERS), a statewide multiple-employer public employee retirement system. During the current fiscal year, the Department contributed \$187,519. At the end of the current fiscal year, the Department reported a liability in the amount of \$1,353,354 for its proportionate share (0.022686%) of the net pension liability. The Department recognized pension expense of \$244,411 for the current fiscal year. Further information regarding the plan can be obtained from Department's annual audit report by contacting Carroll County Department of Public Health, 1004 Newnan Road, Carrollton, Georgia 30116.

#### *Carroll County Water Authority Retirement Plan*

Eligible employees of the Carroll County Water Authority participate in the single employer, defined benefit pension plan for employees of Carroll County Water Authority. During the current fiscal year, the Authority contributed \$903,960 to the plan. At the end of the current fiscal year, the Authority reported a net pension liability in the amount of \$1,499,780. The Authority recognized pension expense of \$368,197 for the current fiscal year. Further information regarding the plan can be obtained from Authority's annual audit report by contacting Carroll County Water Authority, 556 Old Bremen Road, Carrollton, Georgia 30117.

#### *Other Plans*

In addition to the plan above, various County employees are covered under the following plans: Georgia Firefighters' Pension Fund, Georgia State Employees' Retirement System (ERS), Magistrates' Retirement Fund of Georgia, Peace Officers' Annuity and Benefit Fund of Georgia, Probate Judges' Retirement Fund of Georgia, Sheriffs' Retirement Fund of Georgia, and Superior Court Clerks' Retirement Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual reports. These plans are immaterial to the financial statements.

### **Other Post-Employment Benefits**

#### *Carroll County Department of Public Health*

Eligible employees of the Carroll County Department of Public Health are provided OPEB through the State of Georgia OPEB Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan and life insurance through the SEAD-OPEB Fund, a cost-sharing multiple-employer defined benefit other post-employment benefit plan. During the current fiscal year, the Department contributed \$96,445. At the end of the current fiscal year, the Department reported a net OPEB asset in the amount of \$134,524 for its proportionate share (0.0300504%) for the SEAD-OPEB Fund and a net OPEB liability in the amount of \$62,051 for its proportionate share (0.021892%) for the State of Georgia OPEB. The Department recognized OPEB expense of (\$78,098) for the current fiscal year. Further information regarding the plans can be obtained from Department's annual audit report by contacting Carroll County Department of Public Health, 1004 Newnan Road, Carrollton, Georgia 30116.

[Remainder of Page Intentionally Left Blank.]

**APPENDIX C**

**FINANCIAL STATEMENTS OF TANNER MEDICAL CENTER, INC.**

[THIS PAGE INTENTIONALLY LEFT BLANK]

TANNER MEDICAL CENTER, INC.



COMBINED FINANCIAL STATEMENTS

for the years ended June 30, 2024 and 2023



Let's Think Together.®

## CONTENTS

---

	<u>Pages</u>
Independent Auditor's Report	1-3
Combined Financial Statements:	
Balance Sheets	4-5
Statements of Operations	6
Statements of Changes in Net Assets	7
Statements of Cash Flows	8-9
Notes to Combined Financial Statements	10-49
Additional Information:	
Independent Auditor's Report on Combining and Supplementary Information	50
Statistical Data	51-52
Schedule of Net Patient Service Revenue	53-54
Combining Balance Sheets	55-58
Combining Statements of Excess of Revenues Over Expenses	59-60
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 <i>Government Auditing Standards</i>	61-62





## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Tanner Medical Center, Inc.  
Carrollton, Georgia

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying combined financial statements of Tanner Medical Center, Inc. (Medical Center), which comprise the combined balance sheets as of June 30, 2024 and 2023, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Medical Center as of June 30, 2024 and 2023, and the results of its operations, changes in its net assets, and its cash flows for the years 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Medical Center 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.

Continued

1

Let's Think Together.®

Driffin & Tucker, LLP    CPAs and Advisors    [www.driffin-tucker.com](http://www.driffin-tucker.com)  
P.O. Box 71309    2617 Gillionville Road    Albany, GA 31708-1309    (229) 883-7878  
5 Concourse Parkway, Suite 1250    Atlanta, GA 30328    (404) 220-8494  
210 Wingo Way, Suite 202    Mt. Pleasant, SC 29464    (843) 722-0785

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Medical Center's ability to continue as a going concern within one year after the date that the combined financial statements are issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined 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 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 of a reasonable user based on these combined financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Medical Center'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Medical Center'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.

Continued

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2025, on our consideration of the Medical Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 Medical Center'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 the Medical Center's internal control over financial reporting and compliance.

*Draffin & Tucker, LLP*

Albany, Georgia  
February 3, 2025

## TANNER MEDICAL CENTER, INC.

COMBINED BALANCE SHEETS  
as of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 130,317,207	\$ 121,383,171
Short-term investments	159,934,146	55,373,398
Assets limited as to use, current portion	8,181,053	8,069,779
Patient accounts receivable, net	109,106,827	115,277,450
Supplies, at lower of cost and net realizable value	15,050,381	13,486,361
Estimated third-party payor settlements	661,744	1,043,318
Other current assets	<u>41,284,914</u>	<u>33,072,256</u>
Total current assets	<u>464,536,272</u>	<u>347,705,733</u>
Assets limited as to use:		
Internally designated	452,040,026	402,489,062
Held by trustee under indenture for debt obligations	25,185,107	52,119,050
Held by trustee for unemployment	1,053,744	917,406
Assets limited as to use, current portion	<u>(8,181,053)</u>	<u>(8,069,779)</u>
Noncurrent assets limited as to use	<u>470,097,824</u>	<u>447,455,739</u>
Property and equipment, net	<u>481,679,364</u>	<u>442,174,977</u>
Long-term investments	<u>6,160,287</u>	<u>45,971,265</u>
Interest in net assets of Tanner Medical Foundation, Inc.	<u>32,094,988</u>	<u>28,693,693</u>
Other assets:		
Operating lease right-of-use assets	441,330	4,771,888
Finance lease right-of-use assets	3,111,376	3,727,818
Physician notes receivable and other	5,924,216	7,048,696
Investments in unconsolidated companies	1,469,572	1,756,353
Goodwill and intangible assets	<u>8,801,523</u>	<u>6,827,902</u>
Total other assets	<u>19,748,017</u>	<u>24,132,657</u>
Total assets	<u>\$ 1,474,316,752</u>	<u>\$ 1,336,134,064</u>

Continued

TANNER MEDICAL CENTER, INC.

COMBINED BALANCE SHEETS, Continued  
as of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	\$ 13,964,068	\$ 12,181,292
Current portion of operating lease liabilities	230,113	1,009,385
Current portion of finance lease liabilities	461,390	591,086
Accounts payable	38,697,619	60,489,020
Accrued salaries	48,886,186	40,614,752
Other accrued expenses	18,462,646	19,005,599
Estimated third-party payor settlements	2,892,204	1,105,148
CARES Act and ARPA refundable advances	<u>-</u>	<u>7,383,861</u>
Total current liabilities	<u>123,594,226</u>	<u>142,380,143</u>
Long-term debt, net of current portion:		
Notes payable	-	121,827
Revenue certificates payable	<u>235,934,977</u>	<u>223,831,523</u>
Total long-term debt, net of current portion	<u>235,934,977</u>	<u>223,953,350</u>
Operating lease liabilities	<u>214,171</u>	<u>3,986,187</u>
Finance lease liabilities	<u>2,823,903</u>	<u>3,285,177</u>
Total liabilities	<u>362,567,277</u>	<u>373,604,857</u>
Net assets:		
Net assets without donor restrictions	1,073,761,424	930,324,255
Net assets with donor restrictions	<u>26,261,851</u>	<u>24,395,015</u>
Total Tanner Medical Center, Inc. net assets	1,100,023,275	954,719,270
Non-controlling interests in joint ventures	<u>11,726,200</u>	<u>7,809,937</u>
Total net assets including non-controlling interests	<u>1,111,749,475</u>	<u>962,529,207</u>
Total liabilities and net assets	<u>\$ 1,474,316,752</u>	<u>\$ 1,336,134,064</u>

See accompanying notes to financial statements.

TANNER MEDICAL CENTER, INC.

COMBINED STATEMENTS OF OPERATIONS  
for the years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues, gains, and other support:		
Net patient service revenue	\$ 869,692,564	\$ 778,211,379
Other revenue	28,773,665	15,487,679
CARES Act and ARPA funding	<u>7,227,325</u>	<u>11,146,788</u>
Total revenues, gains, and other support	<u>905,693,554</u>	<u>804,845,846</u>
Expenses:		
Salaries	356,140,020	316,654,693
Employee benefits	80,458,746	65,746,737
Contracted services	56,908,475	56,806,443
Purchased services	47,225,536	41,129,632
Supplies and drugs	174,065,885	159,326,544
Insurance expense (recoveries)	(95,273)	15,795,019
Depreciation and amortization	53,704,405	47,371,607
Interest and amortization	8,583,090	7,306,170
Other	<u>62,027,913</u>	<u>54,658,962</u>
Total expenses	<u>839,018,797</u>	<u>764,795,807</u>
Operating income	<u>66,674,757</u>	<u>40,050,039</u>
Other income (loss):		
Contributions and other	7,269,853	4,537,826
Investment income	39,136,990	21,519,836
Gain (loss) on disposal of assets	(216,916)	50,385
Net unrealized gain on investments	<u>24,568,886</u>	<u>15,743,590</u>
Total other income	<u>70,758,813</u>	<u>41,851,637</u>
Excess revenues before non-controlling interests in joint ventures	137,433,570	81,901,676
Net loss attributable to non-controlling interests in joint ventures	<u>545,909</u>	<u>467,891</u>
Excess revenues	137,979,479	82,369,567
Change in interest in net assets of Tanner Medical Foundation, Inc.	1,534,459	700,881
Capital contributions and other	<u>3,923,231</u>	<u>(663,750)</u>
Increase in net assets without donor restrictions	<u>\$ 143,437,169</u>	<u>\$ 82,406,698</u>

See accompanying notes to financial statements.

TANNER MEDICAL CENTER, INC.

COMBINED STATEMENTS OF CHANGES IN NET ASSETS  
for the years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions:		
Excess revenues	\$ 137,979,479	\$ 82,369,567
Change in interest in net assets of Tanner Medical Foundation, Inc.	1,534,459	700,881
Capital contributions and other	<u>3,923,231</u>	<u>(663,750)</u>
Increase in net assets without donor restrictions	143,437,169	82,406,698
Net assets with donor restrictions:		
Change in interest in net assets of Tanner Medical Foundation, Inc.	<u>1,866,836</u>	<u>5,800,809</u>
Increase in Tanner Medical Center, Inc. net assets	<u>145,304,005</u>	<u>88,207,507</u>
Non-controlling interests in joint ventures:		
Net loss attributable to non-controlling interests in joint ventures	(545,909)	(467,891)
Contributions from non-controlling interests in joint ventures	<u>4,462,172</u>	<u>8,277,828</u>
Increase in non-controlling interests	<u>3,916,263</u>	<u>7,809,937</u>
Increase in net assets including non-controlling interests	149,220,268	96,017,444
Net assets, beginning of year	<u>962,529,207</u>	<u>866,511,763</u>
Net assets, end of year	<u>\$ 1,111,749,475</u>	<u>\$ 962,529,207</u>

See accompanying notes to financial statements.

TANNER MEDICAL CENTER, INC.

COMBINED STATEMENTS OF CASH FLOWS  
for the years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase in net assets including non-controlling interests	\$ 149,220,268	\$ 96,017,444
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(38,457,935)	(22,641,892)
Change in interest in net assets of Tanner Medical Foundation, Inc.	(3,401,295)	(6,501,690)
(Gain) loss on disposal of assets	216,916	(50,385)
Capital contributions and other	(3,923,231)	663,750
Depreciation	53,704,405	47,371,607
Amortization	3,639,533	(73,640)
Forgiveness of physician notes receivable	1,376,645	1,044,889
Contributions from non-controlling interests	(4,462,172)	(8,277,828)
Changes in:		
Patient accounts receivable	6,170,623	(13,107,246)
Other current assets	(9,776,678)	(2,153,518)
Physician notes receivable	(1,629,375)	(1,343,039)
Other assets	1,377,210	3,482,036
Accounts payable	(21,791,401)	35,252,399
Other accrued expenses	7,728,481	17,126,869
Medicare advance payments	-	(7,395,885)
CARES Act and ARPA refundable advances	(7,383,861)	(11,061,156)
Estimated third-party payor settlements	2,168,630	737,444
Operating lease liabilities	<u>(4,551,288)</u>	<u>(980,776)</u>
Net cash provided by operating activities	<u>130,225,475</u>	<u>128,109,383</u>
Cash flows from investing activities:		
Purchase of property and equipment	(89,437,786)	(99,257,795)
Proceeds from sale of investments	187,722,945	209,110,332
Purchase of investments	(257,781,753)	(296,161,075)
Acquisition of urology, ambulance and physician offices	<u>(5,345,000)</u>	<u>(4,752,658)</u>
Net cash used by investing activities	<u>(164,841,594)</u>	<u>(191,061,196)</u>

Continued



TANNER MEDICAL CENTER, INC.

COMBINED STATEMENTS OF CASH FLOWS, Continued  
for the years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	\$ 26,636,720	\$ 35,000,000
Payments on finance lease liabilities	(591,071)	(682,439)
Payments on long-term debt	(12,181,304)	(10,475,392)
Capital contributions and other	3,923,231	(663,750)
Contributions from non-controlling interests	<u>4,462,172</u>	<u>8,277,828</u>
Net cash provided by financing activities	<u>22,249,748</u>	<u>31,456,247</u>
Net decrease in cash and cash equivalents	(12,366,371)	(31,495,566)
Cash and cash equivalents, beginning of year	<u>177,927,630</u>	<u>209,423,196</u>
Cash and cash equivalents, end of year	<u>\$ 165,561,259</u>	<u>\$ 177,927,630</u>
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash and cash equivalents in current assets	\$ 130,317,207	\$ 121,383,171
Cash and cash equivalents in assets limited as to use	<u>35,244,052</u>	<u>56,544,459</u>
Total cash and cash equivalents	<u>\$ 165,561,259</u>	<u>\$ 177,927,630</u>

Supplemental disclosure of cash flow information:

- Cash paid for interest net of capitalized interest in 2024 and 2023 was approximately \$8,110,000 and \$7,600,000, respectively.
- See Note 9 for additional information related to the acquisition of West Georgia Urology Ambulatory Surgery Center, West Georgia Ambulance and private physician offices.

See accompanying notes to financial statements.

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS  
June 30, 2024 and 2023

---

1. Summary of Significant Accounting Policies

Organization

Tanner Medical Center, Inc. (Medical Center) is a not-for-profit health care system. The Medical Center provides inpatient, outpatient and emergency care services to residents of West Georgia and surrounding areas. Admitting physicians are primarily practitioners in the local area and employed physicians.

Tanner Medical Center, Inc. includes the following:

- Tanner Medical Center/Carrollton, established to provide comprehensive health care services through the operation of a 199-bed acute care hospital in Carrollton, Georgia.
- Tanner Medical Center/Villa Rica, established to provide comprehensive health care services through the operation of a 67-bed acute care hospital and Willowbrooke at Tanner/Villa Rica, a 92-bed psychiatric facility in Villa Rica, Georgia.
- Tanner Medical Center/Higgins General Hospital, established to provide comprehensive health care services through the operation of a 25-bed critical access hospital in Bremen, Georgia.
- Tanner Medical Group, established to operate physician practices in West Georgia and Eastern Alabama.
- Tanner Medical Center/East Alabama, established to provide comprehensive health care services through the operation of a 15-bed acute care hospital in Wedowee, Alabama. Critical access status was granted effective January 9, 2019.
- Healthliant Enterprises, Inc. was established to manage and facilitate other non-hospital business lines for the Medical Center, including but not limited to assisted living, senior housing, management services, concierge medicine, emergency medical services, and other taxable joint venture activities.

Tanner Medical Center, Inc. is responsible for allocating resources and for approving budgets, major contracts and debt financing for all entities.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

1. Summary of Significant Accounting Policies, Continued

Principles of Combination

The accompanying combined financial statements include the accounts of Tanner Medical Center, Inc., Tanner Medical Center/Carrollton, Tanner Medical Center/Villa Rica, Willowbrooke at Tanner/Villa Rica, Tanner Medical Center/Higgins General Hospital, Tanner Medical Group, Tanner Medical Center/East Alabama, Healthiant Enterprises, Inc., and certain Auxiliary activities. Also, included in the combined financial statements are joint ventures in which the Medical Center has a controlling interest. These interests include BOM QOZ I, LLC with a 51% controlling interest, Maple View Investments, LLC with a 50% controlling interest, Maple View Out Parcels, LLC with a 51% controlling interest, Birches Clubhouse Holdings, LLC with a 51% controlling interest, West Georgia Endoscopy Center, LLC with a 51% controlling interest, and WGA Surgery Center with a 60% controlling interest. All significant intercompany transactions have been eliminated.

Leases Between Related Entities

Effective July 1, 1988, under a plan of reorganization, the Carroll City-County Hospital Authority which owns and previously operated Tanner Medical Center doing business as Tanner Medical Center/Carrollton and Tanner Medical Center/Villa Rica, leased Tanner Medical Center and its related facilities, along with a transfer of all other assets and liabilities, to Tanner Medical Center, Inc., a non-profit corporation which was created to lease and operate Tanner Medical Center and its related facilities for the benefit of the general public.

The initial term of the lease is for forty (40) years. The lease was amended in February 2020 to extend the term of the lease until December 31, 2060. Lease payments by Tanner Medical Center, Inc. to the Authority, or to the holder thereof as the Authority may direct, will comprise the debt payment and the note payments affecting the properties.

Upon termination of the lease agreement, Tanner Medical Center, Inc., shall reconvey, retransfer and reassign to the Authority the leased premises, plus its assets as then existing subject to such debt or other liabilities as may be applicable thereto.

Lease and Transfer Agreement with the Hospital Authority of the City of Bremen and County of Haralson, Georgia

During 1998, the Hospital Authority of the City of Bremen and County of Haralson, Georgia entered into a lease and transfer agreement with Tanner Medical Center, Inc. to become effective on October 1, 1998. The purpose and intent of the agreement was to transfer control over all the real property, operating assets, and existing Higgins General Hospital operations to Tanner Medical Center, Inc. from the Authority. The original lease was terminated and a new lease was agreed to during the 2002 fiscal year.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

1. Summary of Significant Accounting Policies, Continued

Lease and Transfer Agreement with the Randolph County Health Care Authority

During 2016, the Randolph County Health Care Authority (Authority) entered into a lease and transfer agreement with Tanner Medical Center Alabama, Inc. in which the Authority built a replacement facility for Wedowee Hospital. The replacement facility opened November 14, 2017 as Tanner Medical Center East Alabama. Accordingly, the results of operations for Tanner Medical Center East Alabama have been included in the accompanying combined financial statements from that date forward. The purpose and intent of the agreement was to transfer control over all the real property, operating assets, and operations to Tanner Medical Center Alabama, Inc. from the Authority. The primary reason for the agreement is to ensure the long-term availability and accessibility of quality health care to the residents of Randolph County. The lease is 35 years with an option to terminate after the first five. As a result of the lease and transfer agreement, an amount of approximately \$19 million in net fixed assets was recognized in 2018. There was minimal consideration transferred in the form of nominal rent payments over the term of the lease.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

Patient Accounts Receivable

Patient accounts receivable reflects the outstanding amount of consideration to which the Medical Center expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others. As a service to the patient, the Medical Center bills third-party payors directly and bills the patient when the patient's responsibility for copays, coinsurance, and deductibles is determined. Patient accounts receivable are due in full when billed.

Patient accounts receivable can be impacted by the effectiveness of the Medical Center's collection efforts. Additionally, significant changes in payor mix, business office operations, economic conditions, or trends in federal and state governmental healthcare coverage could affect the net realizable value of patient accounts receivable. The Medical Center also

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

1. Summary of Significant Accounting Policies, Continued

Patient Accounts Receivable, Continued

continually reviews the net realizable value of patient accounts receivable by monitoring historical cash collections as a percentage of trailing net patient service revenues, as well as by analyzing current period net revenue and admissions by payor classification, aged patient accounts receivable by payor, days revenue outstanding, and the composition of self-pay receivables between pure self-pay patients and the patient responsibility portion of third-party insured receivables.

Patient accounts receivable was \$109,106,827, \$115,277,450 and \$102,170,204 as of June 30, 2024, 2023 and 2022, respectively. The Medical Center had no significant contract assets or contract liabilities as of June 30, 2024 or 2023.

Allowance for Credit Losses

In evaluating the collectability of patient accounts receivable, management evaluates historical losses as well as adjustments for current conditions, asset-specific risk characteristics and reasonable and supportable forecasts to determine an allowance for expected credit losses. Management believes that an allowance for credit losses is not required at year-end.

Inventories

Inventories are stated at current market prices which approximates lower of cost and net realizable value as determined on a first-in, first-out basis.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities, which are all classified as trading securities, are measured at fair value in the balance sheets. Investment income or loss (including interest, dividends, and gains and losses, both realized and unrealized) is included in excess of revenue over expenses unless the income is restricted by donor or law.

Investments in organizations where the Medical Center's ownership percentage is equal to or less than 50% are included in other assets on the combined balance sheets. The Medical Center's portion of income from unconsolidated organizations is reported with other revenue and was approximately \$203,000 and \$649,000 for 2024 and 2023, respectively.

Non-Controlling Interest

The Medical Center complies with FASB ASC 810-10, *Non-controlling Interests in Consolidated Financial Statements*, which requires combined excess revenues and net assets to be reported at amounts attributable to both the parent and non-controlling interest.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

1. Summary of Significant Accounting Policies, Continued

Assets Limited As to Use

Assets limited as to use primarily include assets held by trustees under indenture agreements and unemployment, and designated assets set aside by the Board of Directors for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Medical Center have been reclassified on the balance sheets at June 30, 2024 and 2023.

Property and Equipment

Property and equipment acquisitions over \$3,000 are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Finance lease assets are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the asset. Such amortization is included in depreciation and amortization expense in the combined financial statements.

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. There was no interest capitalized during fiscal years ended June 30, 2024 and 2023.

Gifts of long-lived assets such as land, buildings, or equipment are reported as increases in net assets without donor restrictions and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as increases in net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Goodwill and Intangible Assets

Goodwill represents the excess of the acquisition price over fair value of net assets acquired through business combinations. The Medical Center amortizes goodwill on a straight-line basis over a 10 year period. When events or circumstances indicate that goodwill may be impaired, goodwill is tested for impairment at the entity level. Impairment, if any, will be recognized for the difference between the fair value of the Medical Center and its carrying amount and will be limited to the carrying amount of goodwill. The Medical Center's evaluation determined it is not more likely than not that the reporting unit's fair value is less than its carrying value. See Note 8 for additional information.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

1. Summary of Significant Accounting Policies, Continued

Beneficial Interest in Net Assets of Foundation

The Medical Center accounts for the activities of its related Foundation in accordance with FASB ASC 958-20, *Not-For-Profit Entities, Financially Interrelated Entities*. FASB ASC 958-20 established reporting standards for transactions in which a donor makes a contribution to a not-for-profit organization which accepts the assets on behalf of or transfers these assets to a beneficiary which is specified by the donor. Tanner Medical Foundation, Inc. accepts assets on behalf of Tanner Medical Center, Inc.

Refundable Advance

A refundable advance arises when assets are recognized before revenue recognition criteria have been satisfied. CARES Act and ARPA advance payments are reported as a refundable advance until donor conditions such as qualifying expenditures have been substantially met.

Deferred Financing Costs

Costs related to the issuance of long-term debt were deferred and are being amortized to interest expense using the straight-line method over the life of the related debt which approximates the effective interest method. These costs are reported on the combined balance sheets as a direct deduction from the carrying amount of the related debt liability.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - net assets available for use in general operations and not subject to donor imposed restrictions. The Board of Directors has discretionary control over these resources. Designated amounts represent those net assets that the Board has set aside for a particular purpose. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

*Net assets with donor restrictions* - net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

1. Summary of Significant Accounting Policies, Continued

Excess Revenues

The statements of operations includes excess revenues. Changes in net assets without donor restrictions which are excluded from excess revenues, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets.)

Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the amount that reflects the consideration to which the Medical Center expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors, and others and includes variable consideration for retroactive revenue adjustments under reimbursement arrangements with third-party payors. Retroactive adjustments are included in the determination of the estimated transaction price and adjusted in future periods as settlements are determined.

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Endowments

Endowments are provided to the Medical Center on a voluntary basis by individuals and private organizations. Certain endowments require that the principal or purchasing power of the endowment be retained in perpetuity. If a donor has not provided specific instructions, state law permits the Medical Center's Board of Directors to authorize for expenditure the net appreciation of the investments of endowment funds.

Donor Restricted Gifts

Unconditional promises to give cash and other assets to the Medical Center are reported at fair value at the date the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable advances. The gifts are reported as increases in the appropriate categories of net assets in accordance with donor restrictions.

Continued



TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

1. Summary of Significant Accounting Policies, Continued

Estimated Malpractice and Other Self-Insurance Costs

The provisions for estimated medical malpractice claims and other claims under self-insurance plans include estimates of the ultimate costs for both reported claims and claims incurred, but not reported.

Income Taxes

The Medical Center, with the exception of Healthliant Enterprises, Inc., is a not-for-profit corporation that has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

The Medical Center applies accounting policies that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by the relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the Medical Center only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses.

Based on the results of management's evaluation, no liability is recognized in the accompanying combined balance sheets for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of June 30, 2024 and 2023 or for the years then ended. The Medical Center's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Tanner Medical Group is part of a tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code. The affiliated business services provided are, however, subject to unrelated business income taxes and a Form 990-T, Exempt Organization Business Income Tax Return is filed for these services.

Impairment of Long-Lived Assets

The Medical Center evaluates on an ongoing basis the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The Medical Center has not recorded any impairment charges in the accompanying combined statements of operations for the years ended June 30, 2024 and 2023.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

1. Summary of Significant Accounting Policies, Continued

Fair Value Measurements

FASB ASC 820, *Fair Value Measurement and Disclosures* defines fair value as the amount that would be received for an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. FASB ASC 820 describes the following three levels of inputs that may be used:

- *Level 1:* Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- *Level 2:* Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.
- *Level 3:* Unobservable inputs when there is little or no market data available, thereby requiring an entity to develop its own assumptions. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Subsequent Events

In preparing these combined financial statements, the Medical Center has evaluated events and transactions for potential recognition or disclosure through February 3, 2025, the date the combined financial statements were issued.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, which introduces a new current expected credit loss (CECL) method for measuring credit losses on financial assets measured at amortized cost, replacing the previous incurred loss method that delays recognition until it is probable a loss has been incurred. The new guidance requires the immediate recognition of estimated credit losses that are expected to occur. The Medical Center adopted the new guidance effective July 1, 2023. Adoption of the standard did not have a significant impact to the financial statements.

In January 2017, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. ASU 2017-04 is intended to simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. The Medical Center's prospective adoption did not have a material effect on the financial statements. See Note 8 for additional information.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

---

2. Net Patient Service Revenue

Net patient service revenue is reported at the amount that reflects the consideration to which the Medical Center expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Medical Center bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Medical Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Medical Center believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient, outpatient, and emergency care services. The Medical Center measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. These services are considered to be a single performance obligation and have a duration of less than one year. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and the Medical Center does not believe it is required to provide additional services to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Medical Center has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Medical Center is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to net patient service revenue. The Medical Center accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. As a result, the Medical Center has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract by contract basis.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

2. Net Patient Service Revenue, Continued

The Medical Center has arrangements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. For uninsured patients that do not qualify for charity care, the Medical Center recognizes revenue on the basis of its standard rates, subject to certain discounts and implicit price concessions as determined by the Medical Center. The Medical Center determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Medical Center's policy, and implicit price concessions provided to uninsured patients. Implicit price concessions represent the difference between amounts billed and the estimated consideration the Medical Center expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors. The Medical Center determines its estimates of contractual adjustments and discounts based on contractual agreements, discount policies, and historical experience.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- Medicare

Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic and other factors. Certain services are paid based on cost reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.

Tanner Medical Center/Higgins General Hospital and Tanner Medical Center/East Alabama have been granted Critical Access Hospital (CAH) designation by the Medicare Program. The CAH designation places certain restrictions on daily acute care inpatient census and an annual, average length of stay of acute care inpatients. Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology.

Inpatient psychiatric services rendered to Medicare program beneficiaries are paid at prospectively determined per diems.

The Medical Center is paid for certain cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare Administrative Contractor (MAC). The Medical Center's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Medical Center. The Medical Center's Medicare cost reports have been audited by the MAC through June 30, 2021.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

2. Net Patient Service Revenue, Continued

• Medicaid (Georgia Facilities)

Inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic and other factors. Outpatient services are paid based upon cost reimbursement methodologies. The Medical Center is paid for certain cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicaid fiscal intermediary. The Medical Centers' Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2020.

The Medical Center has also entered into contracts with certain managed care organizations to receive reimbursement for providing services to selected enrolled Medicaid beneficiaries. Payment arrangements with these managed care organizations consist primarily of prospectively determined rates per discharge, discounts from established charges, or prospectively determined per diems.

The Medical Center participates in the Georgia Indigent Care Trust Fund (ICTF) Program. The Medical Center receives ICTF payments for treating a disproportionate number of Medicaid and other indigent patients. ICTF payments are based on the Medical Center's estimated uncompensated cost of services to Medicaid and uninsured patients. The amount of ICTF payments recognized in net patient service revenue was approximately \$12,325,000 and \$8,014,000 for the years ended June 30, 2024 and 2023, respectively.

The Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) provides for payment adjustments to certain facilities based on the Medicaid Upper Payment Limit (UPL). The UPL payment adjustments are based on a measure of the difference between Medicaid payments and the amount that could be paid based on Medicare payment principles. The net amount of UPL payment adjustments recognized in net patient service revenue was approximately \$4,286,000 and \$5,319,000 for the years ended June 30, 2024 and 2023, respectively.

During 2022, Medicaid implemented the Medicaid CMOs Direct Payment Program (DPP). Under the DPP, eligible hospitals will receive increased Medicaid funding via an annual lump sum direct payment. The direct payment will be based on the difference between Medicare reimbursement and Medicaid payments using UPL calculations. The direct payment is made to the CMOs and the CMOs are required to transfer the payment to the hospital. The net amount of DPP payment adjustments recognized in net patient service revenue was approximately \$3,321,000 and \$7,583,000 for the years ended June 30, 2024 and 2023, respectively.

During 2010, the state of Georgia enacted legislation known as the Provider Payment Agreement Act (the Act) whereby hospitals in the state of Georgia are assessed a "provider payment" in the amount of 1.45% of their net patient revenue. The Act became effective July 1, 2010, the beginning of state fiscal year 2011. The provider payments are

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

2. Net Patient Service Revenue, Continued

• Medicaid (Georgia Facilities), Continued

due on a quarterly basis to the Department of Community Health. The payments are to be used for the sole purpose of obtaining federal financial participation for medical assistance payments to providers on behalf of Medicaid recipients. The provider payment will result in an increase in hospital payments on Medicaid services of 11.88%. Approximately \$8,051,000 and \$6,647,000 relating to the Act is included in other expenses in the accompanying statements of operations for the years ended June 30, 2024 and 2023, respectively.

• Medicaid (Alabama Facility)

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at an all-inclusive per diem rate based on date of adjudication in a given state fiscal year plus an Upper Payment Limit payment. The net amount of UPL payment adjustments recognized in net patient service revenue was approximately \$1,976,000 and \$2,388,000 for the years ended June 30, 2024 and 2023, respectively. Outpatient services are paid based upon a fee schedule.

• Blue Cross (Alabama Facility)

Inpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates per day of hospitalization. Outpatient services rendered to Blue Cross subscribers are reimbursed using Enhanced Ambulatory Patient Grouping (EAPG). EAPG groups procedures and medical visits sharing similar characteristics and resource utilization, and generates payments based on a multiple of average resource utilization (determined by the EAPG model) and the provider base rate.

• Other Arrangements

Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

• Uninsured Patients

The Medical Center has a Financial Assistance Policy (FAP) in accordance with Internal Revenue Code Section 501(r). Based on the FAP, following a determination of financial assistance eligibility, an individual will not be charged more than the Amounts Generally Billed (AGB) for emergency or other medical care provided to individuals with insurance covering that care. AGB is calculated by reviewing claims that have been paid in full (including deductibles and coinsurance paid by the patient) to the Medical Center for medically necessary care by Medicare and private health insurers during a 12-month look-back period.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

---

2. Net Patient Service Revenue, Continued

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Medical Center's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Medical Center. In addition, the contracts the Medical Center has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Medical Center's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price, were not significant in 2024 or 2023.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Medical Center also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Medical Center estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant for the years ending June 30, 2024 and 2023. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay based on current or future estimated credit losses (determined on a portfolio basis when applicable) are recorded as credit loss expense. Credit loss expense for the years ended June 30, 2024 and 2023 was not significant.

Consistent with the Medical Center's mission, care is provided to patients regardless of their ability to pay. Therefore, the Medical Center has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles).

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

2. Net Patient Service Revenue, Continued

Net patient service revenue by major payor source, facility, and timing of revenue recognition for the years ended June 30, 2024 and 2023 is as follows:

Net Patient Service Revenue					
	<u>Medicare</u>	<u>Medicaid</u>	<u>Third-Party Payors</u>	<u>Self-Pay</u>	<u>Total All Payors</u>
2024	\$ 222,354,485	\$ 40,617,746	\$ 538,390,616	\$ 68,329,717	\$ 869,692,564
2023	\$ 175,650,162	\$ 36,630,918	\$ 492,626,865	\$ 73,303,434	\$ 778,211,379

			Net Patient Service Revenue	
			<u>2024</u>	<u>2023</u>
Carrollton			\$ 376,814,796	\$ 335,310,378
Villa Rica			344,548,377	306,308,026
Higgins			47,928,245	43,263,639
Tanner Medical Group			81,398,438	70,910,416
East Alabama			17,406,982	17,383,518
Healthliant			1,595,726	5,035,402
Total			<u>\$ 869,692,564</u>	<u>\$ 778,211,379</u>
Timing of revenue and recognition:				
Services transferred over time			\$ 868,096,838	\$ 773,175,977
At time services are rendered			1,595,726	5,035,402
Total			<u>\$ 869,692,564</u>	<u>\$ 778,211,379</u>

Hospital net patient service revenue includes a variety of services mainly covering inpatient acute care services requiring overnight stays, outpatient procedures that require anesthesia or use of the Medical Center's diagnostic and surgical equipment, and emergency care services. Performance obligations are satisfied over time as the patient simultaneously receives and consumes the benefits the Medical Center performs. Requirements to recognize revenue for inpatient services are generally satisfied over periods that average approximately five days and for outpatient services are generally satisfied over a period of less than one day. Point-of-sale revenue, recorded in other revenue on the combined statements of operations, performance obligations are satisfied at a point in time when the goods are provided.

The Medical Center has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Medical Center's expectation that the period between the time the service is provided to a patient and

Continued



TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

2. Net Patient Service Revenue, Continued

the time that the patient or a third-party payor pays for that service will be one year or less. However, the Medical Center does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Medical Center has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Medical Center otherwise would have recognized is one year or less in duration.

3. Uncompensated Services

The Medical Center was compensated for services at amounts less than its established rates. Net patient service revenue includes amounts, representing the transaction price, based on standard charges reduced by variable considerations such as contractual adjustments, discounts, and implicit price concessions.

Uncompensated care includes charity and indigent care services of approximately \$73,684,000 and \$58,912,000 in 2024 and 2023, respectively. The cost of charity and indigent care services provided during 2024 and 2023 was approximately \$24,129,000 and \$19,199,000, respectively computed by applying total cost factor to the charges forgone.

The following is a summary of uncompensated services and a reconciliation of gross patient charges to net patient service revenue for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Gross patient charges	\$ 2,562,206,843	\$ 2,346,754,497
Uncompensated services:		
Charity and indigent care	73,684,266	58,912,067
Medicare	856,028,744	794,500,160
Medicaid	186,998,376	218,742,248
Other third-party payors	511,475,434	422,802,909
Price concessions	<u>64,327,459</u>	<u>73,585,734</u>
Total uncompensated care	<u>1,692,514,279</u>	<u>1,568,543,118</u>
Net patient service revenue	<u>\$ 869,692,564</u>	<u>\$ 778,211,379</u>

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

4. Assets Limited as to Use and Investments

The composition of assets limited as to use at June 30, 2024 and 2023, is set forth in the following table. Assets limited as to use are stated at fair value.

	<u>2024</u>	<u>2023</u>
Internally designated for capital acquisition:		
Cash and cash equivalents	\$ 10,058,945	\$ 4,425,409
Mutual funds - equity	140,166,310	132,839,565
Stocks and options	122,865,171	113,633,835
Exchange traded funds	101,690,320	79,695,666
U.S. corporate bonds	8,367,643	6,973,887
Federal agency bonds	53,965,400	50,864,418
Municipal bonds	6,253,251	5,857,540
Alternative investments - limited partnerships	<u>8,672,986</u>	<u>8,198,742</u>
	452,040,026	402,489,062
Held by trustee for unemployment:		
Certificates of deposit	1,053,744	917,406
Held by trustee under indenture:		
Cash and cash equivalents	<u>25,185,107</u>	<u>52,119,050</u>
Total assets limited as to use	478,278,877	455,525,518
Less current portion	<u>8,181,053</u>	<u>8,069,779</u>
Noncurrent assets limited as to use	<u>\$ 470,097,824</u>	<u>\$ 447,455,739</u>

Alternative investments are those investments for which a readily determinable fair value does not exist (that is, they are not listed on national exchanges or over-the-counter markets, nor are quoted market prices available from sources such as financial publications, the exchanges, or the National Association of Securities Dealers Quotations System). The underlying assets in these alternative investments can range from marketable securities to complex and/or nonliquid investments.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

---

4. Assets Limited as to Use and Investments, Continued

The primary vehicles related to alternative investments are fund of fund structures. A fund of hedge funds is an investment vehicle whose portfolio consists of shares in a number of hedge funds. The fund of funds - which may also be called a collective investment or a multi-manager investment - simply holds a portfolio of other investment funds instead of investing directly in securities such as stocks, bonds, commodities or derivatives.

Funds of hedge funds simply follow this strategy by constructing a portfolio of other hedge funds. How the underlying hedge funds are chosen can vary. A fund of hedge funds may invest only in hedge funds using a particular management strategy. Or, a fund of hedge funds may invest in hedge funds using many different strategies in an attempt to gain exposure to all of them. The benefit of owning any fund of fund is experienced management and diversification.

The fair values of alternative investments have been estimated using the net asset value per share of the investments. These securities have no unfunded commitments and offer monthly to quarterly liquidity with a 10 to 95 day notice period.

*Corporate Bonds, Municipal Bonds, Federal Agency Bonds:* The unrealized losses on the Medical Center's investment in bonds relate principally to current interest rates for similar types of securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition.

*Stocks and Options, Exchange Traded Funds, Mutual Funds, Alternative Investments:* The Medical Center's investments in stocks and options, exchange traded funds, mutual funds, and alternative investments consist primarily of investments in common stock.

The Medical Center's investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying combined financial statements.

Short-term and long-term investments consists of certificates of deposit. Certificates of deposit are stated at amortized cost, which approximate fair value.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

5. Property and Equipment

A summary of property and equipment at June 30, 2024 and 2023 follows:

	<u>2024</u>	<u>2023</u>
Land	\$ 28,594,876	\$ 29,357,625
Land improvements	20,933,876	20,781,934
Buildings	488,622,417	447,650,441
Equipment	<u>317,419,293</u>	<u>297,139,354</u>
	855,570,462	794,929,354
Less accumulated depreciation	<u>449,859,134</u>	<u>406,660,211</u>
	405,711,328	388,269,143
Construction in progress	<u>75,968,036</u>	<u>53,905,834</u>
Property and equipment, net	<u>\$ 481,679,364</u>	<u>\$ 442,174,977</u>

See Note 1 for details of land and buildings under lease agreements. Depreciation expense for the years ended June 30, 2024 and 2023 amounted to approximately \$49,995,000 and \$46,264,000, respectively. Construction contracts exist for various projects at year end with a total commitment of approximately \$68,050,000. At June 30, 2024, the remaining commitment on these contracts approximated \$66,092,000.

6. Physician Notes Receivable

Physician notes receivable consist primarily of loans secured by promissory notes to physicians under recruiting arrangements. In general, the loans are being forgiven over a period of time in which the physician practices medicine within the healthcare system of the Medical Center. If the physician discontinues medical practice, the outstanding principal and accrued interest becomes due immediately. The amounts forgiven and charged to expense during 2024 and 2023 were approximately \$1,377,000 and \$1,045,000, respectively.

Physician notes receivable also consist of educational loans to employees. In general, the educational loans are forgiven over a period of time in which the employee works for the Medical Center.

7. Deferred Financing Costs

Bond issue costs and loan origination fees are amortized over the life of the debt instrument. Amortization expense for the years ended June 30, 2024 and 2023 amounted to approximately \$142,000 and \$110,000, respectively.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

8. Goodwill and Intangible Assets

A summary of goodwill and intangible assets at June 30, 2024 and 2023 follows:

	<u>2024</u>	<u>2023</u>
Goodwill and intangible assets	\$ 8,801,523	\$ 6,827,902

The goodwill and intangible assets are related to the Medical Center's purchase of a multiple sclerosis infusion therapy business, urology surgery center, ambulance company, and private physician offices. The Medical Center is amortizing existing goodwill on a prospective basis. The goodwill and intangible assets are evaluated for impairment when events or circumstances indicate that goodwill is impaired.

The changes in the carrying amount of goodwill and intangible assets for the years ended June 30, 2024 and 2023 follows:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year:		
Goodwill and intangible assets	\$ 12,961,400	\$ 8,208,742
Accumulated amortization and impairment losses	<u>(6,133,498)</u>	<u>(6,027,142)</u>
	<u>6,827,902</u>	<u>2,181,600</u>
Goodwill and intangible assets acquired during the year	5,345,000	4,752,658
Amortization and impairment losses	<u>(3,371,379)</u>	<u>(106,356)</u>
	<u>1,973,621</u>	<u>4,646,302</u>
Balance at end of year:		
Goodwill and intangible assets	18,306,400	12,961,400
Accumulated amortization and impairment losses	<u>(9,504,877)</u>	<u>(6,133,498)</u>
Total	<u>\$ 8,801,523</u>	<u>\$ 6,827,902</u>

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

9. Acquisitions

On September 16, 2022, the Medical Center purchased West Georgia Ambulance (EMS). The Medical Center also purchased two Carrollton private physician offices. Carrollton Obstetrics & Gynecology, LLC and Carrollton Ear, Nose and Throat, P.C. were purchased on August 1, 2022 and March 1, 2022, respectively. In 2023, the Medical Center purchased West Georgia Urology Ambulatory Surgery Center (Urology). Accordingly, the results of operations for Urology, EMS and the physician offices have been included in the accompanying financial statements from those dates forward. The acquisitions were made for the purpose of strengthening the Medical Center's competitive position in the service area.

	<u>Urology</u>	<u>EMS</u>	<u>Physician Offices</u>
Consideration for the acquisition comprised the following (at fair value):			
Cash	\$ 5,345,000	\$ 4,061,083	\$ 4,360,510

Goodwill and intangible assets were recognized in the acquisition of Urology in the amount of \$5,345,000, EMS in the amount of \$3,039,148 and the physician offices in the amount of \$1,713,510. The goodwill and intangible assets related to EMS are attributable to the company's license.

The following assets and liabilities were recognized in the acquisition (at fair value):

	<u>Urology</u>	<u>EMS</u>	<u>Physician Offices</u>
Inventory	\$ -	\$ -	\$ 71,687
Capital Assets	-	1,021,935	2,549,342
Prepays	-	-	20,313
Tax Expense	-	-	5,658
	<u>-</u>	<u>1,021,935</u>	<u>2,647,000</u>
Total identifiable net assets	-	1,021,935	2,647,000
Goodwill and intangible assets	<u>5,345,000</u>	<u>3,039,148</u>	<u>1,713,510</u>
Total	<u>\$ 5,345,000</u>	<u>\$ 4,061,083</u>	<u>\$ 4,360,510</u>

The amounts of EMS and the physician offices' revenue and earnings included in the combined statements of operations (from the date of acquisition) are approximately \$5,035,000 and \$(1,018,000) and \$5,852,000 and \$3,427,000 respectively, for 2023.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

10. Long-Term Debt

A summary of long-term debt for the years ended June 30, 2024 and 2023 follows:

	<u>2024</u>	<u>2023</u>
Revenue Certificates, Series 2015, bearing interest of 3.00% to 5.00%, maturing in installments of \$1,790,000 to \$4,450,000 each July 1 until 2045. The certificates are collateralized by a pledge of the Medical Center's gross receipts.	\$ 63,805,000	\$ 65,510,000
Revenue Certificates, Series 2016, bearing interest of 3.00% to 5.00%, maturing in installments of \$1,040,000 to \$1,845,000 each July 1 until 2038. The certificates are collateralized by a pledge of the Medical Center's gross receipts.	21,565,000	22,555,000
Revenue Certificates, Series 2016B, bearing interest of 2.00% to 5.00%, maturing in installments of \$1,360,000 to \$2,545,000 each July 1 until 2040. The certificates are collateralized by a pledge of the Medical Center's gross receipts.	32,510,000	33,800,000
Revenue Certificates, Series 2019B, bearing interest of 2.36%, maturing in installments of \$234,087 to each month until December 2029. The certificates are collateralized by the related equipment.	14,475,711	16,911,869
Revenue Certificates, Series 2020, bearing interest of 3.00% to 5.00%, maturing in installments of \$775,000 to \$2,225,000 each July 1 until 2050. The certificates are collateralized by a pledge of the Medical Center's gross receipts.	37,960,000	38,705,000
Revenue Certificates, Series 2022A, bearing interest of 4.25%, maturing in installments of \$102,438 each month until December 2032. The certificates are collateralized by the related equipment.	8,756,612	9,594,297

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

10. Long-Term Debt, Continued

	<u>2024</u>	<u>2023</u>
Revenue Certificates, Series 2022B, bearing interest of 4.25%, maturing in installments of \$102,438 each month until December 2032. The certificates are collateralized by the related equipment.	\$ 8,756,612	\$ 9,594,297
Revenue Certificates, Series 2022C, bearing interest of 4.163%, maturing in installments of \$153,031 each month until December 2032. The certificates are collateralized by the related equipment.	13,127,478	14,388,750
Note payable, bearing interest of 2.76%, maturing in monthly installments of \$192,600 until December 2029. The note is collateralized by equipment.	11,781,291	13,737,956
Note payable, bearing no interest, maturing in annual installments of \$121,627 until September 2024. This note is collateralized by technology.	121,827	243,654
Note payable, bearing interest of 4.05%, maturing in monthly installments of \$109,069 to \$222,802 until June 2050. This note is collateralized by accounts receivable.	26,636,720	-
	<u>239,496,251</u>	<u>225,040,823</u>
Less current portion	<u>13,964,068</u>	<u>12,181,292</u>
	225,532,183	212,859,531
Plus net unamortized premium and bond issuance costs	<u>10,402,794</u>	<u>11,093,819</u>
Total long-term debt, net of current portion	<u>\$ 235,934,977</u>	<u>\$ 223,953,350</u>

The long-term debt relates to the Revenue Anticipation Certificates, Series 2015, 2016, 2016B, 2019B, 2020, 2022A, 2022B, and 2022C, issued by the Carroll City-County Hospital Authority (Authority). The lease agreement states that the payments required under the Trust Indenture and the Certificates shall be made by Tanner Medical Center, Inc., as rent.

Continued



TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

10. Long-Term Debt, Continued

Series 2008 Revenue Certificates were issued by the Authority for the purpose of funding the construction of a new 58,858 square foot, one-story, patient care addition to the Tanner Medical Center - Villa Rica facility and the construction, renovation and equipping of a portion of the existing Tanner Medical Center - Carrollton facility relating to certain cardiovascular services. On March 1, 2016, the 2008 Series were partially defeased with proceeds from the 2016 Series. Under the terms of an escrow agreement, amounts received have been deposited into an irrevocable trust and invested in general obligations of the United States in order to redeem the remaining 2008 Series Certificates on July 1, 2018. The difference between the reacquisition price and the net carrying amount, \$3,163,098, was recognized as a loss on defeasance on Tanner Medical Center's statement of operations as other income (loss) in 2016. The outstanding balance on the defeased 2008 Series as of June 30, 2024 is \$21,740,000.

Series 2010 Revenue Certificates were issued by the Authority in August 2010 for the purpose of (a) financing the cost of the acquisition, construction, renovation, equipping, and installation of certain additions, extensions and improvements to the Tanner Medical Center, (b) refunding all of the Authority's then outstanding Revenue Anticipation Certificates Series 1998A, and (c) refunding all of the Authority's then outstanding Revenue Anticipation Certificates Series 2001. On September 26, 2016, the 2010 Series were partially defeased with proceeds from the 2016B Series. Under the terms of an escrow agreement, amounts received have been deposited into an irrevocable trust and invested in general obligations of the United States in order to redeem the remaining 2010 Series Certificates on July 1, 2030. The difference between the reacquisition price and the net carrying amount, \$3,494,186, was recognized as a loss on defeasance on Tanner Medical Center's statement of operations as other income (loss) in 2017. The outstanding balance on the defeased 2010 Series as of June 30, 2024 is \$24,980,000. The amounts not defeased in 2016 were refunded in full with the issuance of the Series 2020 Revenue Certificates in 2021. The difference between the reacquisition price and the net carrying amount, \$302,451, was recognized as a gain on extinguishment of debt on Tanner Medical Center's statement of operations as other income (loss) in 2021.

On July 1, 2015, the Authority issued \$71,560,000 of Series 2015 Revenue Anticipation Certificates for the benefit of Tanner Medical Center, Inc. A portion of the proceeds of the Series 2015 Certificates will be used to finance or refinance the cost of the acquisition, construction, renovation, equipping and installation of (a) certain additions, extensions and improvements to the Tanner Medical Center/Carrollton, including facility improvements, central energy plan improvements, and furnishings (b) new health pavilion facilities and furnishings, and (c) certain real estate (collectively, the "Project"). Tanner Medical Center, Inc. has received or applied for all required certificate of need approvals relating to the Project and will make payments on behalf of the Authority as they become due.

On March 1, 2016, the Authority issued \$26,255,000 of Series 2016 Revenue Anticipation Certificates for the purpose of refunding the outstanding 2008 Series, maturing in the year 2019 and thereafter.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

10. Long-Term Debt, Continued

On September 26, 2016, the Authority issued \$36,855,000 of Series 2016B Revenue Anticipation Certificates for the purpose of refunding a portion of the Series 2010 Certificates, maturing in the year 2021 and thereafter.

On December 9, 2019, Tanner Medical Center, Inc. entered into a promissory note with Bank of America for \$18,400,000 for the purpose of financing certain equipment, fixtures, and construction costs. Payments are due monthly, with a maturity date of December 20, 2029.

On December 13, 2019, the Authority issued \$25,000,000 of Series 2019B Revenue Anticipation Certificates for the benefit of Tanner Medical Center, Inc. The proceeds of the Series 2019B Certificates will be used to finance the cost of acquisition, construction, renovation, equipping, and installation of hospital related equipment, with monthly payments beginning January 2020.

On August 1, 2020, the Authority issued \$40,335,000 of Series 2020 Revenue Anticipation Certificates for the benefit of Tanner Medical Center, Inc. The proceeds of the Series 2020 Certificates will be used to refund the remaining Series 2010 Certificates as well as to finance the cost of the acquisition, construction, renovation, equipping and installation of hospital related equipment, with monthly payments beginning July 2021.

On July 30, 2020, Tanner Medical Center, Inc. entered into a financing agreement with Huntington Technology Finance, Inc. for \$609,133 for the purpose of financing equipment and soft cost items. Payments are due annually, with a maturity date of September 1, 2024.

On November 30, 2022, the Medical Center opened a line of credit with Bank OZK in the amount of \$15,000,000 for working capital. No funding was drawn during 2024 or 2023. The line of credit matured on December 23, 2023 and was not renewed.

On December 30, 2022, the Authority issued \$10,000,000 of Series 2022A Revenue Anticipation Certificates, \$10,000,000 of Series 2022B Revenue Anticipation Certificates, and \$15,000,000 of Series 2022C Revenue Anticipation Certificates for the benefit of Tanner Medical Center, Inc. The proceeds of the 2022 Certificates will be used to finance the acquisition, construction, renovation, equipping and installation of hospital related equipment, with payments beginning January 2023.

On June 30, 2022, BOM QOZ I, LLC entered into a loan agreement with United Community Bank for up to \$31,383,000 for the purpose of financing construction. Payments are due monthly, with a maturity date of June 2050.

Under the terms of the Revenue Note Indenture, the Authority is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the balance sheet of Tanner Medical Center, Inc. The Revenue Note Indenture also places limits on the incurrence of additional borrowings and requires that Tanner Medical Center, Inc. satisfy certain measures of financial performance as long as notes are outstanding.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

10. Long-Term Debt, Continued

Should Tanner Medical Center, Inc. not be able to make payments on any Series of certificates, excluding the Series 2019B, 2022A, 2022B, and 2022C Certificates, Carroll County has agreed to levy annually an ad valorem tax sufficient to enable the Authority to meet the obligations under the respective terms. Each Series of Certificates contains a provision that in the event of default, outstanding amounts may become due and payable.

Scheduled principal repayments on long-term debt are as follows:

	<u>Long-term Debt</u>
2025	\$ 13,964,068
2026	14,339,515
2027	14,825,426
2028	15,325,299
2029	15,799,466
Thereafter	<u>165,242,477</u>
Total	<u>\$ 239,496,251</u>

11. Leases

The Medical Center has operating and finance leases for buildings and equipment. The Medical Center determines if an arrangement is a lease at the inception of the contract. Leases with an initial term of twelve months or less are not recorded on the combined balance sheets. The Medical Center has lease agreements which require payments for lease and nonlease components and has elected to account for these as a single lease component.

Right-of-use assets represent the Medical Center's right to use an underlying asset during the lease term, and lease liabilities represent the Medical Center's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. The Medical Center has entered into lease arrangements that contain options to extend or terminate the lease in future periods. These options are included in the lease term used to compute the lease liabilities as presented on the combined balance sheets when it is reasonably certain the option will be exercised.

As most of the Medical Center's operating leases do not provide an implicit rate, the Medical Center uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Medical Center considers recent debt issuances, as well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. Finance lease agreements generally include an interest rate that is used to determine the present value of future lease payments. Operating fixed lease expense and finance lease amortization expense are recognized on a straight-line basis over the lease term. Variable lease costs consist primarily of common area maintenance and are not significant to total lease expense.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

11. Leases, Continued

Operating and finance lease right-of-use assets and lease liabilities as of June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Operating leases:		
Right-of-use assets:		
Operating lease right-of-use assets	\$ 441,330	\$ 4,771,888
Lease liabilities:		
Current portion	\$ 230,113	\$ 1,009,385
Long-term	214,171	3,986,187
Total operating lease liabilities	\$ 444,284	\$ 4,995,572
Finance leases:		
Right-of-use assets:		
Finance lease right-of-use assets	\$ 3,111,376	\$ 3,727,818
Lease liabilities:		
Current portion	\$ 461,390	\$ 591,086
Long-term	2,823,903	3,285,177
Total finance lease liabilities	\$ 3,285,293	\$ 3,876,263

Operating expenses for the leasing activity of the Medical Center as lessee for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
<u>Lease Type</u>		
Operating lease cost	\$ 1,165,052	\$ 1,194,154
Finance lease interest	114,443	135,830
Finance lease amortization	616,443	722,620
Short-term lease expense	1,016,551	1,115,591
Total lease cost	\$ 2,912,489	\$ 3,168,195

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

11. Leases, Continued

Cash paid for amounts included in the measurement of lease liabilities for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Operating cash flows from operating leases	\$ 1,153,450	\$ 1,157,875
Operating cash flows from finance leases	114,443	135,830
Financing cash flows from finance leases	<u>591,071</u>	<u>682,439</u>
Total	<u>\$ 1,858,964</u>	<u>\$ 1,976,144</u>

The aggregate future lease payments for operating and finance leases as of June 30, 2024 were as follows:

<u>Year Ending June 30</u>	<u>Finance</u>	<u>Operating</u>
2025	\$ 559,790	\$ 239,595
2026	559,790	165,337
2027	559,790	65,777
2028	559,790	4,285
2029	559,790	-
Thereafter	<u>840,091</u>	<u>-</u>
Total undiscounted cash flows	3,639,041	474,994
Less present value discount	<u>(353,748)</u>	<u>(30,710)</u>
Total lease liabilities	<u>\$ 3,285,293</u>	<u>\$ 444,284</u>

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

11. Leases, Continued

Average lease terms and discount rates at June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term (years):		
Operating leases	2.24	4.16
Finance leases	6.50	6.50
Weighted-average discount rate:		
Operating leases	3.25%	3.25%
Finance leases	3.25%	3.25%

12. Net Assets with Donor Restrictions

A summary of the ending balances of net assets with donor restrictions is as follows:

	<u>2024</u>	<u>2023</u>
<u>Subject to Expenditure for Specified Purpose</u>		
Auxiliary General Fund	\$ 337,388	\$ 352,824
Roy Richards, Sr. Cancer Center Fund	1,950,344	1,353,337
Employee Humanitarian Assistance Fund	387,789	391,322
General Fund	329,785	327,061
Heart Center Fund	5,543,782	5,428,245
Indigent Care Fund	328,479	334,409
James and Jeraldine Tanner Fund	579,154	579,154
Tanner Ortho and Spine Center Fund	334,235	334,236
Tanner Hospice Care	1,582,622	1,556,116
Greenspace Fund	335,824	355,212
Cancer Patient Assistance Fund	356,062	-
Other	<u>6,100,521</u>	<u>5,746,870</u>
Total	<u>18,165,985</u>	<u>16,758,786</u>

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

12. Net Assets with Donor Restrictions, Continued

	<u>2024</u>	<u>2023</u>
<u>Endowment Funds to be Held in Perpetuity</u>		
Adams Park Endowment Fund	\$ 95,343	\$ 90,737
Auxiliary General Endowment Fund	95,291	90,579
Bowdon Clinic Endowment Fund	424,932	404,259
Capital Improvement Endowment	4,711	4,422
Carol L. and Katherine E. Martin Endowment for Hospice Special Needs	52,894	49,999
E.V. and Lucy Patrick Endowment for Indigent Care	23,551	22,100
Gilreath Endowment for Cancer Care	328,391	308,242
Little Angels Endowment Fund	273,964	257,982
Raymond L. Abernathy family and Dale Howard Endowment for Nursing Education	9,496	8,991
Rev. Arthur and Bill Rucker Endowment for Cardiac Rehab	23,557	22,111
Roy Richards, Sr. Endowment for Cancer Care	702,643	655,194
Roy Richards, Sr. Endowment for Capital Improvement	13,389	12,624
Sally and Francis Tanner NICU Endowment Fund	1,528,545	1,459,001
Stacy C. Morin Endowment Fund	31,298	29,593
James R. Fulford Chair of Neurology Endowment Fund	1,679,658	1,550,775
Clarence and Helen Finleyson Endowment Fund	2,780,692	2,669,620
Anile Dolphew Endowment Fund	<u>27,511</u>	<u>-</u>
Total	<u>8,095,866</u>	<u>7,636,229</u>
Total net assets with donor restrictions	<u>\$ 26,261,851</u>	<u>\$ 24,395,015</u>

Endowment Fund

Tanner Medical Foundation's donor-restricted endowment funds were established to support health care services. As required by generally accepted accounting principles, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

12. Net Assets with Donor Restrictions, Continued

Endowment Fund, Continued

The Board of Directors of Tanner Medical Foundation has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act (GUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of its gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by GUPMIFA. In accordance with GUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets over the long-term. Endowment assets include assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce positive results while assuming a moderate level of investment risk. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. The asset mix guidelines have a target of 60% equities, 15% alternative investments and 25% fixed income. The Foundation's current spending policy is to distribute an amount equal to the total investment return which is expendable to support health care services.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or GUPMIFA requires the Foundation to retain as a fund of perpetual duration. At June 30, 2024 and 2023, funds with original gift values of \$8,525,259 and \$8,493,697, fair values of \$8,202,580 and \$7,737,715, and deficiencies of \$323,452 and \$755,982, respectively, were reported in net assets with donor restrictions. During the year, the Foundation did not appropriate any expenditure from underwater endowments. Management expects these amounts to be fully recovered during 2025.

Continued



TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

13. Defined Contribution Plan

The Medical Center has a 401(k) defined contribution plan. The 401(k) plan covers substantially all employees 18 years of age or older. Employees are 100% vested in employee contributions and become 100% vested in employer contributions after two years of credited service.

The Medical Center matches 100% of the first 1% of employee contributions and 50% of the next 5%. The Medical Center's contributions to the plan were approximately \$10,704,000 and \$8,742,000 for the years ended June 30, 2024 and 2023, respectively.

14. Concentrations of Credit Risk

The Medical Center is located in West Georgia and East Alabama. The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is:

	<u>2024</u>	<u>2023</u>
Medicare	22%	25%
Medicaid	6%	8%
Third-party payors	70%	65%
Patients	2%	2%
	<hr/>	<hr/>
Total	<u>100%</u>	<u>100%</u>

At June 30, 2024, the Medical Center had deposits at major financial institutions which exceeded Federal Depository Insurance limits. Management believes the credit risks related to these deposits is minimal.

15. Contingencies

Compliance Plan

The healthcare industry has recently been subjected to increased scrutiny from governmental agencies at both the federal and state level with respect to compliance with regulations. Areas of noncompliance identified at the federal level include Medicare and Medicaid, Internal Revenue Service, and other regulations governing the healthcare industry. In addition, the Reform Legislation includes provisions aimed at reducing fraud, waste, and abuse in the healthcare industry. These provisions allocate significant additional resources to federal enforcement agencies and expand the use of private contractors to recover potentially inappropriate Medicare and Medicaid payments. The Medical Center has implemented a compliance plan focusing on such issues. There can be no assurance that the Medical Center will not be subjected to future investigations with accompanying monetary damages.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

15. Contingencies, Continued

Litigation

The Medical Center is involved in litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Medical Center's future financial position or results from operations. See malpractice insurance disclosures in Note 17.

Health Care Reform

There has been increasing pressure on Congress and some state legislatures to control and reduce the cost of healthcare on the national or at the state level. Legislation has been passed that includes cost controls on healthcare providers, insurance market reforms, delivery system reforms and various individual and business mandates among other provisions. The costs of these provisions are and will be funded in part by reductions in payments by government programs, including Medicare and Medicaid. There can be no assurance that these changes will not adversely affect the Medical Center.

16. Employee Health and Workers' Compensation Insurance

Tanner Medical Center, Inc. is self-insured for its employee group health and workers' compensation insurance. The Medical Center has estimated and recorded accruals for claims incurred but not reported or paid prior to the fiscal year end. The Medical Center has reinsurance with insurance companies in which the premiums are included as expense and reinsurance recoveries offset expense. Under these self-insurance programs, the Medical Center paid or accrued approximately \$43,090,000 and \$33,906,000 during fiscal years ended June 30, 2024 and 2023, respectively.

17. Malpractice Insurance

The Medical Center is covered by a claims-made general and professional liability insurance policy with a specified deductible per incident and excess coverage on a claims-made basis. The self-insured retention related to this policy in 2024 and 2023 is \$100,000 per claim and \$900,000 in aggregate. Liability limits related to this policy in 2024 and 2023 are \$1 million per occurrence and \$3 million in aggregate. The Medical Center uses a third-party administrator to review and analyze incidents that may result in a claim against the Medical Center. In conjunction with the third-party administrator, incidents are assigned reserve amounts for the ultimate liability that may result from an asserted claim. The Medical Center also uses independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims.

Various claims and assertions have been made against the Medical Center in its normal course of providing services. In addition, other claims may be asserted arising from services provided to patients in the past. In the opinion of management, adequate provision has been made for losses which may occur from such asserted and unasserted claims that are not covered by liability insurance.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

17. Malpractice Insurance, Continued

Obligations covered by reinsurance contracts are included in the reserves for professional liability risks, as the Medical Center remains liable to the extent the reinsurers do not meet their obligations under the reinsurance contracts. The amounts recoverable under the reinsurance contracts include approximately \$8,157,000 and \$1,044,000 at June 30, 2024 and 2023, respectively, recorded in other current assets on the balance sheet.

18. Functional Expenses

The Medical Center provides general health care services to residents within its geographic location. Expenses related to providing these services in 2024 and 2023 are as follows:

	<u>June 30, 2024</u>		
	<u>Patient Care Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 286,095,579	\$ 70,044,441	\$ 356,140,020
Employee benefits	25,453,338	55,005,408	80,458,746
Contracted services	46,844,856	10,063,619	56,908,475
Purchased services	21,498,555	25,726,981	47,225,536
Supplies and drugs	170,800,809	3,265,076	174,065,885
Insurance expense (recoveries)	(100,672)	5,399	(95,273)
Depreciation and amortization	16,061,091	37,643,314	53,704,405
Interest and amortization	8,544,705	38,385	8,583,090
Other	11,967,638	50,060,275	62,027,913
	<u>\$ 587,165,899</u>	<u>\$ 251,852,898</u>	<u>\$ 839,018,797</u>
	<u>June 30, 2023</u>		
	<u>Patient Care Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 256,541,840	\$ 60,112,853	\$ 316,654,693
Employee benefits	21,943,725	43,803,012	65,746,737
Contracted services	49,051,367	7,755,076	56,806,443
Purchased services	19,320,738	21,808,894	41,129,632
Supplies and drugs	157,433,742	1,892,802	159,326,544
Insurance expense	15,754,539	40,480	15,795,019
Depreciation and amortization	14,802,348	32,569,259	47,371,607
Interest and amortization	7,263,259	42,911	7,306,170
Other	12,787,658	41,871,304	54,658,962
	<u>\$ 554,899,216</u>	<u>\$ 209,896,591</u>	<u>\$ 764,795,807</u>

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

19. Functional Expenses, Continued

The combined financial statements report certain expense categories that are attributable to more than one health care service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and amortization, interest expense, and other occupancy costs, are allocated to a function consistent with salaries. Benefit expense is allocated consistent with salaries.

20. Fair Values of Financial Instruments

The following methods and assumptions were used by the Medical Center in estimating the fair value of its financial instruments:

- *Cash and cash equivalents, accounts payable, accrued expenses, refundable advances, estimated third-party payor settlements:* The carrying amount reported in the balance sheet approximates its fair value due to the short-term nature of these instruments.
- *Short-term and long-term investments:* Amounts are stated at amortized cost, which approximates fair value.
- *Assets limited as to use:* Amounts reported in the combined balance sheets are at fair value. See Note 21 for fair value measurement disclosures.
- *Long-term debt:* The fair value of the Medical Center's debt is estimated based on the quoted market value for same or similar debt instruments. Based on inputs used in determining the estimated fair value, the Medical Center's debt would be classified as Level 2 in the fair value hierarchy.

The carrying amounts and fair values of the Medical Center's long-term debt at June 30, 2024 and 2023 are as follows:

	<u>June 30, 2024</u>		<u>June 30, 2023</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Long-term debt	<u>\$ 224,420,290</u>	<u>\$ 200,397,928</u>	<u>\$ 237,434,488</u>	<u>\$ 221,468,994</u>

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

21. Fair Value Measurement

Fair values of assets measured on a recurring basis at June 30, 2024 and 2023 are as follows:

	<u>June 30, 2024</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>					
			<u>Quoted prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>			
<b>Assets:</b>								
Cash and cash equivalents	\$	35,244,052	\$	35,244,052	\$	-	\$	-
Mutual funds - equity		140,166,310		140,166,310		-		-
Stocks and options		122,865,171		122,865,171		-		-
Exchange traded funds		101,690,320		101,690,320		-		-
U.S. corporate bonds		8,367,643		-		8,367,643		-
Federal agency bonds		53,965,400		53,965,400		-		-
Municipal bonds		<u>6,253,251</u>		<u>-</u>		<u>6,253,251</u>		<u>-</u>
Total assets in fair value hierarchy		468,552,147		<u>\$ 453,931,253</u>		<u>\$ 14,620,894</u>		<u>\$ -</u>
Investments measured at net asset value		<u>8,672,986</u>						
Total assets at fair value		<u>\$ 477,225,133</u>						

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

21. Fair Value Measurement, Continued

	<u>June 30, 2023</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
			<u>Quoted prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:					
Cash and cash equivalents	\$ 56,544,459	\$ 56,544,459	\$ -	\$ -	\$ -
Mutual funds - equity	132,839,565	132,839,565	-	-	-
Stocks and options	113,633,835	113,633,835	-	-	-
Exchange traded funds	79,695,666	79,695,666	-	-	-
U.S. corporate bonds	6,973,887	-	-	6,973,887	-
Federal agency bonds	50,864,418	50,864,418	-	-	-
Municipal bonds	<u>5,857,540</u>	<u>-</u>	<u>-</u>	<u>5,857,540</u>	<u>-</u>
Total assets in fair value hierarchy	446,409,370	<u>\$ 433,577,943</u>	<u>\$ 12,831,427</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value	<u>8,198,742</u>				
Total assets at fair value		<u>\$ 454,608,112</u>			

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar investments in active or inactive markets. Financial assets using Level 2 inputs were primarily valued using pricing models maximizing the use of observable inputs for similar securities. Valuation techniques utilized to determine fair value are consistently applied.

All assets and liabilities have been valued using a market approach.

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

22. Related Organization

Tanner Medical Foundation, Inc. (Foundation) was established to raise funds to support the operation of the Medical Center. The Foundation's bylaws provide that all funds raised, except for funds acquired for the operation of the Foundation, be distributed to or be held for the benefit of the Medical Center. The Foundation's general funds, which represent the Foundation's undesignated resources, are distributed to the Medical Center in amounts and in periods determined by the Foundation's Board of Directors, who may also restrict the use of general funds for hospital plant replacement or expansion or other specific purposes. Plant replacement and expansion funds, specific-purpose funds, and assets obtained from endowment income of the Foundation are distributed to the Medical Center as required to comply with the purpose specified by donors. A summary of the Foundation's financial position and changes in net assets follows. The Medical Center's interest in the net assets of the Foundation is reported as a noncurrent asset in the balance sheets.

	June 30	
	<u>2024</u>	<u>2023</u>
Assets:		
Cash and cash equivalents	\$ 1,964,271	\$ 2,659,864
Unconditional promise to give	2,226,728	2,924,711
Investments	27,919,693	23,115,555
Property, plant and equipment, net	3,329	5,014
Other assets	<u>19,758</u>	<u>7,633</u>
Total assets	<u>\$ 32,133,779</u>	<u>\$ 28,712,777</u>
Liabilities and net assets:		
Accounts payable and accrued expenses	\$ 20,145	\$ 14,609
Due to related parties	<u>18,646</u>	<u>4,475</u>
Total liabilities	38,791	19,084
Net assets	<u>32,094,988</u>	<u>28,693,693</u>
Total liabilities and net assets	<u>\$ 32,133,779</u>	<u>\$ 28,712,777</u>
Revenue	\$ 4,595,939	\$ 8,263,531
Expenses	<u>1,194,644</u>	<u>1,761,841</u>
Change in net assets	3,401,295	6,501,690
Net assets, beginning of year	<u>28,693,693</u>	<u>22,192,003</u>
Net assets, end of year	<u>\$ 32,094,988</u>	<u>\$ 28,693,693</u>

Continued

TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

23. Rural Hospital Tax Credit Contributions

The State of Georgia (State) passed legislation which will allow individuals or corporations to receive a State tax credit for making a contribution to certain qualified rural hospital organizations during calendar years 2017 through 2029. Higgins General Hospital (Higgins) submitted the necessary documentation and was approved by the State to participate in the rural hospital tax credit program for calendar years 2024 and 2023. Contributions received under the program approximated \$2,780,000 and \$2,597,000 during fiscal years 2024 and 2023, respectively. Higgins has been approved by the State to participate in the program in 2025.

24. Liquidity and Availability

As of June 30, 2024 and 2023, the Medical Center has a working capital of approximately \$340,942,000 and \$205,326,000 and average days (based on normal expenditures) cash on hand of 346 and 291 days, respectively.

Financial assets available for general expenditure within one year of the balance sheet date, consists of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 130,317,207	\$ 121,383,171
Short-term investments	159,934,146	55,373,398
Patient accounts receivable, net	109,106,827	115,277,450
Estimated third-party payor settlements	661,744	1,043,318
UPL receivable	1,336,093	977,865
Assets limited as to use:		
Internally designated	452,040,026	402,489,062
Long-term investments	6,160,287	45,971,265
Less conditional CARES Act and ARPA refundable advances	<u>-</u>	<u>(7,383,861)</u>
Total financial assets available	<u>\$ 859,556,330</u>	<u>\$ 735,131,668</u>

CARES Act and ARPA refundable advances restricted for healthcare-related expense or lost revenue attributable to COVID-19 are excluded from the table above.

Continued



TANNER MEDICAL CENTER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
June 30, 2024 and 2023

---

24. Liquidity and Availability, Continued

No other financial assets available are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Medical Center estimates that approximately 100% of the Board designated funds is available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above. The Medical Center has other assets whose use is limited for debt service and unemployment. These assets whose use is limited are not available for general expenditure within the next year and are not reflected in the amounts above. The Medical Center has the ability to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

25. Coronavirus (COVID-19)

The CARES Act expanded the existing Medicare Accelerated and Advance Payment Program by allowing qualifying providers to receive an advanced Medicare payment. The advance payment will have to be repaid. Recoupment begins one year after the date of receipt of the advance payment with a rate of 25% for the first eleven months of repayment, and 50% for the six months afterward. After this period, a total of 29 months, CMS will issue letters requiring repayment of any outstanding balance, subject to an interest rate of four percent. In April 2020, the Medical Center received approximately \$36,077,000 in advanced payments. During 2023, the Medical Center repaid approximately \$7,400,000, in advanced payments. There is no outstanding liability as of June 30, 2023.

## ADDITIONAL INFORMATION

---



INDEPENDENT AUDITOR'S REPORT ON  
COMBINING AND SUPPLEMENTARY INFORMATION

The Board of Directors  
Tanner Medical Center, Inc.  
Carrollton, Georgia

We have audited the combined financial statements of Tanner Medical Center, Inc. as of and for the years ended June 30, 2024 and 2023, and our report thereon dated February 3, 2025, which expressed an unmodified opinion on those financial statements, appears on pages 1 through 3. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 55 through 60 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, and results of operations of the individual companies, and it is not a required part of the combined financial statements. Accordingly, we do not express an opinion on the financial position, and results of operations of the individual companies.

The combining information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information on pages 55 through 60 is fairly stated in all material respects in relation to the combined financial statements as a whole.

The statistical data on pages 51 and 52 and Schedule of Net Patient Service Revenue on pages 53 through 54, which are the responsibility of management, also are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the combined financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Draffin & Tucker, LLP*

Albany, Georgia  
February 3, 2025

Let's Think Together.®

TANNER MEDICAL CENTER, INC.

STATISTICAL DATA  
for the years ended June 30, 2024 and 2023

	(Unaudited) <u>2024</u>	(Unaudited) <u>2023</u>
Inpatient days:		
Medical/surgical days	69,199	69,186
Behavioral health	25,570	26,779
Skilled nursing	<u>4,481</u>	<u>4,021</u>
Total inpatient days	<u>99,250</u>	<u>99,986</u>
Average daily inpatient census	<u>272</u>	<u>274</u>
Adjusted average daily census	<u>782</u>	<u>977</u>
Admissions:		
Medical/surgical days	14,490	13,250
Behavioral health	3,486	3,628
Skilled nursing	<u>376</u>	<u>282</u>
Total admissions	<u>18,352</u>	<u>17,160</u>
Admissions by payor:		
Medicare - routine	8,035	7,314
Medicare - behavioral health	482	415
Medicaid	4,076	4,489
Other	<u>5,759</u>	<u>4,942</u>
Total admissions by payor	<u>18,352</u>	<u>17,160</u>
Average length of stay	<u>5.4</u>	<u>5.8</u>
Patient days by payor		
Medicare - routine	49,199	47,243
Medicare - behavioral health	3,887	3,555
Medicaid	21,759	21,818
Other	<u>24,405</u>	<u>27,370</u>
Total patients days by payor	<u>99,250</u>	<u>99,986</u>

Continued

TANNER MEDICAL CENTER, INC.

STATISTICAL DATA, Continued  
for the years ended June 30, 2024 and 2023

	(Unaudited) <u>2024</u>	(Unaudited) <u>2023</u>
Deliveries	<u>1,987</u>	<u>2,090</u>
Surgery cases	<u>15,197</u>	<u>15,905</u>
Emergency room visits	<u>139,515</u>	<u>133,399</u>
Outpatient visits	<u>387,439</u>	<u>378,347</u>
Tanner Medical Group visits	<u>559,089</u>	<u>500,277</u>
Adjusted patient days	<u>286,171</u>	<u>347,151</u>

See accompanying auditor's report on supplementary information.

TANNER MEDICAL CENTER, INC.

SCHEDULE OF NET PATIENT SERVICE REVENUE  
for the year ended June 30, 2024

	Tanner Medical Center/ Carrollton	Tanner Medical Center/ Villa Rica	Tanner Medical Center/Higgins General Hospital	Tanner Medical Group	Georgia Facilities	Tanner East Alabama	Healthiant	Medical Center Balance June 30, 2024
Gross patient charges								
Inpatient	\$ 558,043,615	\$ 222,121,274	\$ 17,788,635	\$ -	\$ 797,953,524	\$ 6,715,037	\$ -	\$ 804,668,561
Outpatient	652,666,609	703,658,523	113,341,932	-	1,469,667,064	33,527,609	9,698,268	1,512,892,941
Practice	29,522,138	8,150,535	12,166,174	184,833,404	234,672,251	9,973,090	-	244,645,341
Total gross patient charges	<u>1,240,232,362</u>	<u>933,930,332</u>	<u>143,296,741</u>	<u>184,833,404</u>	<u>2,502,292,839</u>	<u>50,215,736</u>	<u>9,698,268</u>	<u>2,562,206,843</u>
Uncompensated services:								
Charity and indigent care	38,679,651	26,891,767	5,868,307	473,238	71,912,963	1,771,303	-	73,684,266
Medicare	509,159,000	295,318,072	41,546,952	72,297	846,096,321	9,932,423	-	856,028,744
Medicaid	90,254,160	80,350,582	13,377,729	-	183,982,471	3,041,427	(25,522)	186,998,376
Other third-party payors	198,614,916	163,267,934	28,358,953	94,848,194	485,089,997	16,259,132	10,126,305	511,475,434
Price concessions	26,709,839	23,553,600	6,216,555	8,041,237	64,521,231	1,804,469	(1,998,241)	64,327,459
Total uncompensated care	<u>863,417,566</u>	<u>589,381,955</u>	<u>95,368,496</u>	<u>103,434,966</u>	<u>1,651,602,983</u>	<u>32,808,754</u>	<u>8,102,542</u>	<u>1,692,514,279</u>
Net patient service revenue	<u>\$ 376,814,796</u>	<u>\$ 344,548,377</u>	<u>\$ 47,928,245</u>	<u>\$ 81,398,438</u>	<u>\$ 850,689,856</u>	<u>\$ 17,406,982</u>	<u>\$ 1,595,726</u>	<u>\$ 869,692,564</u>

See accompanying auditor's report on supplementary information.

TANNER MEDICAL CENTER, INC.  
SCHEDULE OF NET PATIENT SERVICE REVENUE  
for the year ended June 30, 2023

	Tanner Medical Center/ Carrollton	Tanner Medical Center/ Villa Rica	Tanner Medical Center/Higgins General Hospital	Tanner Medical Group	Georgia Facilities	Tanner East Alabama	Healthiant	Medical Center Balance June 30, 2023
Gross patient charges								
Inpatient	\$ 493,139,875	\$ 210,587,977	\$ 15,112,104	\$ -	\$ 718,839,956	\$ 3,717,670	\$ -	\$ 722,557,626
Outpatient	628,866,994	630,303,663	105,925,697	-	1,365,096,354	31,618,861	12,088,175	1,408,803,390
Practice	27,408,890	8,233,156	12,102,481	158,150,891	205,895,418	9,498,063	-	215,393,481
	<u>1,149,415,759</u>	<u>849,124,796</u>	<u>133,140,282</u>	<u>158,150,891</u>	<u>2,289,831,728</u>	<u>44,834,594</u>	<u>12,088,175</u>	<u>2,346,754,497</u>
Total gross patient charges								
Uncompensated services:								
Charity and indigent care	30,172,022	21,143,679	5,975,987	460,961	57,752,649	1,159,418	-	58,912,067
Medicare	474,692,265	272,479,671	38,726,137	80,998	785,979,071	8,521,089	-	794,500,160
Medicaid	106,387,348	95,459,132	13,270,870	-	215,117,350	3,624,898	-	218,742,248
Other third-party payors	173,915,709	122,951,069	26,553,736	80,008,299	403,428,813	12,321,323	7,052,773	422,802,909
Price concessions	28,938,037	30,783,219	5,349,913	6,690,217	71,761,386	1,824,348	-	73,585,734
	<u>814,105,381</u>	<u>542,816,770</u>	<u>89,876,643</u>	<u>87,240,475</u>	<u>1,534,039,269</u>	<u>27,451,076</u>	<u>7,052,773</u>	<u>1,568,543,118</u>
Total uncompensated care								
Net patient service revenue	<u>\$ 335,310,378</u>	<u>\$ 306,308,026</u>	<u>\$ 43,263,639</u>	<u>\$ 70,910,416</u>	<u>\$ 755,792,459</u>	<u>\$ 17,383,518</u>	<u>\$ 5,035,402</u>	<u>\$ 778,211,379</u>

See accompanying auditor's report on supplementary information.

TANNER MEDICAL CENTER, INC.

COMBINING BALANCE SHEETS  
June 30, 2024

	Tanner Medical Center/ Carrollton	Tanner Medical Center/ Villa Rica	Tanner Medical Center/Higgins General Hospital	Tanner Medical Group	Georgia Facilities	Tanner East Alabama	Healthiant	Medical Center Subtotal	Foundation, Auxiliary and Net EJE's	Balance At June 30, 2024
<b>ASSETS</b>										
Current assets:										
Cash and cash equivalents	\$ 112,594,054	\$ 360,897	\$ 32,499	\$ 1,842,493	\$ 114,829,943	\$ 552,132	\$ 8,080,764	\$ 123,462,839	\$ 6,854,368	\$ 130,317,207
Short-term investments	148,483,402	-	-	-	148,483,402	10,945,253	505,491	159,934,146	-	159,934,146
Due from related parties	-	426,424,218	68,942,856	-	495,367,074	-	1,620,000	496,987,074	(496,987,074)	-
Assets limited as to use, current portion	8,181,053	-	-	-	8,181,053	-	-	8,181,053	-	8,181,053
Patient accounts receivable, net	49,739,378	45,185,725	6,642,519	5,930,011	107,497,633	1,083,263	525,931	109,106,827	-	109,106,827
Supplies, at lower of cost and net realizable value	7,553,082	5,597,577	1,064,642	554,039	14,769,340	281,041	-	15,050,381	-	15,050,381
Estimated third-party payor settlements	397,138	262,189	-	2,437	661,744	-	-	661,744	-	661,744
Other current assets	49,289,417	2,099,236	100,201	222,953	51,711,777	1,339,000	3,651,541	56,702,318	(15,417,404)	41,284,914
<b>Total current assets</b>	<b>376,237,524</b>	<b>479,929,792</b>	<b>76,782,717</b>	<b>8,551,933</b>	<b>941,501,966</b>	<b>14,200,689</b>	<b>14,383,727</b>	<b>970,086,382</b>	<b>(505,550,110)</b>	<b>464,536,272</b>
Assets limited as to use:										
Internally designated	452,040,026	-	-	-	452,040,026	-	-	452,040,026	-	452,040,026
Held by trustee under indenture for debt obligations	25,185,107	-	-	-	25,185,107	-	-	25,185,107	-	25,185,107
Held by trustee for unemployment	1,053,744	-	-	-	1,053,744	-	-	1,053,744	-	1,053,744
Assets limited as to use, current portion	(8,181,053)	-	-	-	(8,181,053)	-	-	(8,181,053)	-	(8,181,053)
<b>Noncurrent assets limited as to use</b>	<b>470,097,824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>470,097,824</b>	<b>-</b>	<b>-</b>	<b>470,097,824</b>	<b>-</b>	<b>470,097,824</b>
Property and equipment, net	242,423,209	65,448,638	18,995,016	55,213,507	382,080,340	19,494,426	17,124,807	418,699,573	62,979,791	481,679,364
Long-term investments	6,160,287	-	-	-	6,160,287	-	-	6,160,287	-	6,160,287
Interest in net assets of Tanner Medical Foundation, Inc.	-	-	-	-	-	-	-	-	32,094,988	32,094,988
Other assets:										
Operating lease right-of-use assets	73,558	301,322	11	-	374,891	66,439	-	441,330	-	441,330
Finance lease right-of-use assets	2,057,937	525,007	374,428	-	2,957,372	154,004	-	3,111,376	-	3,111,376
Physician notes receivable and other	5,924,216	-	-	-	5,924,216	-	-	5,924,216	-	5,924,216
Investments in unconsolidated companies	619,000	-	-	-	619,000	-	12,399,507	13,018,507	(11,548,935)	1,469,572
Goodwill and intangible assets	180	1,454,430	-	4,307,795	5,762,375	-	3,039,148	8,801,523	-	8,801,523
<b>Total other assets</b>	<b>8,674,891</b>	<b>2,280,729</b>	<b>374,439</b>	<b>4,307,795</b>	<b>15,637,854</b>	<b>220,443</b>	<b>15,438,655</b>	<b>31,296,952</b>	<b>(11,548,935)</b>	<b>19,748,017</b>
<b>Total assets</b>	<b>\$ 1,103,593,735</b>	<b>\$ 547,659,129</b>	<b>\$ 96,152,172</b>	<b>\$ 68,073,235</b>	<b>\$ 1,815,478,271</b>	<b>\$ 33,915,558</b>	<b>\$ 46,947,189</b>	<b>\$ 1,896,341,018</b>	<b>\$ (422,024,266)</b>	<b>\$ 1,474,316,752</b>

Continued



**TANNER MEDICAL CENTER, INC.**  
**COMBINING BALANCE SHEETS, Continued**  
**June 30, 2024**

	Tanner Medical Center/ Carrollton	Tanner Medical Center/ Villa Rica	Tanner Medical Center/Higgins General Hospital	Tanner Medical Group	Georgia Facilities	Tanner East Alabama	Healthiant	Medical Center Subtotal	Foundation, Auxiliary and Net EJE's	Balance At June 30, 2024
<b>LIABILITIES AND NET ASSETS</b>										
Current liabilities:										
Current portion of long-term debt	\$ 12,655,232	\$ -	\$ -	\$ -	\$ 12,655,232	\$ -	\$ -	\$ 12,655,232	\$ 1,308,836	\$ 13,964,068
Current portion of operating lease liabilities	79,325	124,865	-	-	204,190	25,923	-	230,113	-	230,113
Current portion of finance lease liabilities	305,180	77,857	55,522	-	438,553	22,837	-	461,390	-	461,390
Due to related parties	53,763,222	-	-	346,220,282	399,983,504	34,329,756	62,259,951	496,573,211	(496,573,211)	-
Accounts payable	21,570,897	9,389,354	1,151,763	1,096,727	33,208,741	801,641	400,746	34,411,128	4,286,491	38,697,619
Accrued salaries	38,837,010	4,530,992	1,480,824	3,388,457	48,237,283	560,415	87,303	48,885,001	1,185	48,886,186
Other accrued expenses	17,327,707	574,310	10,340	-	17,912,357	177,096	169,718	18,259,171	203,475	18,462,646
Estimated third-party payor settlements	1,318,827	892,457	528,772	-	2,740,050	152,154	-	2,892,204	-	2,892,204
<b>Total current liabilities</b>	<b>145,857,400</b>	<b>15,589,823</b>	<b>3,227,221</b>	<b>350,705,466</b>	<b>515,379,910</b>	<b>36,069,822</b>	<b>62,917,718</b>	<b>614,367,450</b>	<b>(490,773,224)</b>	<b>123,594,226</b>
Long-term debt, net of current portion:										
Revenue certificates payable	210,607,093	-	-	-	210,607,093	-	-	210,607,093	25,327,884	235,934,977
<b>Total long-term debt, net of current portion</b>	<b>210,607,093</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>210,607,093</b>	<b>-</b>	<b>-</b>	<b>210,607,093</b>	<b>25,327,884</b>	<b>235,934,977</b>
Operating lease liabilities	(2,813)	176,457	12	-	173,656	40,515	-	214,171	-	214,171
Finance lease liabilities	1,867,826	476,484	339,822	-	2,684,132	139,771	-	2,823,903	-	2,823,903
<b>Total liabilities</b>	<b>358,329,506</b>	<b>16,242,764</b>	<b>3,567,055</b>	<b>350,705,466</b>	<b>728,844,791</b>	<b>36,250,108</b>	<b>62,917,718</b>	<b>828,012,617</b>	<b>(465,445,340)</b>	<b>362,567,277</b>
Net assets:										
Net assets without donor restrictions	744,422,046	531,416,365	92,585,117	(282,632,231)	1,085,791,297	(2,334,550)	(15,970,529)	1,067,486,218	6,275,206	1,073,761,424
Net assets with donor restrictions	-	-	-	-	-	-	-	-	26,261,851	26,261,851
<b>Total Tanner Medical Center, Inc. net assets</b>	<b>744,422,046</b>	<b>531,416,365</b>	<b>92,585,117</b>	<b>(282,632,231)</b>	<b>1,085,791,297</b>	<b>(2,334,550)</b>	<b>(15,970,529)</b>	<b>1,067,486,218</b>	<b>32,537,057</b>	<b>1,100,023,275</b>
Non-controlling interests in joint ventures	842,183	-	-	-	842,183	-	-	842,183	10,884,017	11,726,200
<b>Total net assets including non-controlling interests</b>	<b>745,264,229</b>	<b>531,416,365</b>	<b>92,585,117</b>	<b>(282,632,231)</b>	<b>1,086,633,480</b>	<b>(2,334,550)</b>	<b>(15,970,529)</b>	<b>1,068,328,401</b>	<b>43,421,074</b>	<b>1,111,749,475</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,103,593,735</b>	<b>\$ 547,659,129</b>	<b>\$ 96,152,172</b>	<b>\$ 68,073,235</b>	<b>\$ 1,815,478,271</b>	<b>\$ 33,915,558</b>	<b>\$ 46,947,189</b>	<b>\$ 1,896,341,018</b>	<b>\$ (422,024,266)</b>	<b>\$ 1,474,316,752</b>

See accompanying auditor's report on supplementary information.

TANNER MEDICAL CENTER, INC.

COMBINING BALANCE SHEETS  
June 30, 2023

	Tanner Medical Center/ Carrollton	Tanner Medical Center/ Villa Rica	Tanner Medical Center/Higgins General Hospital	Tanner Medical Group	Georgia Facilities	Tanner East Alabama	Healthiant	Medical Center Subtotal	Foundation, Auxiliary and Net EJE's	Balance At June 30, 2023
<b>ASSETS</b>										
Current assets:										
Cash and cash equivalents	\$ 110,709,300	\$ 290,037	\$ 3,070	\$ 1,184,843	\$ 112,187,250	\$ 2,035,967	\$ 6,808,570	\$ 121,031,787	\$ 351,384	\$ 121,383,171
Short-term investments	55,373,398	-	-	-	55,373,398	-	-	55,373,398	-	55,373,398
Due from related parties	-	339,875,032	61,359,683	-	401,234,715	-	-	401,234,715	(401,234,715)	-
Assets limited as to use, current portion	8,069,779	-	-	-	8,069,779	-	-	8,069,779	-	8,069,779
Patient accounts receivable, net	57,770,626	44,753,132	5,924,764	5,139,805	113,588,327	673,573	1,015,550	115,277,450	-	115,277,450
Supplies, at lower of cost and net realizable value	7,386,550	4,301,924	974,075	561,732	13,224,281	203,153	-	13,427,434	58,927	13,486,361
Estimated third-party payor settlements	812,123	218,219	-	12,976	1,043,318	-	-	1,043,318	-	1,043,318
Other current assets	25,966,161	1,950,671	(8,925)	167,628	28,075,535	1,986,058	7,099,637	37,161,230	(4,088,974)	33,072,256
<b>Total current assets</b>	<b>266,087,937</b>	<b>391,389,015</b>	<b>68,252,667</b>	<b>7,066,984</b>	<b>732,796,603</b>	<b>4,898,751</b>	<b>14,923,757</b>	<b>752,619,111</b>	<b>(404,913,378)</b>	<b>347,705,733</b>
Assets limited as to use:										
Internally designated	402,489,062	-	-	-	402,489,062	-	-	402,489,062	-	402,489,062
Held by trustee under indenture for debt obligations	52,119,050	-	-	-	52,119,050	-	-	52,119,050	-	52,119,050
Held by trustee for unemployment	917,406	-	-	-	917,406	-	-	917,406	-	917,406
Assets limited as to use, current portion	(8,069,779)	-	-	-	(8,069,779)	-	-	(8,069,779)	-	(8,069,779)
<b>Noncurrent assets limited as to use</b>	<b>447,455,739</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>447,455,739</b>	<b>-</b>	<b>-</b>	<b>447,455,739</b>	<b>-</b>	<b>447,455,739</b>
Property and equipment, net	227,079,005	65,995,594	20,262,765	47,924,251	361,261,615	20,932,215	59,981,147	442,174,977	-	442,174,977
Long-term investments	45,971,265	-	-	-	45,971,265	-	-	45,971,265	-	45,971,265
Interest in net assets of Tanner Medical Foundation, Inc.	-	-	-	-	-	-	-	-	28,693,693	28,693,693
Other assets:										
Operating lease right-of-use assets	4,223,852	439,335	17,172	-	4,680,359	91,529	-	4,771,888	-	4,771,888
Finance lease right-of-use assets	2,512,311	605,777	432,033	-	3,550,121	177,697	-	3,727,818	-	3,727,818
Physician notes receivable and other	7,048,696	-	-	-	7,048,696	-	-	7,048,696	-	7,048,696
Investments in unconsolidated companies	-	-	-	-	-	-	1,756,353	1,756,353	-	1,756,353
Goodwill and intangible assets	-	1,818,000	-	1,692,576	3,510,576	-	3,317,326	6,827,902	-	6,827,902
<b>Total other assets</b>	<b>13,784,859</b>	<b>2,863,112</b>	<b>449,205</b>	<b>1,692,576</b>	<b>18,789,752</b>	<b>269,226</b>	<b>5,073,679</b>	<b>24,132,657</b>	<b>-</b>	<b>24,132,657</b>
<b>Total assets</b>	<b>\$ 1,000,378,805</b>	<b>\$ 460,247,721</b>	<b>\$ 88,964,637</b>	<b>\$ 56,683,811</b>	<b>\$ 1,606,274,974</b>	<b>\$ 26,100,192</b>	<b>\$ 79,978,583</b>	<b>\$ 1,712,353,749</b>	<b>\$ (376,219,685)</b>	<b>\$ 1,336,134,064</b>

Continued

**TANNER MEDICAL CENTER, INC.**  
**COMBINING BALANCE SHEETS, Continued**  
**June 30, 2023**

	Tanner Medical Center/ Carrollton	Tanner Medical Center/ Villa Rica	Tanner Medical Center/Higgins General Hospital	Tanner Medical Group	Georgia Facilities	Tanner East Alabama	Healthiant	Medical Center Subtotal	Foundation, Auxiliary and Net EJE's	Balance At June 30, 2023
<b><u>LIABILITIES AND NET ASSETS</u></b>										
Current liabilities:										
Current portion of long-term debt	\$ 12,181,292	\$ -	\$ -	\$ -	\$ 12,181,292	\$ -	\$ -	\$ 12,181,292	\$ -	\$ 12,181,292
Current portion of operating lease liabilities	829,090	138,039	17,160	-	984,289	25,096	-	1,009,385	-	1,009,385
Current portion of finance lease liabilities	439,865	75,365	53,749	-	568,979	22,107	-	591,086	-	591,086
Due to related parties	23,068,344	-	-	305,511,319	328,579,663	23,513,373	48,850,077	400,943,113	(400,943,113)	-
Accounts payable	24,190,862	7,120,470	1,281,223	1,517,138	34,109,693	467,194	25,800,708	60,377,595	111,425	60,489,020
Accrued salaries	31,406,738	4,026,404	1,351,680	3,207,361	39,992,183	522,856	99,713	40,614,752	-	40,614,752
Other accrued expenses	18,309,155	610,874	1,143	-	18,921,172	-	84,427	19,005,599	-	19,005,599
Estimated third-party payor settlements	34,022	199,675	544,105	-	777,802	327,346	-	1,105,148	-	1,105,148
Medicare advance payments	(132)	-	-	-	(132)	-	-	(132)	132	-
CARES Act and ARPA refundable advances	-	2,596,613	3,503,847	1,283,533	7,383,993	-	-	7,383,993	(132)	7,383,861
<b>Total current liabilities</b>	<b>110,459,236</b>	<b>14,767,440</b>	<b>6,752,907</b>	<b>311,519,351</b>	<b>443,498,934</b>	<b>24,877,972</b>	<b>74,834,925</b>	<b>543,211,831</b>	<b>(400,831,688)</b>	<b>142,380,143</b>
Long-term debt, net of current portion:										
Notes payable	121,827	-	-	-	121,827	-	4,432,775	4,554,602	(4,432,775)	121,827
Revenue certificates payable	223,831,523	-	-	-	223,831,523	-	-	223,831,523	-	223,831,523
<b>Total long-term debt, net of current portion</b>	<b>223,953,350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>223,953,350</b>	<b>-</b>	<b>4,432,775</b>	<b>228,386,125</b>	<b>(4,432,775)</b>	<b>223,953,350</b>
Operating lease liabilities	3,618,444	301,297	12	-	3,919,753	66,434	-	3,986,187	-	3,986,187
Finance lease liabilities	2,172,924	554,318	395,333	-	3,122,575	162,602	-	3,285,177	-	3,285,177
<b>Total liabilities</b>	<b>340,203,954</b>	<b>15,623,055</b>	<b>7,148,252</b>	<b>311,519,351</b>	<b>674,494,612</b>	<b>25,107,008</b>	<b>79,267,700</b>	<b>778,869,320</b>	<b>(405,264,463)</b>	<b>373,604,857</b>
Net assets:										
Net assets without donor restrictions	660,078,891	444,624,666	81,816,385	(254,835,540)	931,684,402	993,184	(7,003,094)	925,674,492	4,649,763	930,324,255
Net assets with donor restrictions	-	-	-	-	-	-	-	-	24,395,015	24,395,015
<b>Total net assets</b>	<b>660,078,891</b>	<b>444,624,666</b>	<b>81,816,385</b>	<b>(254,835,540)</b>	<b>931,684,402</b>	<b>993,184</b>	<b>(7,003,094)</b>	<b>925,674,492</b>	<b>29,044,778</b>	<b>954,719,270</b>
Non-controlling interests in joint ventures	95,960	-	-	-	95,960	-	7,713,977	7,809,937	-	7,809,937
<b>Total net assets including non-controlling interests</b>	<b>660,174,851</b>	<b>444,624,666</b>	<b>81,816,385</b>	<b>(254,835,540)</b>	<b>931,780,362</b>	<b>993,184</b>	<b>7,710,883</b>	<b>933,484,429</b>	<b>29,044,778</b>	<b>962,529,207</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,000,378,805</b>	<b>\$ 460,247,721</b>	<b>\$ 88,964,637</b>	<b>\$ 56,683,811</b>	<b>\$ 1,606,274,974</b>	<b>\$ 26,100,192</b>	<b>\$ 79,978,583</b>	<b>\$ 1,712,353,749</b>	<b>\$ (376,219,685)</b>	<b>\$ 1,336,134,064</b>

See accompanying auditor's report on supplementary information.

TANNER MEDICAL CENTER, INC.

COMBINING STATEMENTS OF EXCESS OF REVENUES OVER EXPENSES  
for the year ended June 30, 2024

	Carrollton	Villa Rica	General Hospital	Medical Group	Facilities	Alabama	Healthiant	Subtotal	Net EJE's	June 30, 2024
Revenues, gains and other support:										
Net patient service revenue	\$ 376,814,796	\$ 344,548,377	\$ 47,928,245	\$ 81,398,438	\$ 850,689,856	\$ 17,406,982	\$ 1,595,726	\$ 869,692,564	\$ -	\$ 869,692,564
Other revenue	8,293,944	2,418,290	7,300,914	618,623	18,631,771	1,394,388	3,791,461	23,817,620	4,956,045	28,773,665
CARES Act and ARPA funding	-	2,596,613	3,229,043	1,283,533	7,109,189	118,136	-	7,227,325	-	7,227,325
Total revenues, gains and other support	385,108,740	349,563,280	58,458,202	83,300,594	876,430,816	18,919,506	5,387,187	900,737,509	4,956,045	905,693,554
Expenses:										
Salaries	190,109,713	72,297,148	17,997,081	57,085,700	337,489,642	9,411,643	7,974,275	354,875,560	1,264,460	356,140,020
Employee benefits	64,498,660	7,356,479	1,787,802	4,605,276	78,248,217	959,775	1,009,500	80,217,492	241,254	80,458,746
Contracted services	32,266,247	13,437,811	2,537,821	5,243,085	53,484,964	2,421,991	971,413	56,878,368	30,107	56,908,475
Purchased services	34,318,969	7,730,700	1,377,154	925,975	44,352,798	762,442	1,575,852	46,691,092	534,444	47,225,536
Supplies and drugs	62,949,968	90,250,939	11,064,995	5,598,060	169,863,962	1,896,643	601,350	172,361,955	1,703,930	174,065,885
Insurance expense (recoveries)	(3,852,260)	179,782	68,175	1,982,869	(1,621,434)	49,588	1,468,605	(103,241)	7,968	(95,273)
Depreciation and amortization	32,291,010	8,471,638	2,373,292	6,296,783	49,432,723	2,008,496	1,710,298	53,151,517	552,888	53,704,405
Interest and amortization	7,709,479	20,622	12,016	-	7,742,117	7,899	229,784	7,979,800	603,290	8,583,090
Other	50,799,691	7,102,325	968,845	(1,609,460)	57,261,401	820,371	2,546,253	60,628,025	1,399,888	62,027,913
Total expenses	471,091,477	206,847,444	38,187,181	80,128,288	796,254,390	18,338,848	18,087,330	832,680,568	6,338,229	839,018,797
Operating income (loss)	(85,982,737)	142,715,836	20,271,021	3,172,306	80,176,426	580,658	(12,700,143)	68,056,941	(1,382,184)	66,674,757
Other income (loss):										
Contributions and other	220,632	-	2,779,651	-	3,000,283	1,581,379	2,688,191	7,269,853	-	7,269,853
Investment income	36,728,635	-	-	-	36,728,635	-	527,871	37,256,506	1,880,484	39,136,990
Gain (loss) on disposal of assets	(158,555)	(19,838)	(5,849)	(9,125)	(193,367)	-	32,683	(160,684)	(56,232)	(216,916)
Net unrealized gain on investments	24,568,886	-	-	-	24,568,886	-	-	24,568,886	-	24,568,886
Total other income	61,359,598	(19,838)	2,773,802	(9,125)	64,104,437	1,581,379	3,248,745	68,934,561	1,824,252	70,758,813
Excess revenues (expenses) before non-controlling interests in joint ventures	(24,623,139)	142,695,998	23,044,823	3,163,181	144,280,863	2,162,037	(9,451,398)	136,991,502	442,068	137,433,570
Net loss in non-controlling interests in joint ventures	-	-	-	-	-	-	-	-	545,909	545,909
Excess revenues (expenses)	(24,623,139)	142,695,998	23,044,823	3,163,181	144,280,863	2,162,037	(9,451,398)	136,991,502	987,977	137,979,479
Shared service expenses	107,781,358	(55,904,301)	(12,291,829)	(30,959,875)	8,625,353	(5,804,375)	(2,820,978)	-	-	-
Excess of revenues over expenses and shared service expenses	\$ 83,158,219	\$ 86,791,697	\$ 10,752,994	\$ (27,796,694)	\$ 152,906,216	\$ (3,642,338)	\$ (12,272,376)	\$ 136,991,502	\$ 987,977	\$ 137,979,479

See accompanying auditor's report on supplementary information.

TANNER MEDICAL CENTER, INC.

COMBINING STATEMENTS OF EXCESS OF REVENUES OVER EXPENSES  
for the year ended June 30, 2023

	Tanner Medical Center/ Carrollton	Tanner Medical Center/ Villa Rica	Tanner Medical Center/Higgins General Hospital	Tanner Medical Group	Georgia Facilities	Tanner East Alabama	Healthliant	Medical Center Subtotal	Foundation, Auxiliary and Net EJE's	Balance June 30, 2023
Revenues, gains and other support:										
Net patient service revenue	\$ 335,310,378	\$ 306,308,026	\$ 43,263,639	\$ 70,910,416	\$ 755,792,459	\$ 17,383,518	\$ 5,035,402	\$ 778,211,379	\$ -	\$ 778,211,379
Other revenue	5,894,530	1,554,080	2,918,869	793,311	11,160,790	860,429	3,090,384	15,111,603	376,076	15,487,679
CARES Act and ARPA funding	7,752,930	349,532	434,842	1,012,187	9,549,491	1,597,297	-	11,146,788	-	11,146,788
Total revenues, gains and other support	348,957,838	308,211,638	46,617,350	72,715,914	776,502,740	19,841,244	8,125,786	804,469,770	376,076	804,845,846
Expenses:										
Salaries	168,409,386	67,988,569	17,279,169	47,894,594	301,571,718	9,075,593	6,007,382	316,654,693	-	316,654,693
Employee benefits	52,254,768	6,689,752	1,680,988	3,799,524	64,425,032	892,730	428,975	65,746,737	-	65,746,737
Contracted services	36,415,130	13,983,476	2,419,583	2,198,187	55,016,376	1,780,930	9,137	56,806,443	-	56,806,443
Purchased services	30,125,748	7,576,548	1,051,795	888,065	39,642,156	363,507	1,123,969	41,129,632	-	41,129,632
Supplies and drugs	64,865,933	81,519,721	6,569,251	3,783,578	156,738,483	1,739,564	581,677	159,059,724	266,820	159,326,544
Insurance	13,638,440	204,651	45,847	1,248,346	15,137,284	30,179	627,556	15,795,019	-	15,795,019
Depreciation and amortization	29,509,492	8,819,527	2,549,221	3,246,425	44,124,665	2,079,217	1,167,725	47,371,607	-	47,371,607
Interest and amortization	7,001,084	23,518	13,626	-	7,038,228	8,944	258,998	7,306,170	-	7,306,170
Other	44,609,525	6,582,611	896,395	(850,244)	51,238,287	861,790	2,558,885	54,658,962	-	54,658,962
Total expenses	446,829,506	193,388,373	32,505,875	62,208,475	734,932,229	16,832,454	12,764,304	764,528,987	266,820	764,795,807
Operating income (loss)	(97,871,668)	114,823,265	14,111,475	10,507,439	41,570,511	3,008,790	(4,638,518)	39,940,783	109,256	40,050,039
Other income (loss):										
Contributions and other	223,067	-	2,596,782	-	2,819,849	1,421,768	326,780	4,568,397	(30,571)	4,537,826
Investment income	20,284,708	-	-	-	20,284,708	-	1,235,128	21,519,836	-	21,519,836
Gain (loss) on disposal of assets	191,341	(21,583)	(13,250)	(83,743)	72,765	(22,380)	-	50,385	-	50,385
Net unrealized gain on investments	15,743,590	-	-	-	15,743,590	-	-	15,743,590	-	15,743,590
Total other income (loss)	36,442,706	(21,583)	2,583,532	(83,743)	38,920,912	1,399,388	1,561,908	41,882,208	(30,571)	41,851,637
Excess revenues (expenses) before non-controlling interests in joint ventures	(61,428,962)	114,801,682	16,695,007	10,423,696	80,491,423	4,408,178	(3,076,610)	81,822,991	78,685	81,901,676
Net loss in non-controlling interests in joint ventures	-	-	-	-	-	-	467,891	467,891	-	467,891
Excess revenues (expenses)	(61,428,962)	114,801,682	16,695,007	10,423,696	80,491,423	4,408,178	(2,608,719)	82,290,882	78,685	82,369,567
Shared service expenses	92,714,826	(50,242,322)	(10,040,549)	(26,060,318)	6,371,637	(5,368,960)	(1,002,677)	-	-	-
Excess of revenues over expenses and shared service expenses	\$ 31,285,864	\$ 64,559,360	\$ 6,654,458	\$ (15,636,622)	\$ 86,863,060	\$ (960,782)	\$ (3,611,396)	\$ 82,290,882	\$ 78,685	\$ 82,369,567

See accompanying auditor's report on supplementary information.

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*

---



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

The Board of Directors  
Tanner Medical Center, Inc.  
Carrollton, Georgia

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 combined financial statements of Tanner Medical Center, Inc. (Medical Center) which comprise the combined balance sheet as of June 30, 2024, and the related combined statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated February 3, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Medical Center'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Medical Center's internal control.

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

Continued

61

Let's Think Together.®

Draffin & Tucker, LLP    CPAs and Advisors    [www.draffin-tucker.com](http://www.draffin-tucker.com)  
P.O. Box 71309    2617 Gillionville Road    Albany, GA 31708-1309    (229) 883-7878  
5 Concourse Parkway, Suite 1250    Atlanta, GA 30328    (404) 220-8494  
210 Wingo Way, Suite 202    Mt. Pleasant, SC 29464    (843) 722-0785

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 were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Medical Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

*Draffin & Tucker, LLP*

Albany, Georgia  
February 3, 2025



**APPENDIX D**

**FINANCIAL STATEMENTS OF CARROLL COUNTY**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**CARROLL COUNTY, GEORGIA**

***Annual Financial Report***

***For the fiscal year ended June 30, 2024***

This page intentionally left blank.

**CARROLL COUNTY, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the fiscal year ended June 30, 2024*

**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>		<b><u>PAGE</u></b>
	<b>INTRODUCTORY SECTION</b>	
	Table of Contents	
	<b>FINANCIAL SECTION</b>	
	Independent Auditor's Report.....	1-3
	Management's Discussion and Analysis.....	4-11
	<b>Basic Financial Statements:</b>	
	Government-wide Financial Statements:	
A-1	Statement of Net Position.....	12-13
A-2	Statement of Activities.....	14
	Fund Financial Statements:	
	Governmental Funds:	
A-3	Balance Sheet.....	15-16
A-4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	17
A-5	Statement of Revenues, Expenditures and Changes in Fund Balances.....	18-19
A-6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
A-7	General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP) and Actual.....	21-22
A-8	American Rescue Plan Special Revenue Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP) and Actual.....	23
A-9	Opioid Settlement Special Revenue Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP) and Actual.....	24
	Proprietary Funds:	
A-10	Statement of Net Position.....	25
A-11	Statement of Revenues, Expenses, and Changes in Fund Net Position.....	26
A-12	Statement of Cash Flows.....	27
	Fiduciary Funds:	
A-13	Statement of Fiduciary Net Position.....	28
A-14	Statement of Changes in Fiduciary Net Position.....	29
	Component Units:	
A-15	Combining Statement of Net Position.....	30-31
A-16	Combining Statement of Activities.....	32
A-17	Notes to the Financial Statements.....	33-76
	<b>Required Supplementary Information:</b>	
B-1	Schedule of Changes in the Net Pension Liability and Related Ratios.....	77-78
B-2	Schedule of Contributions.....	79-80
B-3	Notes to the Required Supplementary Information.....	81-82
	<b>Combining and Individual Fund Statements and Schedules:</b>	
C-1	Combining Balance Sheet - Nonmajor Governmental Funds.....	83-84
C-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	85-86

**CARROLL COUNTY, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the fiscal year ended June 30, 2024*

**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>		<b><u>PAGE</u></b>
	<b>FINANCIAL SECTION (continued)</b>	
	<b>Combining and Individual Fund Statements and Schedules (continued)</b>	
C-3	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Sheriff's Narcotics Special Revenue Fund Special Revenue Fund.....	87
C-4	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Emergency Telephone System Special Revenue Fund.....	88
C-5	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Hotel/Motel Tax Special Revenue Fund.....	89
C-6	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Special Tax District Special Revenue Fund.....	90
C-7	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - DATE Account Special Revenue Fund.....	91
C-8	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Law Library Special Revenue Fund.....	92
C-9	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Clerk's Cooperative Special Revenue Fund.....	93
C-10	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Juvenile Court - Supervision Fee Special Revenue Fund.....	94
C-11	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Jail House Store Special Revenue Fund.....	95
C-12	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Correctional Institute Commissary Special Revenue Fund.....	96
C-13	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Correctional Institute Inmate Education Special Revenue Fund.....	97
C-14	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Alternative Dispute Resolution Special Revenue Fund.....	98
C-15	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Special Projects Special Revenue Fund.....	99
C-16	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Magistrate Technology Special Revenue Fund.....	100
C-17	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Public Safety Special Revenue Fund.....	101
C-18	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Multiple Grant Special Revenue Fund.....	102
D-1	Statement of Fiduciary Net Position - Custodial Funds.....	103-104
D-2	Statement of Changes in Fiduciary Net Position - Custodial Funds.....	105-106

**CARROLL COUNTY, GEORGIA  
ANNUAL FINANCIAL REPORT  
For the fiscal year ended June 30, 2024**

**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>		<b><u>PAGE</u></b>
<b>OTHER REPORTING SECTION</b>		
<b>Single Audit Section</b>		
	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 <i>Government Auditing Standards</i> .....	107-108
	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	109-111
E-1	Schedule of Expenditure of Federal Awards.....	112-113
E-2	Notes to the Schedule of Expenditure of Federal Awards.....	114
E-3	Schedule of Findings and Questioned Costs.....	115-116
<b>State Reporting Section</b>		
F-1	Schedule of Projects Financed with Special Purpose Local Option Sales Tax.....	117-118

This page intentionally left blank.



## Independent Auditor's Report

Honorable Chairman and Members  
of the Board of Commissioners  
Carroll County, Georgia

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Georgia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Carroll County, Georgia's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Georgia, as of June 30, 2024, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparisons of the General Fund, Opioid Settlement Special Revenue Fund, and American Rescue Plan Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Carroll County Department of Public Health, the Carroll County Water Authority, and the Carroll City-County Hospital Authority, which represent 97.0% of the assets, 95.0% of the net position, and 99.5% of the revenues of Carroll County's discretely presented component units for the year ended June 30, 2024. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Carroll County Department of Public Health, the Carroll County Water Authority, and the Carroll City-County Hospital Authority, is based solely on the reports of the other auditors.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Carroll County, Georgia and to meet our 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.

#### *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 Carroll County, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***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 opinions. 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 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 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 and *Government 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 Carroll County, Georgia'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 Carroll County, Georgia'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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 11 and 77 through 82, respectively, be presented to supplement the basic financial statements. Such information, 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 we 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County, Georgia's basic financial statements. The accompanying combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024, on our consideration of Carroll County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carroll County, Georgia's internal control over financial reporting and compliance.

Gainesville, Georgia  
December 6, 2024

This page intentionally left blank.

## **CARROLL COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

As management of Carroll County, Georgia, we offer readers of Carroll County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

### **Financial Highlights**

- The assets and deferred outflows of resources of Carroll County (the primary government) exceeded its liabilities and deferred inflows of resources at June 30, 2024 by \$249,382,122 (net position) vs. \$209,913,050 as of June 30, 2023.
- At June 30, 2024, the County's General Fund reported a total fund balance of \$45,685,534, an increase of \$4,176,936, or 10.1% from the last fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Carroll County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of Carroll County's finances, in a manner similar to a private-sector business. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. It is important to note that this statement consolidates the governmental fund's current financial resources (short-term) with capital assets and long-term liabilities.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the County include general government, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development.

The government-wide financial statements include not only Carroll County itself (known as the primary government), but also the Carroll County Department of Public Health, the Development Authority of Carroll County, the Carroll County Water Authority and the Carroll City-County Hospital Authority. These are legally separate entities that are component units of the County due to the significance of their operational or financial relationships with the County. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Carroll County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Carroll County maintains governmental funds to account for the following activities: General; Special Revenue (Opioid Settlement, American Rescue Plan, Sheriff's Narcotics, Emergency Telephone System, Hotel/Motel Tax, Special Tax District, DATE Account, Law Library, Clerk's Cooperative, Juvenile Court - Supervision Fee, Jail House Store, Correctional Institute Commissary, Correctional Institute Inmate Education, Alternative Dispute Resolution, Special Projects, Magistrate Technology, Public Safety, and Multiple Grant); Debt Service (2021 SPLOST Debt Service); and Capital Projects (2015 SPLOST, 2021 SPLOST, DFACS, and Capital Projects). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Opioid Settlement Special Revenue Fund, American Rescue Plan Special Revenue Fund, 2021 SPLOST Debt Service Fund, 2015 SPLOST Capital Projects Fund, and 2021 SPLOST Capital Projects Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Carroll County adopts an annual appropriated budget for its general, special revenue, and debt service funds. Carroll County adopts project length budgets for its capital projects funds. A budgetary comparison statement has been provided for the General Fund, Opioid Settlement Special Revenue Fund, and American Rescue Plan Special Revenue Fund.

**Proprietary Fund.** The County maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses an enterprise fund to account for its Solid Waste Fund activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Solid Waste Fund, which is considered to be a major fund of the County.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Carroll County's own programs. The accounting used for fiduciary funds is much like that used in the government-wide financial statements.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Required Supplementary and Other Information

The County presents required supplementary information related to its defined benefit pension plan immediately following the notes to the financial statements on pages 77 through 82. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the required supplementary information on pages 83 through 86.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Carroll County, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$249,382,122 at the close of the most recent fiscal year.

By far the largest portion of the County's net position (48.5%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and roads); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Carroll County's net position (27.7%) represents resources that are subject to external restrictions on how they may be used. These amounts include funds set aside for debt service, unspent bond proceeds restricted for capital outlay and special purpose local option sales tax proceeds restricted for capital outlay. The remaining net position of \$59,340,147 (23.8%) represents unrestricted net position.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Carroll County's Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 164,485,762	\$ 158,166,041	\$ 4,178,453	\$ 3,452,445	\$ 168,664,215	\$ 161,618,486
Capital assets	125,208,789	113,745,427	528,041	444,917	125,736,830	114,190,344
Other noncurrent assets	4,293,592	4,627,314	0	0	4,293,592	4,627,314
Total assets	<u>293,988,143</u>	<u>276,538,782</u>	<u>4,706,494</u>	<u>3,897,362</u>	<u>298,694,637</u>	<u>280,436,144</u>
Deferred outflows of resources	582,954	212,221	0	0	582,954	212,221
Current liabilities	23,695,238	35,460,085	365,811	401,718	24,061,049	35,861,803
Noncurrent liabilities	20,304,094	28,971,758	1,075,883	1,081,223	21,379,977	30,052,981
Total liabilities	<u>43,999,332</u>	<u>64,431,843</u>	<u>1,441,694</u>	<u>1,482,941</u>	<u>45,441,026</u>	<u>65,914,784</u>
Deferred inflows of resources	4,454,443	4,820,531	0	0	4,454,443	4,820,531
Net investment in capital assets	120,393,739	119,431,241	528,041	444,917	120,921,780	119,876,158
Restricted	69,120,195	41,961,114	0	0	69,120,195	41,961,114
Unrestricted	56,603,388	46,106,274	2,736,759	1,969,504	59,340,147	48,075,778
Total net position	<u>\$ 246,117,322</u>	<u>\$ 207,498,629</u>	<u>\$ 3,264,800</u>	<u>\$ 2,414,421</u>	<u>\$ 249,382,122</u>	<u>\$ 209,913,050</u>



## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Change in Net Position.** Governmental activities increased the County's net position by \$38,618,693. Business-type activities during the same period increased net position by \$850,379 for a total increase in net position of \$39,469,072. Key elements of this increase are as follows:

### Carroll County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program revenues:						
Charges for services	\$ 19,052,242	\$ 17,344,805	\$ 5,369,997	\$ 5,046,656	\$ 24,422,239	\$ 22,391,461
Operating grants and contributions	13,857,184	2,536,675	0	0	13,857,184	2,536,675
Capital grants and contributions	13,267,671	8,121,522	0	0	13,267,671	8,121,522
General revenues:						
Property taxes	36,966,072	35,278,767	0	0	36,966,072	35,278,767
Sales taxes	48,241,765	44,442,871	0	0	48,241,765	44,442,871
Insurance premium taxes	5,982,928	5,575,696	0	0	5,982,928	5,575,696
Other taxes	3,283,069	3,712,207	0	0	3,283,069	3,712,207
Interest and investment earnings	3,297,435	1,419,893	115,609	57,644	3,413,044	1,477,537
Gain on sale of assets	0	53,889	0	0	0	53,889
Other	1,220,614	760,461	75,831	64,221	1,296,445	824,682
<b>Total revenues</b>	<b>145,168,980</b>	<b>119,246,786</b>	<b>5,561,437</b>	<b>5,168,521</b>	<b>150,730,417</b>	<b>124,415,307</b>
Expenses						
General government	9,629,473	8,566,063	0	0	9,629,473	8,566,063
Judicial	11,701,571	10,341,169	0	0	11,701,571	10,341,169
Public safety	48,459,563	42,852,520	0	0	48,459,563	42,852,520
Public works	30,223,385	23,952,481	0	0	30,223,385	23,952,481
Health and welfare	275,423	408,549	0	0	275,423	408,549
Culture and recreation	4,467,152	3,925,394	0	0	4,467,152	3,925,394
Housing and development	1,695,355	1,558,054	0	0	1,695,355	1,558,054
Interest on long-term debt	348,365	609,972	0	0	348,365	609,972
Solid Waste	0	0	4,461,058	4,337,488	4,461,058	4,337,488
<b>Total expenses</b>	<b>106,800,287</b>	<b>92,214,202</b>	<b>4,461,058</b>	<b>4,337,488</b>	<b>111,261,345</b>	<b>96,551,690</b>
Indirect cost allocation	(250,000)	(250,000)	250,000	250,000	0	0
Change in net position before transfers	38,618,693	27,282,584	850,379	581,033	39,469,072	27,863,617
Transfers in (out)	0	(25,369)	0	25,369	0	0
Change in net position	38,618,693	27,257,215	850,379	606,402	39,469,072	27,863,617
Net position, beginning	207,498,629	180,241,414	2,414,421	1,808,019	209,913,050	182,049,433
<b>Net position, ending</b>	<b>\$ 246,117,322</b>	<b>\$ 207,498,629</b>	<b>\$ 3,264,800</b>	<b>\$ 2,414,421</b>	<b>\$ 249,382,122</b>	<b>\$ 209,913,050</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

### Financial Analysis of the Government's Funds

As noted earlier, Carroll County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of Carroll County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$145,292,421, an increase of \$17,266,259 in comparison with the prior year. Approximately 29.5% of this total amount (\$42,883,398) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted (\$88,392,149), committed (\$2,036,189), assigned (\$11,491,657), and nonspendable (\$489,028) to indicate that it is not available for new spending because it has already been obligated.

The General Fund is the chief operating fund of Carroll County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$42,883,398, while total fund balance reached \$45,685,534. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 55.4% of total general fund expenditures, while total fund balance represents 59.0% of that same amount. The fund balance of the County's General Fund increased during the current fiscal year by \$4,176,936.

The Opioid Settlement Special Revenue Fund accounts proceeds from national opioid settlements restricted for opioid remediation efforts. At the end of the current fiscal year, the Opioid Settlement Fund had a restricted fund balance of \$1,001,660. During the current fiscal year, the County expended \$60,930 for contract services.

The American Rescue Plan Special Revenue Fund accounts for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund. At the end of the current fiscal year, the American Rescue Plan Fund had a restricted fund balance of \$855,543. During the current fiscal year, the County expended \$5,732,227 for personal services, contract services, supplies and materials, capital outlay, and subrecipient awards. The County also transferred \$10,000,000 to the General Fund for personal services.

The 2021 SPLOST Debt Service Fund accounts for the financial resources accumulated and payments made for principal and interest on the special purpose local option sales tax general obligation bonds. At the end of the current fiscal year, the 2021 SPLOST Debt Service Fund had a restricted fund balance of \$288,503.

The 2015 SPLOST Capital Projects Fund accounts for the financial resources provided from the 2015 one percent Special Purpose Local Option Sales Tax. These resources must be used for various building projects and road improvements throughout the County. At the end of the current fiscal year, the 2015 SPLOST Capital Projects Fund had a restricted fund balance of \$15,017,356, an increase of \$990,125 from the prior fiscal year. Expenditures included continued spending on the approved projects of the SPLOST referendum.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The 2021 SPLOST Capital Projects Fund accounts for the financial resources provided from the 2021 one percent Special Purpose Local Option Sales Tax. These resources must be used for various building projects and road improvements throughout the County. At the end of the current fiscal year, the 2021 SPLOST Capital Projects Fund had a restricted fund balance of \$64,592,153, an increase of \$1,924,071 from the prior fiscal year.. Expenditures include spending on the approved projects of the SPLOST referendum.

### General Fund Budgetary Highlights

The original budget of the General Fund projected a net change in fund balance of \$0. During the course of the year, the budget was amended to project a final use in fund balance of \$508,380. The County ended the fiscal year with total revenues exceeding budgeted amounts by \$246,225 and total expenditures below budgeted amounts by \$4,169,570.

### Capital Asset and Debt Administration

**Capital Assets.** At the end of the current fiscal year, governmental activities and business-type activities had capital assets of \$125,736,830 (net of accumulated depreciation) invested in land, buildings, system improvements, infrastructure, and machinery and equipment. Capital assets increased as a result of purchases and contributed assets.

#### Carroll County's Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 17,848,717	\$ 13,582,800	\$ 45,838	\$ 45,838	\$ 17,894,555	\$ 13,628,638
Construction in progress	7,758,837	956,295	394	394	7,759,231	956,689
Easements	5,785,999	5,785,999	0	0	5,785,999	5,785,999
Buildings	62,207,306	63,188,787	80,864	102,371	62,288,170	63,291,158
Machinery and equipment	15,649,167	13,614,574	400,945	296,314	16,050,112	13,910,888
Land Improvements	1,421,063	1,509,655	0	0	1,421,063	1,509,655
Infrastructure	14,537,700	15,107,317	0	0	14,537,700	15,107,317
<b>Total</b>	<b>\$ 125,208,789</b>	<b>\$ 113,745,427</b>	<b>\$ 528,041</b>	<b>\$ 444,917</b>	<b>\$ 125,736,830</b>	<b>\$ 114,190,344</b>

Additional information on the County's capital assets can be found in Note 10 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

**Long-term Debt.** At the end of the current fiscal year, Carroll County had long-term debt in the governmental activities totaling \$26,355,014. Carroll County's total debt decreased during the current fiscal year by \$8,184,604 due to regularly scheduled principal payments on bonds payable and notes from direct borrowings.

### Carroll County's Outstanding Debt

	Governmental Activities	
	2024	2023
General obligation bonds	\$ 21,335,000	\$ 27,780,000
Original issue premiums	3,003,014	4,032,618
Net general obligation bonds	24,338,014	31,812,618
Notes from direct borrowings	2,017,000	2,727,000
	<u>\$ 26,355,014</u>	<u>\$ 34,539,618</u>

Additional information regarding the County's long-term debt can be found in Notes 11 and 12 of this report.

### Economic Factors and Next Year's Budgets

- The unemployment rate for Carroll County is currently 4.2%, which is an increase from a rate of 3.7% one year ago.
- In the next fiscal year, Carroll County intends to continue to receive revenues from the Special Purpose Local Option Sales Tax (SPLOST). This money will continue to help fund the construction of new roads and bridges, paving of dirt roads, and pay for other capital improvement projects.
- Property, sales, and other taxes are expected to increase over the current fiscal year amounts due to continued economic improvement.
- In future fiscal years, the County will continue to expend funds received from the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund.

All of these factors were considered in preparing Carroll County's budgets for the next fiscal year.

### Requests for Information

This financial report is designed to provide a general overview of Carroll County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Carroll County, 323 Newnan Street, Carrollton, Georgia 30117.

***BASIC FINANCIAL STATEMENTS***

**CARROLL COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2024**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 73,441,655	\$ 3,831,481	\$ 77,273,136	\$ 23,425,825
Certificates of deposit	11,600,028	0	11,600,028	1,564,313
Investments	36,468,148	0	36,468,148	0
Receivables (net)				
Accounts	3,679,231	364,329	4,043,560	1,841,186
Intergovernmental	2,527,164	0	2,527,164	46,961
Taxes	5,050,714	0	5,050,714	0
Interest	51,946	0	51,946	22,421
Leases	333,723	0	333,723	0
Internal balances	17,357	(17,357)	0	0
Inventories	0	0	0	1,760,977
Prepaid items	316,156	0	316,156	644,664
Restricted assets				
Cash and cash equivalents	28,589,786	0	28,589,786	9,659,598
Intergovernmental receivable	2,409,854	0	2,409,854	0
Total current assets	<u>164,485,762</u>	<u>4,178,453</u>	<u>168,664,215</u>	<u>38,965,945</u>
<b>Noncurrent assets</b>				
Leases receivable	4,293,592	0	4,293,592	0
Net OPEB asset	0	0	0	134,524
Capital assets				
Non-depreciable	31,393,553	46,232	31,439,785	61,780,101
Depreciable (net)	<u>93,815,236</u>	<u>481,809</u>	<u>94,297,045</u>	<u>51,186,446</u>
Total noncurrent assets	<u>129,502,381</u>	<u>528,041</u>	<u>130,030,422</u>	<u>113,101,071</u>
<b>Total assets</b>	<u>293,988,143</u>	<u>4,706,494</u>	<u>298,694,637</u>	<u>152,067,016</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on bond refunding	0	0	0	226,168
Pension deferred outflows of resources	582,954	0	582,954	1,290,742
OPEB deferred outflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>162,647</u>
<b>Total deferred outflows of resources</b>	<u>582,954</u>	<u>0</u>	<u>582,954</u>	<u>1,679,557</u>
<b>Total assets and deferred outflows of resources</b>	<u>294,571,097</u>	<u>4,706,494</u>	<u>299,277,591</u>	<u>153,746,573</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	4,484,570	328,206	4,812,776	555,075
Retainages payable	204,240	0	204,240	0
Customer deposits payable	0	0	0	1,467,955
Interest payable	115,799	0	115,799	314,146
Accrued liabilities	5,079,760	0	5,079,760	0
Due to others	94,312	0	94,312	0
Unearned revenue	5,642,176	0	5,642,176	207,242
Compensated absences	1,088,381	6,945	1,095,326	114,848
Notes payable	216,000	0	216,000	0
Bonds payable	6,770,000	0	6,770,000	1,280,000
Post-closure care costs	<u>0</u>	<u>30,660</u>	<u>30,660</u>	<u>0</u>
Total current liabilities	<u>23,695,238</u>	<u>365,811</u>	<u>24,061,049</u>	<u>3,939,266</u>

**CARROLL COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2024**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Noncurrent liabilities</b>				
Compensated absences	\$ 0	\$ 0	\$ 0	\$ 73,405
Net pension liability	935,080	0	935,080	2,853,134
Net OPEB liability	0	0	0	62,051
Notes payable	1,801,000	0	1,801,000	37,332,740
Bonds payable	17,568,014	0	17,568,014	18,203,369
Post-closure care costs	0	1,075,883	1,075,883	0
Total noncurrent liabilities	20,304,094	1,075,883	21,379,977	58,524,699
<b>Total liabilities</b>	43,999,332	1,441,694	45,441,026	62,463,965
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding	0	0	0	65,110
Pension deferred inflows of resources	0	0	0	762,564
OPEB deferred inflows of resources	0	0	0	123,677
Leases	4,454,443	0	4,454,443	0
Total deferred inflows of resources	4,454,443	0	4,454,443	951,351
Total liabilities and deferred inflows of resources	48,453,775	1,441,694	49,895,469	63,415,316
<b>NET POSITION</b>				
Net investment in capital assets	120,393,739	528,041	120,921,780	56,150,438
Restricted for:				
Judicial	1,296,997	0	1,296,997	0
Public safety	8,567,287	0	8,567,287	0
Public works	80,150	0	80,150	0
Health and welfare	248,953	0	248,953	1,445,324
Housing and development	0	0	0	2,808,402
Capital outlay	57,578,631	0	57,578,631	4,937,809
Debt service	208,497	0	208,497	1,601,115
Grant specifications	1,139,680	0	1,139,680	0
Unrestricted	56,603,388	2,736,759	59,340,147	23,388,169
Total net position	\$ 246,117,322	\$ 3,264,800	\$ 249,382,122	\$ 90,331,257

This page intentionally left blank.



**CARROLL COUNTY, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
For the fiscal year ended June 30, 2024

	Expenses	Indirect Costs	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>FUNCTIONS/PROGRAMS</b>						
<b>Primary government</b>						
Governmental activities						
General government	\$ 9,629,473	\$ (250,000)	\$ 2,587,268	\$ 968,068	\$ 96,306	\$ (5,727,831)
Judicial	11,701,571	0	386,354	3,806,487	0	(7,508,730)
Public safety	48,459,563	0	13,457,984	7,459,692	392,460	(27,149,427)
Public works	30,223,385	0	1,010,670	943,797	10,723,214	(17,545,704)
Health and welfare	275,423	0	0	0	0	(275,423)
Culture and recreation	4,467,152	0	1,609,966	424,145	2,055,691	(377,350)
Housing and development	1,695,355	0	0	254,995	0	(1,440,360)
Interest on long-term debt	348,365	0	0	0	0	(348,365)
Total governmental activities	<u>106,800,287</u>	<u>(250,000)</u>	<u>19,052,242</u>	<u>13,857,184</u>	<u>13,267,671</u>	<u>(60,373,190)</u>
<b>Business-type activities</b>						
Solid Waste	4,461,058	250,000	5,369,997	0	0	658,939
Total primary government	<u>111,261,345</u>	<u>0</u>	<u>24,422,239</u>	<u>13,857,184</u>	<u>13,267,671</u>	<u>(59,714,251)</u>
<b>Component Units</b>						
Carroll County Department of Public Health	1,692,842	0	1,079,356	1,085,180	0	471,694
Carroll County Development Authority	27,140	0	0	0	0	(27,140)
Carroll County Water Authority	12,439,091	0	15,752,855	0	3,971,754	7,285,518
Carroll City-County Hospital Authority	0	0	0	0	0	0
Total component units	<u>14,159,073</u>	<u>0</u>	<u>16,832,211</u>	<u>1,085,180</u>	<u>3,971,754</u>	<u>7,730,072</u>
<b>Primary Government</b>						
			<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
<b>Change in net position</b>						
Net (expense) revenue			\$ (60,373,190)	\$ 658,939	\$ (59,714,251)	\$ 7,730,072
<b>General revenues</b>						
<b>Taxes</b>						
Property			36,966,072	0	36,966,072	0
Sales			48,241,765	0	48,241,765	0
Insurance premium			5,982,928	0	5,982,928	0
Occupational			886,989	0	886,989	0
Alcoholic beverage			353,187	0	353,187	0
Other			2,042,893	0	2,042,893	0
Interest and investment earnings			3,297,435	115,609	3,413,044	1,239,256
Other			1,220,614	75,831	1,296,445	0
Total general revenues			<u>98,991,883</u>	<u>191,440</u>	<u>99,183,323</u>	<u>1,239,256</u>
Change in net position			<u>38,618,693</u>	<u>850,379</u>	<u>39,469,072</u>	<u>8,969,328</u>
Net position - beginning (as previously presented)			207,498,629	2,414,421	209,913,050	81,462,467
Change in accounting principle			0	0	0	(100,538)
Net position - beginning (as restated)			<u>207,498,629</u>	<u>2,414,421</u>	<u>209,913,050</u>	<u>81,361,929</u>
Net position - ending			<u>\$ 246,117,322</u>	<u>\$ 3,264,800</u>	<u>\$ 249,382,122</u>	<u>\$ 90,331,257</u>

**CARROLL COUNTY, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2024**

	General	Opioid Settlement	American Rescue Plan
<b>ASSETS</b>			
Cash and cash equivalents	\$ 19,080,444	\$ 860,528	\$ 6,501,116
Certificates of deposit	0	0	0
Investments	26,049,600	0	0
Receivables (net)			
Accounts	121,063	3,026,962	0
Intergovernmental	600,701	0	741,476
Taxes	2,552,352	0	0
Interest	0	0	0
Leases	4,627,315	0	0
Due from other funds	1,189,619	0	0
Prepaid items	165,916	0	0
Restricted assets			
Cash and cash equivalents	248,953	0	0
Intergovernmental receivable	0	0	0
<b>Total assets</b>	<b>\$ 54,635,963</b>	<b>\$ 3,887,490</b>	<b>\$ 7,242,592</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 755,702	\$ 10,614	\$ 383,191
Retainages payable	0	0	0
Accrued liabilities	3,087,219	0	0
Due to other funds	0	849	361,682
Due to others	0	0	0
Unearned revenue	0	0	5,642,176
<b>Total liabilities</b>	<b>3,842,921</b>	<b>11,463</b>	<b>6,387,049</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	653,065	0	0
Unavailable revenue - fines, fees, and forfeitures	0	2,874,367	0
Leases	4,454,443	0	0
<b>Total deferred inflows of resources</b>	<b>5,107,508</b>	<b>2,874,367</b>	<b>0</b>
<b>FUND BALANCES</b>			
Nonspendable prepaid items	165,916	0	0
Nonspendable leases receivable	172,872	0	0
Restricted for:			
Judicial	0	0	0
Public safety	138,501	1,001,660	0
Public works	0	0	0
Health and welfare	248,953	0	0
Capital outlay	0	0	0
Debt service	0	0	0
Grant specifications	0	0	855,543
Committed for general government	2,036,189	0	0
Assigned for:			
Public safety	4,685	0	0
Health and welfare	35,020	0	0
Capital outlay	0	0	0
Unassigned	42,883,398	0	0
<b>Total fund balances</b>	<b>45,685,534</b>	<b>1,001,660</b>	<b>855,543</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 54,635,963</b>	<b>\$ 3,887,490</b>	<b>\$ 7,242,592</b>

2021 SPLOST Debt Service	2015 SPLOST	2021 SPLOST	Nonmajor Governmental Funds	Totals
\$ 289,503	\$ 15,172,873	\$ 14,008,972	\$ 17,528,219	\$ 73,441,655
0	0	11,600,028	0	11,600,028
0	0	10,418,548	0	36,468,148
0	0	0	531,206	3,679,231
0	0	467,262	717,725	2,527,164
0	0	2,490,320	8,042	5,050,714
0	0	51,946	0	51,946
0	0	0	0	4,627,315
0	0	0	86,923	1,276,542
0	0	0	150,240	316,156
0	0	28,305,396	35,437	28,589,786
0	0	2,409,854	0	2,409,854
<u>\$ 289,503</u>	<u>\$ 15,172,873</u>	<u>\$ 69,752,326</u>	<u>\$ 19,057,792</u>	<u>\$ 170,038,539</u>
\$ 1,000	\$ 155,517	\$ 2,931,176	\$ 247,370	\$ 4,484,570
0	0	204,240	0	204,240
0	0	1,992,541	0	5,079,760
0	0	32,216	864,438	1,259,185
0	0	0	94,312	94,312
0	0	0	0	5,642,176
<u>1,000</u>	<u>155,517</u>	<u>5,160,173</u>	<u>1,206,120</u>	<u>16,764,243</u>
0	0	0	0	653,065
0	0	0	0	2,874,367
0	0	0	0	4,454,443
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,981,875</u>
0	0	0	150,240	316,156
0	0	0	0	172,872
0	0	0	1,296,997	1,296,997
0	0	0	4,552,759	5,692,920
0	0	0	80,150	80,150
0	0	0	0	248,953
0	15,017,356	62,182,299	35,437	77,235,092
288,503	0	2,409,854	0	2,698,357
0	0	0	284,137	1,139,680
0	0	0	0	2,036,189
0	0	0	0	4,685
0	0	0	0	35,020
0	0	0	11,451,952	11,451,952
0	0	0	0	42,883,398
<u>288,503</u>	<u>15,017,356</u>	<u>64,592,153</u>	<u>17,851,672</u>	<u>145,292,421</u>
<u>\$ 289,503</u>	<u>\$ 15,172,873</u>	<u>\$ 69,752,326</u>	<u>\$ 19,057,792</u>	<u>\$ 170,038,539</u>

This page intentionally left blank.

**CARROLL COUNTY, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**June 30, 2024**

**Total fund balances - total governmental funds** \$ 145,292,421

Amounts reported for governmental activities in the statement of net position are different because:

Some assets are not financial resources and therefore are not reported in the funds.  
 These are:

Capital assets, net of accumulated depreciation	125,208,789
---	-------------

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the funds.  
 These are:

Property taxes	\$ 653,065	
Fines, fees, and forfeitures	<u>2,874,367</u>	3,527,432

Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	582,954
--	---------

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These are:

Accrued interest payable	(115,799)	
Compensated absences	(1,088,381)	
Net pension liability	(935,080)	
Notes payable	(2,017,000)	
Bonds payable	<u>(24,338,014)</u>	<u>(28,494,274)</u>

Net position of governmental activities	<u><u>\$ 246,117,322</u></u>
---	------------------------------

**CARROLL COUNTY, GEORGIA**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the fiscal year ended June 30, 2024**

	<u>General</u>	<u>Opioid Settlement</u>	<u>American Rescue Plan</u>
<b>REVENUES</b>			
Taxes	\$ 63,862,462	\$ 0	\$ 0
Licenses and permits	743,885	0	0
Fines, fees and forfeitures	3,085,841	628,842	0
Charges for services	7,209,484	0	0
Intergovernmental	795,096	0	15,732,227
Interest and investment earnings	2,457,236	0	550,453
Contributions	65,351	0	0
Other	1,133,768	0	0
<b>Total revenues</b>	<u>79,353,123</u>	<u>628,842</u>	<u>16,282,680</u>
<b>EXPENDITURES</b>			
Current			
General government	11,048,129	43,430	96,396
Judicial	8,135,149	0	1,277,610
Public safety	40,225,996	17,500	392,989
Public works	9,515,265	0	3,965,232
Health and welfare	233,069	0	0
Culture and recreation	5,939,980	0	0
Housing and development	1,574,053	0	0
Capital outlay	0	0	0
Intergovernmental	0	0	0
Debt service	787,052	0	0
<b>Total expenditures</b>	<u>77,458,693</u>	<u>60,930</u>	<u>5,732,227</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,894,430</u>	<u>567,912</u>	<u>10,550,453</u>
Other financing sources (uses)			
Transfers in	10,036,021	0	0
Transfers out	(7,753,515)	0	(10,000,000)
Sale of capital assets	0	0	0
<b>Total other financing sources (uses)</b>	<u>2,282,506</u>	<u>0</u>	<u>(10,000,000)</u>
Net change in fund balance	<u>4,176,936</u>	<u>567,912</u>	<u>550,453</u>
Fund balances, July 1 (as previously presented)	41,508,598		305,090
Change within financial reporting entity	0	433,748	0
Fund balances, July 1 (restated)	<u>41,508,598</u>	<u>433,748</u>	<u>305,090</u>
<b>Fund balances, June 30</b>	<u>\$ 45,685,534</u>	<u>\$ 1,001,660</u>	<u>\$ 855,543</u>

<b>2021 SPLOST Debt Service</b>	<b>2015 SPLOST</b>	<b>2021 SPLOST</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
\$ 0	\$ 0	\$ 30,369,961	\$ 137,713	\$ 94,370,136
0	0	0	0	743,885
0	0	0	2,786,397	6,501,080
0	0	49,304	3,442,664	10,701,452
0	5,880,002	89,606	1,902,992	24,399,923
181,627	432,607	2,213,747	289,746	6,125,416
0	0	0	26,283	91,634
0	0	41,651	45,195	1,220,614
181,627	6,312,609	32,764,269	8,630,990	144,154,140
0	0	0	0	11,187,955
0	0	0	163,845	9,576,604
0	0	0	6,456,082	47,092,567
0	0	0	70,163	13,550,660
0	0	0	0	233,069
0	0	0	0	5,939,980
0	0	0	53,969	1,628,022
0	5,322,484	11,542,155	722,210	17,586,849
0	0	11,563,150	0	11,563,150
7,776,630	0	0	0	8,563,682
7,776,630	5,322,484	23,105,305	7,466,269	126,922,538
(7,595,003)	990,125	9,658,964	1,164,721	17,231,602
7,769,550	0	0	7,867,451	25,673,022
0	0	(7,769,550)	(149,957)	(25,673,022)
0	0	34,657	0	34,657
7,769,550	0	(7,734,893)	7,717,494	34,657
174,547	990,125	1,924,071	8,882,215	17,266,259
113,956	14,027,231	62,668,082	9,403,205	128,026,162
0	0	0	(433,748)	0
113,956	14,027,231	62,668,082	8,969,457	128,026,162
\$ 288,503	\$ 15,017,356	\$ 64,592,153	\$ 17,851,672	\$ 145,292,421

**CARROLL COUNTY, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the fiscal year ended June 30, 2024**

**Net change in fund balances - total governmental funds** **\$ 17,266,259**

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 and reported as depreciation expense.

Capital outlays	\$ 17,877,244	
Depreciation	<u>(6,369,197)</u>	11,508,047

In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.

Cost of assets disposed	(1,509,094)	
Related accumulated depreciation	<u>1,452,875</u>	(56,219)

Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial sources.

Cost of assets contributed from Solid Waste Fund	50,000	
Related accumulated depreciation	(50,000)	
Cost of assets contributed from others	11,534	
Related accumulated depreciation	<u>0</u>	11,534

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Recognition of unavailable revenues		1,253,310
-------------------------------------	--	-----------

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.

Pension contributions	704,535	
Cost of benefits earned, net of employee contributions	<u>(181,742)</u>	522,793

The proceeds of debt issuance, net of premiums, discounts and issuance costs provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.

Notes payable principal payments	710,000	
Bonds payable principal payments	6,445,000	
Amortization of bond premiums	1,029,604	
Increase in accrued interest payable	<u>30,713</u>	8,215,317

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Compensated absences		<u>(102,348)</u>
----------------------	--	------------------

Change in net position of governmental activities		<u><u>\$ 38,618,693</u></u>
---	--	-----------------------------



**CARROLL COUNTY, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2024**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 61,133,500	\$ 64,088,500	\$ 63,862,462	\$ (226,038)
Licenses and permits	776,000	776,000	743,885	(32,115)
Fines, fees and forfeitures	2,884,000	3,034,000	3,085,841	51,841
Charges for services	6,566,000	7,296,000	7,209,484	(86,516)
Intergovernmental	53,000	888,000	795,096	(92,904)
Interest and investment earnings	1,160,241	1,897,798	2,457,236	559,438
Contributions	20,000	62,000	65,351	3,351
Other	604,600	1,064,600	1,133,768	69,168
<b>Total revenues</b>	<b>73,197,341</b>	<b>79,106,898</b>	<b>79,353,123</b>	<b>246,225</b>
<b>EXPENDITURES</b>				
Current				
General government				
County Attorney	315,000	315,000	282,464	32,536
County Commission	1,610,300	1,610,300	1,458,233	152,067
Elections	669,100	701,100	678,287	22,813
General Administration	3,650,900	5,762,500	5,471,565	290,935
Information Technology Services	652,300	656,300	580,721	75,579
Property Tax Appraisal	1,465,800	1,489,800	1,232,318	257,482
Tax Commissioner	1,275,750	1,364,750	1,344,541	20,209
Judicial				
District Attorney	1,416,829	1,416,829	1,418,832	(2,003)
Juvenile Court	873,600	887,600	806,353	81,247
Magistrate Court	668,400	715,400	657,664	57,736
Probate Court	593,600	691,600	617,486	74,114
Clerk of Courts	1,520,350	1,648,350	1,531,288	117,062
Solicitor of State Court	716,000	736,000	746,836	(10,836)
Superior Court	688,460	688,460	557,865	130,595
Public Defender	1,323,327	1,323,327	1,305,047	18,280
State Court	493,180	536,180	493,778	42,402
CASA	10,000	10,000	0	10,000
Public safety				
800 MgH Telecommunications System	216,000	216,000	210,857	5,143
Coroner	131,100	134,800	122,507	12,293
Animal Control	1,165,200	1,256,200	1,221,467	34,733
Ambulance Service	1,611,350	1,611,350	1,611,350	0
Emergency Management	307,000	333,500	306,982	26,518
Fire Department	12,596,020	12,885,020	12,800,883	84,137
Correctional Institute	4,063,100	4,180,100	3,740,779	439,321
Sheriff	19,355,100	20,474,480	20,211,171	263,309
Public works				
Public Works Department	5,549,700	6,415,200	5,868,578	546,622
Solid Waste Disposal and Recycling	4,071,000	4,071,000	3,646,687	424,313
Health and welfare				
Community Services	40,140	40,140	40,140	0
Welfare	119,840	119,840	108,746	11,094
Transit	119,200	119,200	59,183	60,017
West Georgia Mental Health Center	27,500	27,500	25,000	2,500
Culture and recreation				
Recreation Department	2,193,680	2,260,880	2,198,325	62,555
Parks	1,259,400	3,487,591	3,466,654	20,937
Libraries	250,000	275,001	275,001	0

**CARROLL COUNTY, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2024**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES (continued)</b>				
Current				
Housing and development				
Community Development	\$ 1,751,400	\$ 1,871,900	\$ 1,574,053	\$ 297,847
Debt Service				
Health and Welfare				
Welfare	295,065	1,295,065	787,052	508,013
<b>Total expenditures</b>	<u>73,064,691</u>	<u>81,628,263</u>	<u>77,458,693</u>	<u>4,169,570</u>
Excess (deficiency) of revenues over expenditures	<u>132,650</u>	<u>(2,521,365)</u>	<u>1,894,430</u>	<u>4,415,795</u>
Other financing sources (uses)				
Transfers in	30,000	10,030,000	10,036,021	6,021
Transfers out	(38,500)	(7,892,865)	(7,753,515)	139,350
Contingency	(124,150)	(124,150)	0	124,150
<b>Total other financing sources (uses)</b>	<u>(132,650)</u>	<u>2,012,985</u>	<u>2,282,506</u>	<u>269,521</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(508,380)	4,176,936	4,685,316
Fund balances, July 1	<u>0</u>	<u>508,380</u>	<u>41,508,598</u>	<u>41,000,218</u>
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 45,685,534</u></u>	<u><u>\$ 45,685,534</u></u>

**CARROLL COUNTY, GEORGIA**  
**OPIOID SETTLEMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2024**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines, fees and forfeitures	\$ 0	\$ 400,000	\$ 628,842	\$ 228,842
<b>Total revenues</b>	<u>0</u>	<u>400,000</u>	<u>628,842</u>	<u>228,842</u>
<b>EXPENDITURES</b>				
Current				
General government	0	44,000	43,430	570
Public safety	0	356,000	17,500	338,500
<b>Total expenditures</b>	<u>0</u>	<u>400,000</u>	<u>60,930</u>	<u>339,070</u>
Excess (deficiency) of revenues over expenditures	0	0	567,912	567,912
Fund balances, July 1	<u>0</u>	<u>0</u>	<u>433,748</u>	<u>433,748</u>
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,001,660</u></u>	<u><u>\$ 1,001,660</u></u>

**CARROLL COUNTY, GEORGIA**  
**AMERICAN RESCUE PLAN SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2024**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 0	\$ 17,075,000	\$ 15,732,227	\$ (1,342,773)
Interest and investment earnings	0	0	550,453	550,453
<b>Total revenues</b>	<b>0</b>	<b>17,075,000</b>	<b>16,282,680</b>	<b>(792,320)</b>
<b>EXPENDITURES</b>				
Current				
General government	0	96,500	96,396	104
Judicial	0	1,397,000	1,277,610	119,390
Public safety	0	581,500	392,989	188,511
Public works	0	5,000,000	3,965,232	1,034,768
<b>Total expenditures</b>	<b>0</b>	<b>7,075,000</b>	<b>5,732,227</b>	<b>1,342,773</b>
Excess (deficiency) of revenues over expenditures	0	10,000,000	10,550,453	550,453
Other financing sources (uses)				
Transfers out	0	(10,000,000)	(10,000,000)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	550,453	550,453
Fund balances, July 1	0	0	305,090	305,090
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 855,543</b>	<b>\$ 855,543</b>

**CARROLL COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
*June 30, 2024*

	<b>Solid Waste</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 3,831,481
Accounts receivable (net)	364,329
Total current assets	4,195,810
<b>Noncurrent assets</b>	
Capital assets	
Non-depreciable	46,232
Depreciable (net)	481,809
Total noncurrent assets	528,041
<b>Total assets</b>	4,723,851
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	328,206
Compensated absences	6,945
Due to other funds	17,357
Post-closure care costs	30,660
Total current liabilities	383,168
<b>Noncurrent liabilities</b>	
Post-closure care costs	1,075,883
<b>Total liabilities</b>	1,459,051
<b>NET POSITION</b>	
Investment in capital assets	528,041
Unrestricted	2,736,759
<b>Total net position</b>	\$ 3,264,800

**CARROLL COUNTY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**For the fiscal year ended June 30, 2024**

	<b>Solid Waste</b>
<b>OPERATING REVENUES</b>	
Charges for sales and services	\$ 5,369,997
Other	75,831
<b>Total operating revenues</b>	<b>5,445,828</b>
<b>OPERATING EXPENSES</b>	
Costs of sales and services	4,142,829
Personal services	457,464
Depreciation	110,765
<b>Total operating expenses</b>	<b>4,711,058</b>
Operating income (loss)	734,770
Non-operating revenues (expenses)	
Interest and investment earnings	115,609
Change in net position	850,379
Net position, July 1	2,414,421
<b>Net position, June 30</b>	<b>\$ 3,264,800</b>

**CARROLL COUNTY, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the fiscal year ended June 30, 2024**

	<b>Solid Waste</b>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 5,297,944
Payments to suppliers	(4,184,995)
Payments to employees	(456,158)
Other receipts	75,831
Net cash provided (used) by operating activities	732,622
<b>Cash flows from non-capital financing activities:</b>	
Payments to other funds	(25,367)
<b>Cash flows from capital and related financing activities:</b>	
Payments for acquisitions of capital assets	(193,889)
<b>Cash flows from investing activities</b>	
Interest and investment earnings received	115,609
Net increase (decrease) in cash and cash equivalents	628,975
Cash and cash equivalents, July 1	3,202,506
<b>Cash and cash equivalents, June 30</b>	<b>\$ 3,831,481</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	<b>\$ 734,770</b>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	110,765
Landfill closure/postclosure costs	(30,660)
(Increase) decrease in accounts receivable	(72,053)
(Increase) decrease in prepaid items	387
Increase (decrease) in accounts payable	(11,893)
Increase (decrease) in compensated absences	1,306
Total adjustments	(2,148)
Net cash provided (used) by operating activities	<b>\$ 732,622</b>
<b>Noncash investing, capital, and financing activities:</b>	
Distributions of capital assets to governmental activities totaled \$50,000 with related accumulated depreciation of \$50,000.	

**CARROLL COUNTY, GEORGIA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
*June 30, 2024*

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,917,673
Taxes receivable	3,029,507
<b>Total assets</b>	8,947,180
<b>LIABILITIES</b>	
Due to others	5,905,954
<b>NET POSITION</b>	
Restricted for individuals, organizations, and other governments	\$ 3,041,226



**CARROLL COUNTY, GEORGIA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the fiscal year ended June 30, 2024**

	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Taxes collected for other agencies	\$ 123,106,472
Court fees collected for other agencies	6,551,224
Court individual cases	124,622
Sheriff fees collected	28,187
Inmate account deposits	2,016,624
Excess funds collected for others	375,538
<b>Total additions</b>	<b>132,202,667</b>
<b>DEDUCTIONS</b>	
Taxes distributed to other agencies	123,106,472
Court fees distributed to other agencies	5,797,139
Payments to others	397,043
Sheriff fees distributed to other agencies	28,187
Payments from inmates to others	1,991,102
<b>Total deductions</b>	<b>131,319,943</b>
Change in net position	882,724
Net position, July 1	2,158,502
<b>Net position, June 30</b>	<b>\$ 3,041,226</b>

**CARROLL COUNTY, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**June 30, 2024**

	Carroll County Department of Public Health	Development Authority of Carroll County	Carroll County Water Authority	Carroll City- County Hospital Authority	Totals
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 3,379,232	\$ 1,220,243	\$ 18,825,558	\$ 792	\$ 23,425,825
Certificates of deposit	0	1,564,313	0	0	1,564,313
Restricted cash and cash equivalents	0	0	9,659,598	0	9,659,598
Accounts receivable (net)	527	0	1,840,659	0	1,841,186
Interest receivable	0	22,421	0	0	22,421
Intergovernmental receivable	46,961	0	0	0	46,961
Inventories	0	0	1,760,977	0	1,760,977
Prepaid items	0	1,425	643,239	0	644,664
<b>Total current assets</b>	<b>3,426,720</b>	<b>2,808,402</b>	<b>32,730,031</b>	<b>792</b>	<b>38,965,945</b>
<b>Noncurrent assets</b>					
Net OPEB asset	134,524	0	0	0	134,524
Capital assets					
Non-depreciable	0	1,482,258	60,297,843	0	61,780,101
Depreciable (net)	84,595	250,731	50,851,120	0	51,186,446
<b>Total noncurrent assets</b>	<b>219,119</b>	<b>1,732,989</b>	<b>111,148,963</b>	<b>0</b>	<b>113,101,071</b>
<b>Total assets</b>	<b>3,645,839</b>	<b>4,541,391</b>	<b>143,878,994</b>	<b>792</b>	<b>152,067,016</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charges on bond refunding	0	0	226,168	0	226,168
Pension deferred outflows of resources (net)	315,284	0	975,458	0	1,290,742
OPEB deferred outflows of resources (net)	162,647	0	0	0	162,647
<b>Total deferred outflows of resources</b>	<b>477,931</b>	<b>0</b>	<b>1,201,626</b>	<b>0</b>	<b>1,679,557</b>
<b>Total assets and deferred outflows of resources</b>	<b>4,123,770</b>	<b>4,541,391</b>	<b>145,080,620</b>	<b>792</b>	<b>153,746,573</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables					
Accounts	5,954	0	549,121	0	555,075
Customer deposits	0	0	1,467,955	0	1,467,955
Interest	0	0	314,146	0	314,146
Unearned revenue	0	0	207,242	0	207,242
Compensated absences	114,848	0	0	0	114,848
Bonds payable	0	0	1,280,000	0	1,280,000
<b>Total current liabilities</b>	<b>120,802</b>	<b>0</b>	<b>3,818,464</b>	<b>0</b>	<b>3,939,266</b>

**CARROLL COUNTY, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**June 30, 2024**

	Carroll County Department of Public Health	Development Authority of Carroll County	Carroll County Water Authority	Carroll City- County Hospital Authority	Totals
<b>Noncurrent liabilities</b>					
Compensated absences	\$ 73,405	\$ 0	\$ 0	\$ 0	\$ 73,405
Net pension liability	1,353,354	0	1,499,780	0	2,853,134
Net OPEB liability	62,051	0	0	0	62,051
Notes payable	0	0	37,332,740	0	37,332,740
Bonds payable	0	0	18,203,369	0	18,203,369
	<u>1,488,810</u>	<u>0</u>	<u>57,035,889</u>	<u>0</u>	<u>58,524,699</u>
<b>Total noncurrent liabilities</b>	<b>1,488,810</b>	<b>0</b>	<b>57,035,889</b>	<b>0</b>	<b>58,524,699</b>
<b>Total liabilities</b>	<b>1,609,612</b>	<b>0</b>	<b>60,854,353</b>	<b>0</b>	<b>62,463,965</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred gain on refunding	0	0	65,110	0	65,110
Pension deferred inflows of resources (net)	130,785	0	631,779	0	762,564
OPEB deferred inflows of resources (net)	123,677	0	0	0	123,677
<b>Total deferred inflows of resources</b>	<b>254,462</b>	<b>0</b>	<b>696,889</b>	<b>0</b>	<b>951,351</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,864,074</b>	<b>0</b>	<b>61,551,242</b>	<b>0</b>	<b>63,415,316</b>
<b>NET POSITION</b>					
Net investment in capital assets	84,595	1,732,989	54,332,854	0	56,150,438
Restricted for:					
Health and welfare	1,445,324	0	0	0	1,445,324
Housing and development	0	2,808,402	0	0	2,808,402
Capital outlay	0	0	4,937,809	0	4,937,809
Debt service	0	0	1,601,115	0	1,601,115
Unrestricted	729,777	0	22,657,600	792	23,388,169
<b>Total net position</b>	<b>\$ 2,259,696</b>	<b>\$ 4,541,391</b>	<b>\$ 83,529,378</b>	<b>\$ 792</b>	<b>\$ 90,331,257</b>

**CARROLL COUNTY, GEORGIA**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
*For the fiscal year ended June 30, 2024*

	Carroll County Department of Public Health	Development Authority of Carroll County	Carroll County Water Authority	Carroll City- County Hospital Authority	Totals
<b>Expenses</b>					
Public Works	\$ 0	\$ 0	\$ 12,439,091	\$ 0	\$ 12,439,091
Health and Welfare	1,692,842	0	0	0	1,692,842
Housing and Development	0	27,140	0	0	27,140
<b>Total expenses</b>	<u>1,692,842</u>	<u>27,140</u>	<u>12,439,091</u>	<u>0</u>	<u>14,159,073</u>
<b>Program revenues</b>					
Charges for services	1,079,356	0	15,752,855	0	16,832,211
Operating grants and contributions	1,085,180	0	0	0	1,085,180
Capital grants and contributions	0	0	3,971,754	0	3,971,754
Total program revenues	<u>2,164,536</u>	<u>0</u>	<u>19,724,609</u>	<u>0</u>	<u>21,889,145</u>
Net (expense) revenue	471,694	(27,140)	7,285,518	0	7,730,072
<b>General revenues</b>					
Interest and investment earnings	37	113,610	1,125,608	1	1,239,256
Change in net position	471,731	86,470	8,411,126	1	8,969,328
Net position, July 1 (as previously presented)	1,888,503	4,454,921	75,118,252	791	81,462,467
Change in accounting principle	(100,538)	0	0	0	(100,538)
Net position, July 1 (as restated)	<u>1,787,965</u>	<u>4,454,921</u>	<u>75,118,252</u>	<u>791</u>	<u>81,361,929</u>
<b>Net position, June 30</b>	<u>\$ 2,259,696</u>	<u>\$ 4,541,391</u>	<u>\$ 83,529,378</u>	<u>\$ 792</u>	<u>\$ 90,331,257</u>

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**1. Description of Government Unit**

Carroll County, Georgia (the "County") was created by legislative act in 1826 and operates under a County Commissioners form of government, providing the following services as authorized by its charter: public safety, highways and streets, health and social services, culture-recreation, courts, correctional institute, public improvements, planning and zoning, and general administrative services.

The financial statements 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 more significant of the County's accounting policies are described below.

**2. Summary of Significant Accounting Policies**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**B. Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Carroll County (the primary government) and material component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

***B. Reporting Entity, continued***

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, the financial statements of component units have been included either as blended or discretely presented component units.

Discretely Presented Component Units – Discretely presented component units are reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

Carroll County Department of Public Health (the “Health Department”) – The Health Department is governed by a seven-member board consisting of one member of the County Commissioners and three members as appointed by the County Commissioners. The County has the authority to modify and approve the Health Department’s budget and the ability to approve environmental health service fees. The Health Department has a June 30th year-end. Separate financial statements for the Health Department can be obtained by writing to the Carroll County Department of Public Health, 1004 Newnan Road, Carrollton, Georgia 30117.

Development Authority of Carroll County (the “Development Authority”) – The Development Authority is governed by a nine-member board consisting of one member of the County Commissioners and eight members as appointed by the County Commissioners. The Development Authority functions to promote economic development in Carroll County. The Development Authority has a June 30th year-end. Separate financial statements for the Development Authority can be obtained by writing to the Development Authority of Carroll County, 200 Northside Drive, Carrollton, Georgia 30117.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

***B. Reporting Entity, continued***

Carroll City-County Hospital Authority (“the Hospital Authority”) – The Hospital Authority is governed by a nine-member board consisting of one member of the County Commissioners and eight members as appointed by the County Commissioners. The Hospital Authority has issued conduit debt for Tanner Medical Center, which operates two hospitals within the County. The County is obligated to pay the principal and interest on any series of revenue anticipation certificates should there be a default in payment by levying an additional tax. The Hospital Authority has a June 30th year-end. Separate financial statements for the Hospital Authority can be obtained by writing to the Carroll City-County Hospital Authority, 705 Dixie Street, Carrollton, Georgia 30117.

Carroll County Water Authority (the “Water Authority”) – The Water Authority is governed by a nine-member board consisting of seven members appointed by the County Commissioners. The Water Authority provides water and related services to the citizens in Carrollton and Carroll County. The County possesses the authority to review, approve and revise the Water Authority’s budget. The County is obligated to pay the principal and interest on certain Water Authority debt to the Georgia Environmental Facilities Authority (GEFA WS13L02WR, GEFA DW2019024) should there be a default by levying an additional tax. The Water Authority has a June 30th year-end. Separate financial statements for the Water Authority can be obtained by writing to the Carroll County Water Authority, P.O. Box 739, Carrollton, Georgia 30112.

Certain county officials collect and disburse taxes, fees, fines, and other trust receipts. Separate records of accountability are maintained for such receipts. For purposes of this report, these records are included as a part of custodial funds with remittances to the General Fund from these officials recorded as revenue. Operating costs for these officials are included as a part of the County's General Fund. These units include:

Tax Commissioner	Probate Court	Clerk of Court
Sheriff	Magistrate Court	Juvenile Court

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

**C. Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has four discretely presented component units. While they are not considered to be major component units, they are nevertheless aggregated and shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

**General Fund** - The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Opioid Settlement Special Revenue Fund** - accounts for proceeds from national opioid settlements restricted for opioid remediation efforts.



**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

***D. Basis of Presentation – Fund Financial Statements, continued***

***American Rescue Plan Special Revenue Fund*** - accounts for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund.

***2021 SPLOST Debt Service Fund*** - accounts for the resources accumulated and payments made for principal and interest on the General Obligation Sales Tax Bonds, Series 2021.

***2015 SPLOST Capital Projects Fund*** - accounts for the proceeds of a 1 percent local option sales tax approved in 2013 for a period of time not to exceed six years for the purpose of financing long-term projects.

***2021 SPLOST Capital Projects Fund*** - accounts for the proceeds of a 1 percent local option sales tax approved in 2021 for a period of time not to exceed six years for the purpose of financing long-term projects.

The County reports the following major proprietary fund:

***Solid Waste Enterprise Fund*** - accounts for the activities of the County's solid waste management operations. All activities necessary to provide such services are accounted for in the fund.

Additionally, the government reports the following fund types:

***Governmental Fund Types***

***Special Revenue Funds*** - accounts for the proceeds of specific revenue sources that are legally or donor restricted to be expended for specified purposes.

***Debt Service Funds*** - accounts for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

***Capital Projects Funds*** - accounts for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

***D. Basis of Presentation – Fund Financial Statements, continued***

***Fiduciary Fund Types***

***Custodial Funds*** - Custodial Funds are fiduciary in nature and are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held for others.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

***E. Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

***E. Measurement Focus and Basis of Accounting, continued***

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

***F. Revenues and Expenditures/Expenses***

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Solid Waste Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

**G. Budgetary Information**

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund, all Special Revenue Funds, and all Debt Service Funds. All annual appropriations lapse at fiscal year-end. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriations, is utilized in the governmental funds. Encumbrances outstanding at year-end are included in the appropriate fund balance classification and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The County had no outstanding encumbrances at the end of the current fiscal year.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Prior to March 1, the Department Heads submit to the County Chief Administrative Officer a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The proposed budgets are then submitted to the Board of Commissioners by the County Chief Administrative Officer for study.
- 2) Public hearings are conducted at the Historic Courthouse to obtain taxpayer comments.
- 3) Prior to July 1, the budget is legally adopted by the Board of Commissioners.
- 4) The County Chairman is authorized to transfer budgeted amounts between line items within a department; however, any revisions that increase salaries must be approved by the Board of Commissioners. All appropriations at year end lapse.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

**G. Budgetary Information, continued**

- 5) Formal budgetary integration is employed as a measurement control device during the year for the General Fund, Special Revenue Funds, and Debt Service Funds.
  
- 6) The budgets for the General Fund, Special Revenue Funds, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are presented in accordance with finance-related legal and contractual provisions.

**H. Cash and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and other short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the proprietary fund type statement of cash flows, the County considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The statutes of the State of Georgia authorize the County to invest in U.S. Government obligations; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any Corporation of the U.S. Government; State of Georgia obligations and other States; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia; repurchase agreements when collateralized by U.S. Government or agency obligations; prime banker's acceptances; certificates of deposit or time deposit of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

***H. Cash and Investments, continued***

In accordance with the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, the County has reported the investments at fair value. Money market investments and those investments which had a remaining maturity at the time of purchase of one year or less are recorded at amortized cost or cost plus accrued interest, which approximates fair value. The fair value of all other investments are calculated using quoted market prices because these prices have been determined to be the most reliable and verifiable and are the most understood by investors, creditors and other users of financial information.

All investment income including changes in the fair market value of investments has been reported as revenue in the operating statements.

***I. Intergovernmental Receivables***

Receivables from state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

***J. Leases Receivable***

Leases receivable are measured at the present value of lease payments expected to be received during the lease terms. Under the lease agreements, the County may receive variable lease payments that are dependent upon the lessees' revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for each of the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the respective lease.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

***K. Inventories***

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased.

***L. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond the current fiscal year are recorded as prepaid items. The costs of governmental fund-type prepaid items are recorded as expenditures when consumed rather than when purchased.

***M. Capital Assets***

Capital assets, which include property, plant, equipment, intangible assets (i.e., easements) and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend useful lives are expensed as incurred. Major outlays for capital assets and major improvements are capitalized as projects are constructed.

The County has fully implemented the retroactive reporting of infrastructure assets and intangible assets.



**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

***M. Capital Assets, continued***

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	<b><u>Useful Life in Years</u></b>
Buildings	50
Machinery and equipment	5-20
Land improvements	15-30
Infrastructure	40

The County's intangible assets, which are included in the County's capital assets, are considered to have indefinite useful lives, and therefore are not amortized.

***N. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The County reports deferred outflows of resources related to their defined benefit pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County reports deferred inflows of resources for unavailable revenues, which arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines, fees, and forfeitures. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources related to their leases and defined benefit pension plan.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

***O. Net Position Flow Assumption***

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***P. Fund Balance Flow Assumption***

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Q. Restricted Assets and Restricted Net Position***

Restricted assets represent certain resources restricted by funding source or required to be set aside for the repayment of debt. They are maintained in a separate bank account and their use is limited.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of restricted net position.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

**R. Fund Balances – Governmental Funds**

Carroll County implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2012. In the fund financial statements, governmental funds report the following classifications of fund balance:

**Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

**Restricted** – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

**Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution or motion. The Board of Commissioners also may modify or rescind the commitment.

**Assigned** – includes amounts that are intended to be used by the County for a specific purpose, but do not meet the definition of restricted or committed fund balance. Through resolution or motion, the Board of Commissioners has authorized the County's Finance Director or Commission Chairman to assign fund balances.

**Unassigned** – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that should report positive unassigned fund balance. Negative unassigned fund balances may be reported in all funds. The County has not formally adopted a financial policy regarding a General Fund minimum unassigned fund balance.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**2. Summary of Significant Accounting Policies (continued)**

**S. Compensation for Future Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds when it is expected to be liquidated with available resources.

The Health Department employs Georgia State Merit personnel and, therefore, provides employee benefits to include the accumulation of annual leave similar to the benefits provided to other State of Georgia employees.

**T. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as prepaid bond insurance, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Prepaid bond insurance is reported as deferred charges and amortized over the term of the debt. Issuance costs are recognized during the current period.

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2024*

**2. Summary of Significant Accounting Policies (continued)**

***U. Capital Contributions***

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

***V. Use of Estimates in the Preparation of the Financial Statements***

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

**3. Deposit and Investment Risk**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned. The County has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. The County has no 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**

State statutes authorize the government to invest in obligations of the United States Treasury (100%) and of its agencies and instrumentalities (80%); bonds or certificates of indebtedness of this state and of its agencies and instrumentalities (25%); certificates of deposits of banks insured by FDIC (75%); prime bankers' acceptances (10%); the State of Georgia Local Government Investment Pool (100%); repurchase agreements (25%); bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions (0%).

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**3. Deposit and Investment Risk (continued)**

**Concentration of Credit Risk**

Carroll County places no limit on the amount it may invest in any one issuer.

**Foreign currency risk**

The County has no investments denominated in a foreign currency.

The County participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). Assets in this pool are invested in the Georgia Fund 1, created by OCGA §36-83-8, which is a stable net asset investment pool that follows Fitch's criteria for AAAf rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

The Georgia Fund 1 is rated AAAf by Fitch. The weighted average maturity at the end of the current fiscal year was 33 days. At the end of the current fiscal year, the County's balance in Georgia Fund 1 was \$5,164,795.

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2024*

**3. Deposit and Investment Risk (continued)**

Total investments at the end of the current fiscal year are valued at \$36,468,148. The County's investments are United States Treasury debt securities with a weighted average maturity at the end of the current fiscal year of 54 days. The United States Treasury debt securities are measured using Level 2 inputs. Investments categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

**4. Accounts Receivable**

Net accounts receivable at the end of the current fiscal year consist of the following:

**Primary Government:**

**Major Funds**

General Fund	\$ 121,063
Opioid Settlement Special Revenue Fund	3,026,962
Solid Waste Enterprise Fund	364,329

**Nonmajor Funds**

Emergency Telephone System Special Revenue Fund	421,016
Jail House Store Special Revenue Fund	68,953
Correctional Institute Commissary Special Revenue Fund	24,316
Public Safety Special Revenue Fund	15,375
Multiple Grant Special Revenue Fund	<u>1,546</u>

<b>Total primary government</b>	<b><u>\$ 4,043,560</u></b>
---------------------------------	----------------------------

**Component Units:**

Carroll County Department of Public Health	\$ 527
Carroll County Water Authority	<u>1,840,659</u>

<b>Total component units</b>	<b><u>\$ 1,841,186</u></b>
------------------------------	----------------------------

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**5. Intergovernmental Receivables**

Intergovernmental receivables at the end of the current fiscal year consist of the following:

**Primary Government:**

**Major Funds**

General Fund	\$ 600,701
American Rescue Plan Special Revenue Fund	741,476
2021 SPLOST Capital Projects Fund	467,262

**Nonmajor Funds**

DATE Account Special Revenue Fund	7,643
Clerk's Cooperative Special Revenue Fund	5,452
Multiple Grant Special Revenue Fund	704,630

<b>Total primary government</b>	<b>\$ 2,527,164</b>
---------------------------------	---------------------

**Component Units:**

Carroll County Department of Public Health	\$ 46,961
--	-----------

**6. Leases Receivable**

In previous fiscal years, the County entered into two leases with communications providers for the right to use land for towers and one lease with another government agency for the right to use a building. The lease terms vary between 180 and 360 months, when including optional extensions. Monthly payments on the leases vary between \$400 and \$29,167 and provide for annual escalations. Leases receivable are measured as the present value of the future minimum rent payments expected to be received during the lease terms at imputed discount rates ranging between 1.15% and 3.58%. During the current fiscal year, the County recognized \$366,088 of lease revenue (reported as other revenue on the statement of revenues, expenditures, and changes in fund balances) and \$70,392 of interest revenue under the leases. The remaining balance of leases receivable at the end of the current fiscal year is \$4,627,315 in the General Fund.



**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**7. Property Taxes**

Property tax rates are set by the Board of Commissioners each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1<sup>st</sup> each year. Property taxes for digest year 2023, based upon the assessments as of January 1, 2023, were levied on July 25, 2023, billed on October 11, 2023, and due on December 11, 2023.

**8. Interfund Receivables and Payables**

A summary of interfund receivables and payables at the end of the current fiscal year was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Opioid Settlement	\$ 849
	American Rescue Plan	361,682
	Solid Waste	17,357
	Nonmajor Governmental	809,731
Nonmajor Governmental	2021 SPLOST	32,216
	Nonmajor Governmental	<u>54,707</u>
		<u>\$ 1,276,542</u>

The balances reported as Due to/Due from represent loans between the borrower funds and the General Fund. These balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**9. Interfund Transfers**

A summary of interfund transfers for the current fiscal year was as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 7,753,515
American Rescue Plan	General	10,000,000
2021 SPLOST	2021 SPLOST Debt Service	7,769,550
Nonmajor Governmental	General	36,021
	Nonmajor Governmental	<u>113,936</u>
		<u><u>\$ 25,673,022</u></u>

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**10. Capital Assets**

Capital asset activity for the primary government for the current fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Nondepreciable assets				
Land	\$ 13,582,800	\$ 4,265,917	\$ 0	\$ 17,848,717
Construction in progress	956,295	7,800,556	(998,014)	7,758,837
Easements	5,785,999	0	0	5,785,999
Total nondepreciable assets	<u>20,325,094</u>	<u>12,066,473</u>	<u>(998,014)</u>	<u>31,393,553</u>
Depreciable assets				
Buildings	90,835,908	856,287	0	91,692,195
Machinery and equipment	57,814,735	6,014,032	(1,509,094)	62,319,673
Land improvements	2,321,374	0	0	2,321,374
Infrastructure	109,685,936	0	0	109,685,936
Total depreciable assets	<u>260,657,953</u>	<u>6,870,319</u>	<u>(1,509,094)</u>	<u>266,019,178</u>
Less accumulated depreciation				
Buildings	(27,647,121)	(1,837,768)	0	(29,484,889)
Machinery and equipment	(44,200,161)	(3,923,220)	1,452,875	(46,670,506)
Land improvements	(811,719)	(88,592)	0	(900,311)
Infrastructure	(94,578,619)	(569,617)	0	(95,148,236)
Total accumulated depreciation	<u>(167,237,620)</u>	<u>(6,419,197)</u>	<u>1,452,875</u>	<u>(172,203,942)</u>
Total depreciable assets, net	<u>93,420,333</u>	<u>451,122</u>	<u>(56,219)</u>	<u>93,815,236</u>
Governmental activities capital assets, net	<u>\$ 113,745,427</u>	<u>\$ 12,517,595</u>	<u>\$ (1,054,233)</u>	<u>\$ 125,208,789</u>
<b>Business-type activities</b>				
Nondepreciable assets				
Land	\$ 45,838	\$ 0	\$ 0	\$ 45,838
Construction in progress	394	0	0	394
Total nondepreciable assets	<u>46,232</u>	<u>0</u>	<u>0</u>	<u>46,232</u>
Depreciable assets				
Buildings	658,484	0	0	658,484
Equipment	1,160,812	193,889	(50,000)	1,304,701
Land improvements	69,614	0	0	69,614
Total depreciable assets	<u>1,888,910</u>	<u>193,889</u>	<u>(50,000)</u>	<u>2,032,799</u>
Less accumulated depreciation				
Buildings	(556,113)	(21,507)	0	(577,620)
Equipment	(864,498)	(89,258)	50,000	(903,756)
Land improvements	(69,614)	0	0	(69,614)
Total accumulated depreciation	<u>(1,490,225)</u>	<u>(110,765)</u>	<u>50,000</u>	<u>(1,550,990)</u>
Total depreciable assets, net	<u>398,685</u>	<u>83,124</u>	<u>0</u>	<u>481,809</u>
Business-type activities capital assets, net	<u>\$ 444,917</u>	<u>\$ 83,124</u>	<u>\$ 0</u>	<u>\$ 528,041</u>

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**10. Capital Assets (continued)**

Activity for the discretely presented component units is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Carroll County Department of Public Health</b>				
Depreciable assets				
Machinery and equipment	\$ 280,712	\$ 0	\$ 0	\$ 280,712
Vehicles	172,086	0	0	172,086
Total depreciable assets	<u>452,798</u>	<u>0</u>	<u>0</u>	<u>452,798</u>
Less accumulated depreciation				
Machinery and equipment	(180,537)	(27,658)	0	(208,195)
Vehicles	(148,953)	(11,055)	0	(160,008)
Total accumulated depreciation	<u>(329,490)</u>	<u>(38,713)</u>	<u>0</u>	<u>(368,203)</u>
Carroll County Department of Public Health capital assets, net	<u>\$ 123,308</u>	<u>\$ (38,713)</u>	<u>\$ 0</u>	<u>\$ 84,595</u>
<b>Carroll County Water Authority</b>				
Nondepreciable assets				
Land	\$ 12,541,247	\$ 433,690	\$ 0	\$ 12,974,937
Construction in progress	41,945,267	8,359,508	(2,981,869)	47,322,906
Total nondepreciable assets	<u>54,486,514</u>	<u>8,793,198</u>	<u>(2,981,869)</u>	<u>60,297,843</u>
Depreciable assets				
Buildings	848,569	0	0	848,569
Improvements other than buildings	81,667,875	3,894,852	0	85,562,727
Machinery and equipment	600,919	12,176	0	613,095
Vehicles	1,002,834	144,704	0	1,147,538
Total depreciable assets	<u>84,120,197</u>	<u>4,051,732</u>	<u>0</u>	<u>88,171,929</u>
Less accumulated depreciation				
Buildings	(494,214)	(36,661)	0	(530,875)
Improvements other than buildings	(33,804,380)	(1,898,335)	0	(35,702,715)
Machinery and equipment	(352,498)	(39,145)	0	(391,643)
Vehicles	(598,099)	(97,477)	0	(695,576)
Total accumulated depreciation	<u>(35,249,191)</u>	<u>(2,071,618)</u>	<u>0</u>	<u>(37,320,809)</u>
Total depreciable assets, net	<u>48,871,006</u>	<u>1,980,114</u>	<u>0</u>	<u>50,851,120</u>
Carroll County Water Authority capital assets, net	<u>\$ 103,357,520</u>	<u>\$ 10,773,312</u>	<u>\$ (2,981,869)</u>	<u>\$ 111,148,963</u>

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**10. Capital Assets (continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Development Authority of Carroll County</b>				
Nondepreciable assets				
Land and development costs	\$ 1,481,814	\$ 444	\$ 0	\$ 1,482,258
Depreciable assets				
Improvements other than buildings	237,636	26,063	0	263,699
Less accumulated depreciation				
Improvements other than buildings	0	(12,968)	0	(12,968)
Total depreciable assets, net	<u>237,636</u>	<u>13,095</u>	<u>0</u>	<u>250,731</u>
Development Authority of Carroll County capital assets, net	<u>\$ 1,719,450</u>	<u>\$ 13,539</u>	<u>\$ 0</u>	<u>\$ 1,732,989</u>

Depreciation expense was charged to functions/programs as follows:

**Primary Government**

**Governmental activities**

General Government	\$ 602,274
Judicial	524,560
Public Safety	3,394,578
Public Works	1,128,615
Health and Welfare	31,060
Culture and Recreation	616,167
Housing and Development	71,943
Total depreciation expense for governmental activities	<u>\$ 6,369,197</u>

**Business-type activities**

Solid Waste	<u>\$ 110,765</u>
-------------	-------------------

**Carroll County Department of Public Health Component Unit** \$ 38,713

**Carroll County Water Authority Component Unit** \$ 2,071,618

**Development Authority of Carroll County Component Unit** \$ 12,968

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Current year depreciation expense	\$ 6,369,197	\$ 110,765
Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component units	50,000	0
Additions to accumulated depreciation	<u>\$ 6,419,197</u>	<u>\$ 110,765</u>

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2024*

**11. Long-Term Debt**

***Governmental Activities***

***Notes from Direct Borrowings***

In 2019, the County entered into an agreement with a financial institution to finance the purchase of a building. The note is secured by the building. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. The note bears interest at a rate of 3.18% and requires semi-annual payments (February 1 and August 1) varying between \$146,703 and \$148,869 through February 2034. The remaining principal balance at the end of the current fiscal year is \$2,017,000 for the governmental activities.

Annual debt service requirements to maturity for notes from direct borrowings are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 216,000	\$ 62,854	\$ 278,854
2026	224,000	55,876	279,876
2027	231,000	48,641	279,641
2028	238,000	41,199	279,199
2029	246,000	33,516	279,516
2030-2034	862,000	52,867	914,867
Totals	<u>\$ 2,017,000</u>	<u>\$ 294,953</u>	<u>\$ 2,311,953</u>

***General Obligation Bonds***

The County issues general obligation bonds to provide funds to pay, or to be applied or contributed toward, the cost of constructing, improving, expanding and extending public roads, highways, streets and related facilities as well as the acquisition, construction, improvement and expansion of park and recreation facilities, and water system improvement.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**11. Long-Term Debt (continued)**

***Governmental Activities, continued***

***General Obligation Bonds, continued***

General obligation bonds are direct obligations of the County and are payable from the levy of an ad valorem tax, without limitation as to rate or amount, levied on all taxable property, including all real property, within the County subject to taxation for general obligation bond purposes. In certain instances specific revenues are pledged for servicing the debt, but the full faith, credit and taxing power of the County is ultimately responsible.

***General Obligation Sales Tax Bonds, Series 2021:*** During the fiscal year ended June 30, 2021, Carroll County, Georgia issued \$40,000,000 of General Obligation Sales Tax Bonds, Series 2021. The proceeds from the bonds are to be used to fund a portion of the 2021 SPLOST Carroll County projects and City of Villa Rica projects. The bonds are direct and general obligations of the County. The principal of and interest on the Bonds are payable first from a one percent sales and use tax received by the County and the City of Villa Rica. To the extent that the proceeds of the Sales and Use Tax received by the County and the City of Villa Rica are insufficient to make such payments, the principal of and interest on the Bonds are payable from an ad valorem tax, unlimited as to rate or amount, which may be levied upon all taxable property within the territorial limits of the County subject to taxation for general obligation bond purposes. The City of Villa Rica received \$4,568,500 from the bond proceeds. This represents 10% of the bond principal plus premium less a pro rata share of cost of issuance. The bond principal is reflected as a receivable from the City of Villa Rica because the bonds issued are a general obligation of the County. Therefore, the full amount of bonds payable is reflected in the County's liabilities. The City of Villa Rica will pay 10% of the bond interest and principal each year. Interest paid by the City will be recognized as interest income on the receivable, and the County will recognize the full amount of interest expense on the Bonds. The City's portion of bond principal paid will decrease the receivable from the City, while the County will use the proceeds to pay down its bonds payable balance.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**11. Long-Term Debt (continued)**

***Governmental Activities, continued***

***General Obligation Bonds, continued***

The annual requirements to amortize general obligation bonds payable, including interest varying from 4.0% to 5.0%, at the end of the current fiscal year are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 6,770,000	\$ 1,066,750	\$ 7,836,750
2026	7,105,000	728,250	7,833,250
2027	7,460,000	373,000	7,833,000
Totals	<u>\$ 21,335,000</u>	<u>\$ 2,168,000</u>	<u>\$ 23,503,000</u>

**12. Long-Term Liabilities**

***Changes in Long - Term Liabilities***

The following is a summary of changes in long-term liabilities of the County for the current fiscal year:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities</b>					
Bonds payable	\$ 27,780,000	\$ 0	\$ 6,445,000	\$ 21,335,000	\$ 6,770,000
Original issue premium	4,032,618	0	1,029,604	3,003,014	0
Net bonds payable	<u>31,812,618</u>	<u>0</u>	<u>7,474,604</u>	<u>24,338,014</u>	<u>6,770,000</u>
Notes from direct borrowings	2,727,000	0	710,000	2,017,000	216,000
Compensated absences	986,033	1,088,381	986,033	1,088,381	1,088,381
Total governmental activities	<u>\$ 35,525,651</u>	<u>\$ 1,088,381</u>	<u>\$ 9,170,637</u>	<u>\$ 27,443,395</u>	<u>\$ 8,074,381</u>
<b>Business-type activities</b>					
Compensated absences	\$ 5,639	\$ 6,945	\$ 5,639	\$ 6,945	\$ 6,945



**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**12. Long-Term Liabilities (continued)**

***Changes in Long - Term Liabilities, continued***

Bond discounts/premiums are amortized over the life of the related debt using the straight-line method. In prior years, long-term liabilities, such as compensated absences of the governmental activities were liquidated in the General Fund.

The total interest incurred and charged to expense for the current fiscal year was \$348,365 for the governmental activities.

The following is a summary of changes in long-term liabilities of the discretely presented component units for the current fiscal year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Carroll County Department of Public Health</b>					
Compensated absences	\$ 170,607	\$ 86,919	\$ 69,273	\$ 188,253	\$ 114,848
<b>Carroll County Water Authority</b>					
Revenue bonds payable	\$ 19,290,000	\$ 0	\$ 1,245,000	\$ 18,045,000	\$ 1,280,000
Original issue premiums	1,660,946	0	222,577	1,438,369	0
Net revenue bonds	20,950,946	0	1,467,577	19,483,369	1,280,000
Notes from direct borrowings	36,479,567	853,173	0	37,332,740	0
Total Carroll County Water Authority	<u>\$ 57,430,513</u>	<u>\$ 853,173</u>	<u>\$ 1,467,577</u>	<u>\$ 56,816,109</u>	<u>\$ 1,280,000</u>

The beginning balance of compensated absences for the Carroll County Department of Public Health has been adjusted to reflect a change in accounting principle. Additional information regarding the long-term liabilities of the discretely presented component units can be found in the separately issued reports for each entity.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**13. Landfill Post-Closure Care Costs**

The County closed its solid waste landfill in fiscal year 1997. State and federal laws and regulations require the County to perform certain maintenance and monitoring operations at the landfill site for 30 years after official closure; the County has 9 years remaining. The estimated cost of all post closure care activities of \$1,106,543 is reported in the Solid Waste Enterprise Fund. Because of future changes in technology, laws, or regulations, these costs may change.

**14. Net Investment in Capital Assets**

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows at the end of the current fiscal year:

	Governmental Activities	Business-Type Activities
Cost of capital assets	\$ 297,412,731	\$ 2,079,031
Accumulated depreciation	(172,203,942)	(1,550,990)
Book value	125,208,789	528,041
Capital-related accounts payable	(1,387,051)	0
Capital-related retainages payable	(204,240)	0
Capital-related notes payable	(2,017,000)	0
Capital-related bonds payable	(24,338,014)	0
Unspent note and bond proceeds	23,131,255	0
Net investment in capital assets	<u>\$ 120,393,739</u>	<u>\$ 528,041</u>

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**15. Restricted, Committed, and Assigned Fund Balances**

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds at the end of the current fiscal year:

	General	Opioid Settlement	American Rescue Plan	2021 SPLOST Debt Service	2015 SPLOST	2021 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
<b>Restricted for:</b>								
Judicial								
Law library operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 231,265	\$ 231,265
Clerk of Court supplies and equipment	0	0	0	0	0	0	583,471	583,471
Juvenile supervision	0	0	0	0	0	0	162,376	162,376
Alternative dispute resolution	0	0	0	0	0	0	258,334	258,334
Magistrate court technology	0	0	0	0	0	0	61,551	61,551
Public Safety								
Animal shelter	138,501	0	0	0	0	0	0	138,501
Law enforcement	0	0	0	0	0	0	1,100,113	1,100,113
Emergency services	0	0	0	0	0	0	1,532,182	1,532,182
Drug abuse treatment and education	0	0	0	0	0	0	634,875	634,875
Opioid remediation	0	1,001,660	0	0	0	0	0	1,001,660
Inmate welfare	0	0	0	0	0	0	745,926	745,926
Inmate education	0	0	0	0	0	0	192,827	192,827
Sheriff community projects	0	0	0	0	0	0	17,470	17,470
Public Safety activities	0	0	0	0	0	0	329,366	329,366
Public Works								
Street lighting and erosion control	0	0	0	0	0	0	80,150	80,150
Health and Welfare								
Health insurance claims	248,953	0	0	0	0	0	0	248,953
Capital outlay	0	0	0	0	15,017,356	62,182,299	35,437	77,235,092
Debt service	0	0	0	288,503	0	2,409,854	0	2,698,357
Grant specifications	0	0	855,543	0	0	0	284,137	1,139,680
	<u>\$ 387,454</u>	<u>\$ 1,001,660</u>	<u>\$ 855,543</u>	<u>\$ 288,503</u>	<u>\$ 15,017,356</u>	<u>\$ 64,592,153</u>	<u>\$ 6,249,480</u>	<u>\$ 88,392,149</u>
<b>Committed for:</b>								
General Government								
Workers' compensation claims	<u>\$ 2,036,189</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,036,189</u>
<b>Assigned for:</b>								
Public Safety								
Local emergency planning committee	\$ 4,685	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,685
Health and Welfare								
Health insurance costs	35,020	0	0	0	0	0	0	35,020
Capital outlay	0	0	0	0	0	0	11,451,952	11,451,952
	<u>\$ 39,705</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,451,952</u>	<u>\$ 11,491,657</u>

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**16. Retirement Plans**

***Defined Benefit Pension Plan***

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Carroll County Employees (the “Plan”), which is a defined benefit pension plan. This plan covers eligible County employees as of July 15, 1999 who made a one-time irrevocable choice to continue participating in the Plan. No employee hired after July 15, 1999 is eligible to participate in this plan.

*Plan Description.* The Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (the ACCG Plan), an agent multiple-employer defined benefit pension plan administered by the Government Employee Benefits Corporation of Georgia (GEBCorp). The ACCG, in its role as the Plan sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County retains the authority to amend the adoption agreement, which defines the specific operational provisions of the Plan. A separately issued financial report of the Plan may be obtained by writing GEBCORP at 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339.

Participant counts as of January 1, 2023, the date of the most recent actuarial valuation, are as follows:

Retirees, beneficiaries and disablees receiving benefits	45
Terminated plan participants entitled to but not yet receiving benefits	42
Active employees participating in the plan	0
Total number of plan participants	87

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**16. Retirement Plans (continued)**

***Defined Benefit Pension Plan, continued***

*Benefits Provided.* Any full-time employee meeting the provisions as set out in the Adoption Agreement is eligible to participate. No new participants after July 1, 1999. Members who have attained age 65 with 5 years of service are eligible for normal retirement. Members who have attained age 60 with 10 years of service and 3 years of plan participation are eligible for early retirement. Members who have 10 years of service and who are deemed to be totally disabled by the Federal Social Security Administration are eligible for disability retirement. Participants are 100% vested after 5 years of service. Benefits are based on years of credited service. The benefit is payable monthly for life equal to the participant's accrued benefit at retirement. Accrued benefit is calculated as 1.00% of average annual compensation up to \$6,600 plus 1.50% of average annual compensation in excess of \$6,600 plus \$36 multiplied by years of service. The Plan also provides for pre-retirement and post-retirement death benefits.

*Contributions.* The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the minimum funding standards for state and local governmental pension plans. The County's actuarially determined contribution rate for the current fiscal year was \$204,535. There were no active employees participating in the Plan during the current fiscal year. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish, and amend from time-to-time the contribution rates for the County and its plan participants.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At the end of the current fiscal year, the County reported a net pension liability of \$935,080. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. For the current fiscal year, the County recognized pension expense of \$181,742. For governmental activities, the net pension liability is liquidated by the General Fund.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2024*

**16. Retirement Plans (continued)**

***Defined Benefit Pension Plan, continued***

The components of the net pension liability are as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
<b>Balances at December 31, 2022</b>	<u>\$ 2,660,737</u>	<u>\$ 1,573,597</u>	<u>\$ 1,087,140</u>
Changes for the year:			
Interest	174,976	0	174,976
Liability experience (gain)/loss	44,242	0	44,242
Assumption change	4,313	0	4,313
Employer contributions	0	204,536	(204,536)
Net investment income	0	213,140	(213,140)
Benefit payments	(322,173)	(322,173)	0
Administrative expense	0	(18,009)	18,009
Other changes	0	(24,076)	24,076
Net changes	<u>(98,642)</u>	<u>53,418</u>	<u>(152,060)</u>
<b>Balances at December 31, 2023</b>	<u><u>\$ 2,562,095</u></u>	<u><u>\$ 1,627,015</u></u>	<u><u>\$ 935,080</u></u>
Plan fiduciary net position as a percentage of the total pension liability		63.50%	
Covered payroll		\$ 0	
Net pension liability as a percentage of covered payroll		N/A	

At the end of the current fiscal year, the County reported deferred outflows of resources totaling \$500,000 for County contributions subsequent to measurement date and \$82,954 for the net difference between projected and actual earnings on pension plan investments.

The \$500,000 of deferred outflows of resources resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

<b>Fiscal Year Ending June 30,</b>	
2025	\$ 13,563
2026	31,142
2027	59,971
2028	<u>(21,722)</u>
Totals	<u><u>\$ 82,954</u></u>

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**16. Retirement Plans (continued)**

***Defined Benefit Pension Plan, continued***

*Actuarial Assumptions.* The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Future salary increases	N/A
Cost of living adjustments	N/A
Net investment rate of return	7.00%

Healthy mortality rates were based on the Pub-2010 Amount weighted Mortality Table with a blend of 50% of the General Employees Table and 50% of the Public Safety Employees with Scale AA to 2023.

Disabled mortality rates were derived from the 1985 CIDA Table Class 1.

The mortality and economic actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study conducted in February 2024.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**16. Retirement Plans (continued)**

***Defined Benefit Pension Plan, continued***

The pension plan's target asset allocation as of December 31, 2023 is summarized in the following table:

	<u>Target Allocation</u>	<u>Range</u>
Fixed Income	30%	25%-35%
Large Cap	30%	25%-35%
Mid Cap	5%	2.5%-10%
Small Cap	5%	2.5%-10%
REIT	5%	2.5%-10%
International	15%	10%-20%
Multi Cap	5%	2.5%-10%
Global Allocation	5%	2.5%-10%

*Discount Rate.* The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00 percent) or one percentage-point higher (8.00 percent) than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease	6.00%	\$ 1,118,985
Current discount rate	7.00%	935,080
1% increase	8.00%	773,148



**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**16. Retirement Plans (continued)**

***Defined Benefit Pension Plan, continued***

*Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued Association of County Commissioners of Georgia GEBCorp financial report.

***Defined Contribution Plan***

All full-time employees of Carroll County who have performed at least six months of service are allowed to participate in the Carroll County Money Purchase Plan (the "Money Purchase Plan") administered by Nationwide Retirement Solutions Company. This plan is intended to qualify under the Internal Revenue Code Section 401(a). Plan provisions and contribution requirements are established and may be amended by the Carroll County Board of Commissioners. The County is required to contribute 1% of compensation for each participant with less than three years of service and 6% of compensation for each participant with three or more years of service. Participants' vesting in the Money Purchase Plan is based on years of credited service, as defined. A participant becomes 100% vested after five years of credited service. Total County contributions for the current fiscal year were \$1,764,658.

***Deferred Compensation Plan***

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The County contributes a match of up to 3% of compensation. This match is contributed to the Carroll County Money Purchase Plan. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Employee contributions for the current fiscal year were \$1,383,476.

In accordance with GASB Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the assets and liabilities of the County's Deferred Compensation Plan are not included within the County's financial statements.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**16. Retirement Plans (continued)**

***Carroll County Department of Public Health Retirement Plan***

Eligible employees of the Carroll County Department of Public Health participate in the Georgia State Employees' Retirement System (ERS), a statewide multiple-employer public employee retirement system. During the current fiscal year, the Department contributed \$187,519. At the end of the current fiscal year, the Department reported a liability in the amount of \$1,353,354 for its proportionate share (0.022686%) of the net pension liability. The Department recognized pension expense of \$244,411 for the current fiscal year. Further information regarding the plan can be obtained from Department's annual audit report by contacting Carroll County Department of Public Health, 1004 Newnan Road, Carrollton, Georgia 30116.

***Carroll County Water Authority Retirement Plan***

Eligible employees of the Carroll County Water Authority participate in the single employer, defined benefit pension plan for employees of Carroll County Water Authority. During the current fiscal year, the Authority contributed \$903,960 to the plan. At the end of the current fiscal year, the Authority reported a net pension liability in the amount of \$1,499,780. The Authority recognized pension expense of \$1,938,813 for the current fiscal year. Further information regarding the plan can be obtained from Authority's annual audit report by contacting Carroll County Water Authority, 556 Old Bremen Road, Carrollton, Georgia 30117.

***Other Plans***

In addition to the plan above, various County employees are covered under the following plans: Georgia Firefighters' Pension Fund, Georgia State Employees' Retirement System (ERS), Magistrates' Retirement Fund of Georgia, Peace Officers' Annuity and Benefit Fund of Georgia, Probate Judges' Retirement Fund of Georgia, Sheriffs' Retirement Fund of Georgia, and Superior Court Clerks' Retirement Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual reports. These plans are immaterial to the financial statements.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**17. Other Post-Employment Benefits**

***Carroll County Department of Public Health***

Eligible employees of the Carroll County Department of Public Health are provided OPEB through the State of Georgia OPEB Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan and life insurance through the SEAD-OPEB Fund, a cost-sharing multiple-employer defined benefit other post-employment benefit plan. During the current fiscal year, the Department contributed \$96,445. At the end of the current fiscal year, the Department reported a net OPEB asset in the amount of \$134,524 for its proportionate share (0.030504%) for the SEAD-OPEB Fund and a net OPEB liability in the amount of \$62,051 for its proportionate share (0.021892%) for the State of Georgia OPEB. The Department recognized OPEB expense of (\$78,098) for the current fiscal year. Further information regarding the plans can be obtained from Department's annual audit report by contacting Carroll County Department of Public Health, 1004 Newnan Road, Carrollton, Georgia 30116.

**18. Hotel/Motel Lodging Tax**

The County has levied a 6% lodging tax in accordance with OCGA 48-13-51. Twenty percent and forty percent of the tax received is paid to the Carroll County Chamber of Commerce and the Carrollton Area Convention and Visitors Bureau, respectively, to promote tourism within Carroll County. A summary of the transactions for the current fiscal year follows:

Lodging Tax Receipts	\$ 89,923	
Disbursements for trade and tourism	\$ 53,969	60% of tax receipts
Transfers to the General Fund	\$ 36,021	40% of tax receipts

**19. Tax Abatements**

Carroll County is subject to tax incentives granted by various authorities in the County. These incentives are negotiated on an individual basis as a reduction of property taxes based on the percentage negotiated and have the stated purpose of increasing business activity and employment in the County by allowing localities to abate property taxes for a variety of economic development purposes, including business relocation, retention, and expansion. The incentives may be granted to any business located within or promising to relocate to a local government's geographic area and have various requirements regarding job creation and capital investments.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**19. Tax Abatements (continued)**

Each of the incentive agreements contains a recapture provision that requires repayment of a portion of the abatement for that year if the business fails to meet its jobs and/or investment goals. The County has not made any commitments as part of the agreements other than to reduce taxes.

For the current fiscal year, Carroll County property taxes were abated totaling \$277,743 under this program through authorities as follows: \$264,884 through the Carrollton Payroll Development Authority and \$12,859 through the Villa Rica Development Authority. Individual tax abatement agreements that each exceeded ten percent of the total amount abated are as follows:

- Property tax abatement (ranging from 10% to 90% by parcel) for a local manufacturer expanding its manufacturing facilities located in Carroll County. The abatement amounted to \$127,571.
- Property tax abatement (ranging from 20% to 80% by parcel) for a local manufacturer expanding its manufacturing facilities located in Carroll County. The abatement amounted to \$49,386.

**20. Joint Ventures**

Under Georgia law, the County, in conjunction with other cities and counties in the five county west-central Georgia area, is a member of the Three Rivers Regional Commission (TRRC) and is required to pay annual dues thereto. During the current fiscal year, the County paid \$121,968 in such dues. A portion of this amount was paid on behalf of the Cities and Towns within Carroll County. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of regional commissions in Georgia. The TRRC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from Three Rivers Regional Commission, 120 North Hill Street, Griffin, Georgia.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**20. Joint Ventures (continued)**

Carroll County, Haralson County, Coweta County and Heard County are members of the Western Area Regional Radio System Authority, which was created to provide an interoperable, high quality, and reliable and uninterrupted communication signal for public safety and public services. During the current fiscal year, the County paid \$210,350 to the Authority for its annual subscription. The Act creating the Authority provides that obligations of the Authority shall not be deemed to constitute a debt of the establishing local governments nor a pledge of the faith and credit of said establishing local governments. Separate financial statements may be obtained from the Treasurer of the Authority, 155 Van Wert Street, Buchanan, Georgia 30113.

**21. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County purchases commercial insurance to cover property and professional liability claims.

The County participates in the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. Insurance coverage is a \$300,000 per occurrence deductible.

As part of this risk pool, the County is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The fund is to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia, the fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

**21. Risk Management (continued)**

Settled claims in the past three years have not exceeded the coverages.

As required by GASB Statement No. 10 Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, liabilities for claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability is reported in accrued liabilities in the General Fund as expenditures and liabilities to the extent that the amounts are payable with expendable available financial resources.

	<b>Workers' Compensation</b>	<b>Health and Dental</b>	<b>Total</b>
<b>Beginning Balance</b>	\$ 950,000	\$ 736,593	\$ 1,686,593
Incurred claims, net of any changes	417,485	8,353,698	8,771,183
Payments	(727,485)	(8,475,041)	(9,202,526)
<b>Ending Balance</b>	<u>\$ 640,000</u>	<u>\$ 615,250</u>	<u>\$ 1,255,250</u>

**22. Commitments and Contingencies**

***Commitments***

At the end of the current fiscal year, the County has outstanding agreements with contractors for future work on existing construction projects in the approximate amount of \$2,358,565.

***Contingencies***

The County is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. In the opinion of County management, the outcome of these contingencies will not have a material effect on the financial position of the County. The County will continue to assert its position in a defense against these claims.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2024*

**22. Commitments and Contingencies (continued)**

***Contingencies, continued***

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

**23. Nonexchange Financial Guarantees**

The County has entered into agreements with the Carroll County Water Authority at various times related to notes from direct borrowings. The agreements stated if the Authority is unable to pay the principal and interest on its Georgia Environmental Finance Authority notes, the County will levy annually an ad valorem tax sufficient to enable the Authority to meet the obligations under the terms of the notes. The notes require monthly payments of principal and interest through 2051, with interest rates ranging between 1.40% and 1.86%. At the end of the current fiscal year, the total outstanding principal balance of the notes is \$37,332,740. The agreements will remain in effect until such time as the notes have been paid in full. The County has not made any payments on the notes and does not anticipate future payments on the notes.

The County has entered into contracts with the Carroll City-County Hospital Authority at various times for debt issuances for Tanner Medical Center, Inc. (TMC). The contracts stated if TMC is unable to pay the principal and interest on any series of certificates, the County will levy annually an ad valorem tax sufficient to enable the Authority to meet the obligations under the terms of the certificates. At the end of the current fiscal year, the outstanding principal balance of the certificates is \$200,956,000. The agreement will remain in effect until such time as the certificates have been paid in full. The County has not made any payments on the certificates and does not anticipate future payments on the certificates.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2024*

**24. Changes Within Financial Reporting Entity**

During the current fiscal year, changes within the financial reporting entity were as follows:

	<b>Reporting Units Affected by Restatements of Beginning Balances</b>	
	<b>Opioid Settlement</b>	<b>Nonmajor Governmental Funds</b>
<b>July 1, 2023 (as previously presented)</b>	\$ 0	\$ 433,748
Change from nonmajor to major fund	433,748	(433,748)
<b>July 1, 2023 (as restated)</b>	\$ 433,748	\$ 0

**25. New Accounting Pronouncements**

The County implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for the County's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2023. This statement had no effect on net position of the County.



***REQUIRED SUPPLEMENTARY INFORMATION***

**CARROLL COUNTY, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2024**  
**(Unaudited)**

	Fiscal Year End			
	2024	2023	2022	2021
<b>Total pension liability</b>				
Service cost	\$ 0	\$ 0	\$ 0	\$ 0
Interest	174,976	186,359	193,617	198,078
Liability experience (gain)/loss	44,242	(59,400)	(39,795)	(6,463)
Assumption change	4,313	4,453	5,844	4,685
Benefit payments	<u>(322,173)</u>	<u>(265,887)</u>	<u>(260,825)</u>	<u>(259,244)</u>
Net change in total pension liability	(98,642)	(134,475)	(101,159)	(62,944)
Total pension liability - beginning	<u>2,660,737</u>	<u>2,795,212</u>	<u>2,896,371</u>	<u>2,959,315</u>
<b>Total pension liability - ending (a)</b>	<b><u>\$ 2,562,095</u></b>	<b><u>\$ 2,660,737</u></b>	<b><u>\$ 2,795,212</u></b>	<b><u>\$ 2,896,371</u></b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 204,536	\$ 165,717	\$ 134,834	\$ 83,278
Net investment income	213,140	(273,467)	273,446	217,069
Benefit payments	(322,173)	(265,887)	(260,825)	(259,244)
Administrative expense	(18,009)	(16,091)	(14,231)	(14,642)
Other	<u>(24,076)</u>	<u>(14,016)</u>	<u>(35,295)</u>	<u>(36,350)</u>
Net change in plan fiduciary net position	53,418	(403,744)	97,929	(9,889)
Plan fiduciary net position - beginning	<u>1,573,597</u>	<u>1,977,341</u>	<u>1,879,412</u>	<u>1,889,301</u>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 1,627,015</u></b>	<b><u>\$ 1,573,597</u></b>	<b><u>\$ 1,977,341</u></b>	<b><u>\$ 1,879,412</u></b>
<b>Net pension liability - ending : (a) - (b)</b>	<b><u>\$ 935,080</u></b>	<b><u>\$ 1,087,140</u></b>	<b><u>\$ 817,871</u></b>	<b><u>\$ 1,016,959</u></b>
Plan's fiduciary net position as a percentage of the total pension liability	63.50%	59.14%	70.74%	64.89%
Covered payroll	\$ 0	\$ 0	\$ 0	\$ 0
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

**Fiscal Year End**

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 0	\$ 0	\$ 2,243	\$ 2,124	\$ 1,921	\$ 5,083
204,405	206,967	218,928	232,686	227,128	237,959
(138,419)	71,133	(120,182)	(91,285)	36,284	0
111,290	57,126	6,638	53,358	75,362	0
<u>(276,082)</u>	<u>(263,624)</u>	<u>(281,585)</u>	<u>(277,765)</u>	<u>(255,422)</u>	<u>(259,744)</u>
(98,806)	71,602	(173,958)	(80,882)	85,273	(16,702)
<u>3,058,121</u>	<u>2,986,519</u>	<u>3,160,477</u>	<u>3,241,359</u>	<u>3,156,086</u>	<u>3,172,788</u>
<u>\$ 2,959,315</u>	<u>\$ 3,058,121</u>	<u>\$ 2,986,519</u>	<u>\$ 3,160,477</u>	<u>\$ 3,241,359</u>	<u>\$ 3,156,086</u>
\$ 31,995	\$ 45,757	\$ 37,554	\$ 85,263	\$ 103,667	\$ 100,314
106,588	(84,350)	314,095	140,860	20,413	165,163
(276,082)	(263,624)	(281,585)	(277,765)	(255,422)	(250,356)
(13,788)	(2,930)	(1,104)	(5,076)	(1,655)	(1,778)
<u>(10,652)</u>	<u>(10,727)</u>	<u>(42,470)</u>	<u>(32,933)</u>	<u>(16,865)</u>	<u>(22,450)</u>
(161,939)	(315,874)	26,490	(89,651)	(149,862)	(9,107)
<u>2,051,240</u>	<u>2,367,114</u>	<u>2,340,624</u>	<u>2,430,275</u>	<u>2,580,137</u>	<u>2,589,244</u>
<u>\$ 1,889,301</u>	<u>\$ 2,051,240</u>	<u>\$ 2,367,114</u>	<u>\$ 2,340,624</u>	<u>\$ 2,430,275</u>	<u>\$ 2,580,137</u>
<u>\$ 1,070,014</u>	<u>\$ 1,006,881</u>	<u>\$ 619,405</u>	<u>\$ 819,853</u>	<u>\$ 811,084</u>	<u>\$ 575,949</u>
63.84%	67.08%	79.26%	74.06%	74.98%	81.75%
\$ 0	\$ 0	\$ 45,111	\$ 136,476	\$ 127,509	\$ 169,344
N/A	N/A	1373.07%	600.73%	636.10%	340.11%

**CARROLL COUNTY, GEORGIA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2024**  
**(Unaudited)**

	Fiscal Year End			
	2024	2023	2022	2021
Actuarially determined contribution	\$ 204,535	\$ 165,717	\$ 134,834	\$ 83,278
Contributions in relation to the actuarially determined contribution	<u>(204,535)</u>	<u>(165,717)</u>	<u>(134,834)</u>	<u>(83,278)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 0	\$ 0	\$ 0	\$ 0
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

**Fiscal Year End**

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 31,995	\$ 45,757	\$ 37,554	\$ 85,263	\$ 103,667	\$ 100,314
<u>(31,995)</u>	<u>(45,757)</u>	<u>(37,554)</u>	<u>(85,263)</u>	<u>(103,667)</u>	<u>(100,314)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 46,182	\$ 143,004	\$ 129,459
N/A	N/A	N/A	184.62%	72.49%	77.49%

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2024**

**1. Valuation Date**

The actuarially determined contribution rate was determined as of January 1, 2023 with an interest adjustment to the fiscal year.

**2. Methods and Assumptions Used to Determine Contribution Rates**

Actuarial cost method = Entry age normal

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 14 years

Asset valuation method = Smoothed market value with a 5-year smoothing period

Net investment rate of return = 7.00%

Projected salary increases = N/A

Cost of living adjustments = N/A

Normal retirement age for inactive vested participants = 65 with 5 years of vesting service

Mortality = Healthy mortality rates were based on the Pub-2010 Amount weighted Mortality Table with a blend of 50% of the General Employees Table and 50% of the Public Safety Employees with Scale AA to 2023. Disabled mortality rates were derived from the 1985 CIDA Table Class 1.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2024**

**3. Changes in Benefits**

There have been no substantive changes since the last actuarial valuation.

**4. Changes of Assumptions**

The mortality improvements for the Pub-2010 50% General Employees Table and 50% Public Safety Employees Amount Weighted Mortality Table is projected to 2023 instead of 2022 with Scale AA.

The adjustment to the base salary increase rate was increased from 1.0% to 1.5% for participants under age 30.

The turnover table was extended to age 60.

The disability table was changed to reflect actual disabilities.

The retirement rates were updated to reflect actual retirement rates over the past five years.

This page intentionally left blank.



**COMBINING STATEMENTS**  
***Nonmajor Governmental Funds***

This page intentionally left blank.

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Sheriff's Narcotics Fund – This fund is used to account for cash received either as a result of a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

Emergency Telephone System Fund – This fund is used to account for the County's emergency communications operations by providing an open channel between the citizens and public safety providers.

Hotel/Motel Tax Fund – This fund is used to account for funds collected from the hotel/motel tax and disbursed to other agencies for the promotion of tourism.

Special Tax District Fund – This fund is used to account for the additional tax monies paid by citizens who wish to have street lights and erosion control provided by the County.

DATE Account Fund – This fund is used to account for funds restricted for County DATE projects.

Law Library Fund – This fund is used to account for the resources received from the various courts of Carroll County and disbursements for the support of a centralized law library.

Clerk's Cooperative Fund – This fund is used to account for a state grant to help with the costs of indexing deed records.

Juvenile Court - Supervision Fee Fund – This fund is used to account for the supervision fees received relating to the operation of the Juvenile Court.

Jail House Store Fund – This fund is used to account for the proceeds of the jail inmate commissary sales.

Correctional Institute Commissary Fund – This fund is used to account for proceeds of correctional institute inmate commissary sales.

Correctional Institute Inmate Education Fund – This fund is used to account for state grant funds to provide correctional institute inmate education.

Alternative Dispute Resolution Fund – This fund is used to account for funds restricted for alternative dispute resolution.

Special Projects Fund – This fund is used to account for funds restricted for Sheriff community projects.

Magistrate Technology Fund – This fund is used to account for funds restricted for Magistrate Court technology.

Public Safety Fund – This fund is used to account for fines, fees and forfeitures restricted for public safety.

Multiple Grant Fund – This fund is used to account for grants received restricted for special purposes.

### **CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

DFACS Fund – This fund is used to account for financial resources to be used for construction of a facility for DFACS financed by lease proceeds.

Capital Projects Fund – This fund is used to account for the general acquisition of capital equipment and facilities.

**CARROLL COUNTY, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2024**

	Special Revenue							Juvenile Court Supervision Fee
	Sheriff's Narcotics	Emergency Telephone System	Hotel/Motel Tax	Special Tax District	DATE Account	Law Library	Clerk's Cooperative	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,220,648	\$ 1,575,098	\$ 0	\$ 84,509	\$ 629,726	\$ 231,265	\$ 578,019	\$ 162,376
Receivables								
Accounts	0	421,016	0	0	0	0	0	0
Intergovernmental	0	0	0	0	7,643	0	5,452	0
Taxes	0	0	8,042	0	0	0	0	0
Due from other funds	0	0	0	0	26,223	0	0	0
Prepaid items	18,240	0	0	0	0	0	0	0
Restricted cash and cash equivalents	0	0	0	0	0	0	0	0
<b>Total assets</b>	<b>\$ 1,238,888</b>	<b>\$ 1,996,114</b>	<b>\$ 8,042</b>	<b>\$ 84,509</b>	<b>\$ 663,592</b>	<b>\$ 231,265</b>	<b>\$ 583,471</b>	<b>\$ 162,376</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable	\$ 0	\$ 103,461	\$ 4,837	\$ 4,359	\$ 0	\$ 0	\$ 0	\$ 0
Due to other funds	26,223	360,471	3,205	0	28,717	0	0	0
Due to others	94,312	0	0	0	0	0	0	0
<b>Total liabilities</b>	<b>120,535</b>	<b>463,932</b>	<b>8,042</b>	<b>4,359</b>	<b>28,717</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund balances</b>								
Nonspendable prepaid items	18,240	0	0	0	0	0	0	0
Restricted for:								
Judicial	0	0	0	0	0	231,265	583,471	162,376
Public safety	1,100,113	1,532,182	0	0	634,875	0	0	0
Public works	0	0	0	80,150	0	0	0	0
Capital outlay	0	0	0	0	0	0	0	0
Grant specifications	0	0	0	0	0	0	0	0
Assigned for capital outlay	0	0	0	0	0	0	0	0
<b>Total fund balances</b>	<b>1,118,353</b>	<b>1,532,182</b>	<b>0</b>	<b>80,150</b>	<b>634,875</b>	<b>231,265</b>	<b>583,471</b>	<b>162,376</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,238,888</b>	<b>\$ 1,996,114</b>	<b>\$ 8,042</b>	<b>\$ 84,509</b>	<b>\$ 663,592</b>	<b>\$ 231,265</b>	<b>\$ 583,471</b>	<b>\$ 162,376</b>

Special Revenue								Capital Projects		Total Nonmajor Governmental Funds
Jail House Store	Correctional Institute Commissary	Correctional Institute Inmate Education	Alternative Dispute Resolution	Special Projects	Magistrate Technology	Public Safety	Multiple Grant	DFACS	Capital Projects	
\$ 80,961	\$ 620,696	\$ 143,827	\$ 265,007	\$ 17,470	\$ 61,551	\$ 380,085	\$ 0	\$ 0	\$ 11,476,981	\$ 17,528,219
68,953	24,316	0	0	0	0	15,375	1,546	0	0	531,206
0	0	0	0	0	0	0	704,630	0	0	717,725
0	0	0	0	0	0	0	0	0	0	8,042
0	0	0	0	0	0	0	60,700	0	0	86,923
0	0	0	0	0	0	0	0	0	132,000	150,240
0	0	0	0	0	0	0	0	35,437	0	35,437
<u>\$ 149,914</u>	<u>\$ 645,012</u>	<u>\$ 143,827</u>	<u>\$ 265,007</u>	<u>\$ 17,470</u>	<u>\$ 61,551</u>	<u>\$ 395,460</u>	<u>\$ 766,876</u>	<u>\$ 35,437</u>	<u>\$ 11,608,981</u>	<u>\$ 19,057,792</u>
\$ 0	\$ 0	\$ 0	\$ 650	\$ 0	\$ 0	\$ 66,094	\$ 42,940	\$ 0	\$ 25,029	\$ 247,370
0	0	0	6,023	0	0	0	439,799	0	0	864,438
0	0	0	0	0	0	0	0	0	0	94,312
0	0	0	6,673	0	0	66,094	482,739	0	25,029	1,206,120
0	0	0	0	0	0	0	0	0	132,000	150,240
0	0	0	258,334	0	61,551	0	0	0	0	1,296,997
149,914	645,012	143,827	0	17,470	0	329,366	0	0	0	4,552,759
0	0	0	0	0	0	0	0	0	0	80,150
0	0	0	0	0	0	0	0	35,437	0	35,437
0	0	0	0	0	0	0	284,137	0	0	284,137
0	0	0	0	0	0	0	0	0	11,451,952	11,451,952
<u>149,914</u>	<u>645,012</u>	<u>143,827</u>	<u>258,334</u>	<u>17,470</u>	<u>61,551</u>	<u>329,366</u>	<u>284,137</u>	<u>35,437</u>	<u>11,583,952</u>	<u>17,851,672</u>
<u>\$ 149,914</u>	<u>\$ 645,012</u>	<u>\$ 143,827</u>	<u>\$ 265,007</u>	<u>\$ 17,470</u>	<u>\$ 61,551</u>	<u>\$ 395,460</u>	<u>\$ 766,876</u>	<u>\$ 35,437</u>	<u>\$ 11,608,981</u>	<u>\$ 19,057,792</u>

**CARROLL COUNTY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the fiscal year ended June 30, 2024**

	Special Revenue							Juvenile Court Supervision Fee
	Sheriff's Narcotics	Emergency Telephone System	Hotel/Motel Tax	Special Tax District	DATE Account	Law Library	Clerk's Cooperative	
<b>REVENUES</b>								
Taxes	\$ 0	\$ 0	\$ 89,923	\$ 47,790	\$ 0	\$ 0	\$ 0	\$ 0
Fines, fees, and forfeitures	1,878,260	0	0	0	203,797	74,682	0	0
Charges for services	0	2,612,282	0	783	0	0	0	689
Intergovernmental	30,000	11,072	0	0	56,946	0	69,912	0
Interest and investment earnings	34,932	33,863	67	657	16,158	1,549	20,288	102
Contributions	0	0	0	0	0	0	0	0
Other	32,056	11,940	0	0	1,072	0	0	0
<b>Total revenues</b>	<b>1,975,248</b>	<b>2,669,157</b>	<b>89,990</b>	<b>49,230</b>	<b>277,973</b>	<b>76,231</b>	<b>90,200</b>	<b>791</b>
<b>EXPENDITURES</b>								
Current								
Judicial	0	0	0	0	0	35,793	56,107	685
Public safety	1,241,522	2,418,746	0	0	419	0	0	0
Public works	0	0	0	57,175	0	0	0	0
Housing and development	0	0	53,969	0	0	0	0	0
Capital outlay	0	0	0	0	0	0	0	0
<b>Total expenditures</b>	<b>1,241,522</b>	<b>2,418,746</b>	<b>53,969</b>	<b>57,175</b>	<b>419</b>	<b>35,793</b>	<b>56,107</b>	<b>685</b>
Excess (deficiency) of revenues over (under) expenditures	733,726	250,411	36,021	(7,945)	277,554	40,438	34,093	106
Other financing sources (uses)								
Transfers in	0	0	0	0	0	0	0	0
Transfers out	0	0	(36,021)	0	(113,936)	0	0	0
Total other financing sources (uses)	0	0	(36,021)	0	(113,936)	0	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	733,726	250,411	0	(7,945)	163,618	40,438	34,093	106
Fund balances, July 1 (as previously presented)	384,627	1,281,771	0	88,095	471,257	190,827	549,378	162,270
Change within financial reporting entity	0	0	0	0	0	0	0	0
Fund balances, July 1 (restated)	384,627	1,281,771	0	88,095	471,257	190,827	549,378	162,270
<b>Fund balances, June 30</b>	<b>\$ 1,118,353</b>	<b>\$ 1,532,182</b>	<b>\$ 0</b>	<b>\$ 80,150</b>	<b>\$ 634,875</b>	<b>\$ 231,265</b>	<b>\$ 583,471</b>	<b>\$ 162,376</b>

Special Revenue								Capital Projects			Total Nonmajor Governmental Funds
Jail House Store	Correctional Institute Commissary	Correctional Institute Inmate Education	Alternative Dispute Resolution	Special Projects	Magistrate Technology	Public Safety	Formerly Nonmajor Opioid Settlement	Multiple Grant	DFACS	Capital Projects	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 137,713
0	0	0	106,436	0	18,693	456,926	0	47,603	0	0	2,786,397
562,572	266,338	0	0	0	0	0	0	0	0	0	3,442,664
0	0	0	0	0	0	0	0	1,735,062	0	0	1,902,992
557	3,955	1,071	1,784	0	379	30,958	0	0	1,544	141,882	289,746
10,000	0	0	0	16,283	0	0	0	0	0	0	26,283
0	0	0	0	127	0	0	0	0	0	0	45,195
<u>573,129</u>	<u>270,293</u>	<u>1,071</u>	<u>108,220</u>	<u>16,410</u>	<u>19,072</u>	<u>487,884</u>	<u>0</u>	<u>1,782,665</u>	<u>1,544</u>	<u>141,882</u>	<u>8,630,990</u>
0	0	0	71,260	0	0	0	0	0	0	0	163,845
500,234	227,175	0	0	46,055	0	403,205	0	1,618,726	0	0	6,456,082
0	0	0	0	0	0	0	0	12,988	0	0	70,163
0	0	0	0	0	0	0	0	0	0	0	53,969
0	0	0	0	0	0	0	0	0	0	722,210	722,210
<u>500,234</u>	<u>227,175</u>	<u>0</u>	<u>71,260</u>	<u>46,055</u>	<u>0</u>	<u>403,205</u>	<u>0</u>	<u>1,631,714</u>	<u>0</u>	<u>722,210</u>	<u>7,466,269</u>
<u>72,895</u>	<u>43,118</u>	<u>1,071</u>	<u>36,960</u>	<u>(29,645)</u>	<u>19,072</u>	<u>84,679</u>	<u>0</u>	<u>150,951</u>	<u>1,544</u>	<u>(580,328)</u>	<u>1,164,721</u>
0	0	0	0	0	0	0	0	133,186	0	7,734,265	7,867,451
0	0	0	0	0	0	0	0	0	0	0	(149,957)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>133,186</u>	<u>0</u>	<u>7,734,265</u>	<u>7,717,494</u>
<u>72,895</u>	<u>43,118</u>	<u>1,071</u>	<u>36,960</u>	<u>(29,645)</u>	<u>19,072</u>	<u>84,679</u>	<u>0</u>	<u>284,137</u>	<u>1,544</u>	<u>7,153,937</u>	<u>8,882,215</u>
77,019	601,894	142,756	221,374	47,115	42,479	244,687	433,748	0	33,893	4,430,015	9,403,205
0	0	0	0	0	0	0	(433,748)	0	0	0	(433,748)
<u>77,019</u>	<u>601,894</u>	<u>142,756</u>	<u>221,374</u>	<u>47,115</u>	<u>42,479</u>	<u>244,687</u>	<u>0</u>	<u>0</u>	<u>33,893</u>	<u>4,430,015</u>	<u>8,969,457</u>
<u>\$ 149,914</u>	<u>\$ 645,012</u>	<u>\$ 143,827</u>	<u>\$ 258,334</u>	<u>\$ 17,470</u>	<u>\$ 61,551</u>	<u>\$ 329,366</u>	<u>\$ 0</u>	<u>\$ 284,137</u>	<u>\$ 35,437</u>	<u>\$ 11,583,952</u>	<u>\$ 17,851,672</u>

**CARROLL COUNTY, GEORGIA  
SHERIFF'S NARCOTICS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Fines, fees and forfeitures	\$ 1,241,500	\$ 1,878,260	\$ 636,760
Intergovernmental	0	30,000	30,000
Interest and investment earnings	500	34,932	34,432
Other	0	32,056	32,056
<b>Total revenues</b>	<u>1,242,000</u>	<u>1,975,248</u>	<u>733,248</u>
<b>EXPENDITURES</b>			
Current			
Public Safety			
Contract services	0	239,071	(239,071)
Materials and supplies	1,242,000	466,406	775,594
Capital outlay	0	332,853	(332,853)
Payments to others	0	203,192	(203,192)
<b>Total expenditures</b>	<u>1,242,000</u>	<u>1,241,522</u>	<u>478</u>
Excess (deficiency) of revenues over (under) expenditures	0	733,726	733,726
Fund balances, July 1	<u>0</u>	<u>384,627</u>	<u>384,627</u>
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 1,118,353</u>	<u>\$ 1,118,353</u>



**CARROLL COUNTY, GEORGIA  
EMERGENCY TELEPHONE SYSTEM  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 2,444,000	\$ 2,612,282	\$ 168,282
Intergovernmental	0	11,072	11,072
Interest and investment earnings	5,000	33,863	28,863
Other	0	11,940	11,940
<b>Total revenues</b>	<u>2,449,000</u>	<u>2,669,157</u>	<u>220,157</u>
<b>EXPENDITURES</b>			
Current			
Public Safety			
Personal services	2,141,350	1,957,765	183,585
Contract services	303,650	387,411	(83,761)
Materials and supplies	59,000	56,439	2,561
Capital outlay	5,000	17,131	(12,131)
<b>Total expenditures</b>	<u>2,509,000</u>	<u>2,418,746</u>	<u>90,254</u>
Excess (deficiency) of revenues over (under) expenditures	(60,000)	250,411	310,411
Other financing sources (uses)			
Transfers in (out)			
General Fund	60,000	0	(60,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	250,411	250,411
Fund balances, July 1	0	1,281,771	1,281,771
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 1,532,182</u>	<u>\$ 1,532,182</u>

**CARROLL COUNTY, GEORGIA  
HOTEL/MOTEL TAX  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Taxes	\$ 100,000	\$ 89,923	\$ (10,077)
Interest and investment earnings	0	67	67
<b>Total revenues</b>	<u>100,000</u>	<u>89,990</u>	<u>(10,010)</u>
<b>EXPENDITURES</b>			
Current			
Housing and Development			
Payments to others	<u>100,000</u>	<u>53,969</u>	<u>46,031</u>
<b>Total expenditures</b>	<u>100,000</u>	<u>53,969</u>	<u>46,031</u>
Excess (deficiency) of revenues over (under) expenditures	0	36,021	36,021
Other financing sources (uses)			
Transfers in (out)			
General Fund	<u>0</u>	<u>(36,021)</u>	<u>(36,021)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0
Fund balances, July 1	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**CARROLL COUNTY, GEORGIA  
SPECIAL TAX DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Taxes	\$ 48,200	\$ 47,790	\$ (410)
Charges for services	0	783	783
Interest and investment earnings	150	657	507
<b>Total revenues</b>	<u>48,350</u>	<u>49,230</u>	<u>880</u>
<b>EXPENDITURES</b>			
Current			
Public Works			
Contract services	<u>58,350</u>	<u>57,175</u>	<u>1,175</u>
<b>Total expenditures</b>	<u>58,350</u>	<u>57,175</u>	<u>1,175</u>
Excess (deficiency) of revenues over (under) expenditures	(10,000)	(7,945)	2,055
Fund balances, July 1	<u>10,000</u>	<u>88,095</u>	<u>78,095</u>
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 80,150</u>	<u>\$ 80,150</u>

**CARROLL COUNTY, GEORGIA**  
**DATE ACCOUNT**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Fines, fees and forfeitures	\$ 116,936	\$ 203,797	\$ 86,861
Intergovernmental	0	56,946	56,946
Interest and investment earnings	2,000	16,158	14,158
Other	0	1,072	1,072
<b>Total revenues</b>	<u>118,936</u>	<u>277,973</u>	<u>159,037</u>
<b>EXPENDITURES</b>			
Current			
Public Safety			
Personal services	0	419	(419)
Contract services	5,000	0	5,000
<b>Total expenditures</b>	<u>5,000</u>	<u>419</u>	<u>4,581</u>
Excess (deficiency) of revenues over (under) expenditures	113,936	277,554	163,618
Other financing sources (uses)			
Transfers in (out)			
General Fund	(113,936)	(113,936)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	163,618	163,618
Fund balances, July 1	0	471,257	471,257
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 634,875</u>	<u>\$ 634,875</u>

**CARROLL COUNTY, GEORGIA  
LAW LIBRARY  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Fines, fees and forfeitures	\$ 50,000	\$ 74,682	\$ 24,682
Interest and investment earnings	0	1,549	1,549
<b>Total revenues</b>	<u>50,000</u>	<u>76,231</u>	<u>26,231</u>
<b>EXPENDITURES</b>			
Current			
Judicial			
Contract services	0	5,820	(5,820)
Materials and supplies	50,000	29,973	20,027
<b>Total expenditures</b>	<u>50,000</u>	<u>35,793</u>	<u>14,207</u>
Excess (deficiency) of revenues over (under) expenditures	0	40,438	40,438
Fund balances, July 1	0	190,827	190,827
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 231,265</u>	<u>\$ 231,265</u>

**CARROLL COUNTY, GEORGIA  
CLERK'S COOPERATIVE  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 100,000	\$ 69,912	\$ (30,088)
Interest and investment earnings	800	20,288	19,488
<b>Total revenues</b>	<u>100,800</u>	<u>90,200</u>	<u>(10,600)</u>
<b>EXPENDITURES</b>			
Current			
Judicial			
Contract services	<u>100,800</u>	<u>56,107</u>	<u>44,693</u>
<b>Total expenditures</b>	<u>100,800</u>	<u>56,107</u>	<u>44,693</u>
Excess (deficiency) of revenues over (under) expenditures	0	34,093	34,093
Fund balances, July 1	<u>0</u>	<u>549,378</u>	<u>549,378</u>
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ 583,471</u></u>	<u><u>\$ 583,471</u></u>

**CARROLL COUNTY, GEORGIA  
 JUVENILE COURT - SUPERVISION FEE  
 SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL  
 For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 3,300	\$ 689	\$ (2,611)
Interest and investment earnings	<u>0</u>	<u>102</u>	<u>102</u>
<b>Total revenues</b>	<u>3,300</u>	<u>791</u>	<u>(2,509)</u>
<b>EXPENDITURES</b>			
Current			
Judicial			
Contract services	<u>3,300</u>	<u>685</u>	<u>2,615</u>
<b>Total expenditures</b>	<u>3,300</u>	<u>685</u>	<u>2,615</u>
Excess (deficiency) of revenues over (under) expenditures	0	106	106
Fund balances, July 1	<u>0</u>	<u>162,270</u>	<u>162,270</u>
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 162,376</u>	<u>\$ 162,376</u>

**CARROLL COUNTY, GEORGIA  
JAIL HOUSE STORE  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 658,000	\$ 562,572	\$ (95,428)
Interest and investment earnings	0	557	557
Contributions	0	10,000	10,000
<b>Total revenues</b>	<u>658,000</u>	<u>573,129</u>	<u>(84,871)</u>
<b>EXPENDITURES</b>			
Current			
Public Safety			
Contract services	0	180,957	(180,957)
Materials and supplies	658,000	229,645	428,355
Capital outlay	0	89,632	(89,632)
<b>Total expenditures</b>	<u>658,000</u>	<u>500,234</u>	<u>157,766</u>
Excess (deficiency) of revenues over (under) expenditures	0	72,895	72,895
Fund balances, July 1	0	77,019	77,019
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 149,914</u>	<u>\$ 149,914</u>



**CARROLL COUNTY, GEORGIA  
CORRECTIONAL INSTITUTE COMMISSARY  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 228,000	\$ 266,338	\$ 38,338
Interest and investment earnings	0	3,955	3,955
<b>Total revenues</b>	<u>228,000</u>	<u>270,293</u>	<u>42,293</u>
<b>EXPENDITURES</b>			
Current			
Public Safety			
Materials and supplies	228,000	183,764	44,236
Capital outlay	0	43,411	(43,411)
<b>Total expenditures</b>	<u>228,000</u>	<u>227,175</u>	<u>825</u>
Excess (deficiency) of revenues over (under) expenditures	0	43,118	43,118
Fund balances, July 1	0	601,894	601,894
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 645,012</u>	<u>\$ 645,012</u>

**CARROLL COUNTY, GEORGIA  
CORRECTIONAL INSTITUTE INMATE EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 6,000	\$ 0	\$ (6,000)
Interest and investment earnings	0	1,071	1,071
<b>Total revenues</b>	<u>6,000</u>	<u>1,071</u>	<u>(4,929)</u>
<b>EXPENDITURES</b>			
Current			
Public Safety			
Materials and supplies	<u>6,000</u>	<u>0</u>	<u>6,000</u>
<b>Total expenditures</b>	<u>6,000</u>	<u>0</u>	<u>6,000</u>
Excess (deficiency) of revenues over (under) expenditures	0	1,071	1,071
Fund balances, July 1	<u>0</u>	<u>142,756</u>	<u>142,756</u>
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ 143,827</u></u>	<u><u>\$ 143,827</u></u>

**CARROLL COUNTY, GEORGIA  
ALTERNATIVE DISPUTE RESOLUTION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Fines, fees and forfeitures	\$ 77,000	\$ 106,436	\$ 29,436
Interest and investment earnings	0	1,784	1,784
<b>Total revenues</b>	<u>77,000</u>	<u>108,220</u>	<u>31,220</u>
<b>EXPENDITURES</b>			
Current			
Judicial			
Personal services	77,000	59,034	17,966
Contract services	0	12,167	(12,167)
Materials and supplies	0	59	(59)
<b>Total expenditures</b>	<u>77,000</u>	<u>71,260</u>	<u>5,740</u>
Excess (deficiency) of revenues over (under) expenditures	0	36,960	36,960
Fund balances, July 1	<u>0</u>	<u>221,374</u>	<u>221,374</u>
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ 258,334</u></u>	<u><u>\$ 258,334</u></u>

**CARROLL COUNTY, GEORGIA  
SPECIAL PROJECTS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Contributions	\$ 0	\$ 16,283	\$ 16,283
Other	0	127	127
<b>Total revenues</b>	<u>0</u>	<u>16,410</u>	<u>16,410</u>
<b>EXPENDITURES</b>			
Current			
Public Safety			
Contract services	47,000	37,452	9,548
Materials and supplies	0	8,603	(8,603)
<b>Total expenditures</b>	<u>47,000</u>	<u>46,055</u>	<u>945</u>
Excess (deficiency) of revenues over (under) expenditures	(47,000)	(29,645)	17,355
Fund balances, July 1	<u>47,000</u>	<u>47,115</u>	<u>115</u>
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ 17,470</u></u>	<u><u>\$ 17,470</u></u>

**CARROLL COUNTY, GEORGIA  
MAGISTRATE TECHNOLOGY  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Fines, fees and forfeitures	\$ 30,000	\$ 18,693	\$ (11,307)
Interest and investment earnings	0	379	379
<b>Total revenues</b>	<u>30,000</u>	<u>19,072</u>	<u>(10,928)</u>
<b>EXPENDITURES</b>			
Current			
Judicial			
Materials and supplies	<u>30,000</u>	<u>0</u>	<u>30,000</u>
<b>Total expenditures</b>	<u>30,000</u>	<u>0</u>	<u>30,000</u>
Excess (deficiency) of revenues over (under) expenditures	0	19,072	19,072
Fund balances, July 1	<u>0</u>	<u>42,479</u>	<u>42,479</u>
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ 61,551</u></u>	<u><u>\$ 61,551</u></u>

**CARROLL COUNTY, GEORGIA  
PUBLIC SAFETY  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Fines, fees and forfeitures	\$ 490,000	\$ 456,926	\$ (33,074)
Interest and investment earnings	0	30,958	30,958
<b>Total revenues</b>	<u>490,000</u>	<u>487,884</u>	<u>(2,116)</u>
<b>EXPENDITURES</b>			
Current			
Public Safety			
Contract services	0	403,205	(403,205)
Materials and supplies	490,000	0	490,000
<b>Total expenditures</b>	<u>490,000</u>	<u>403,205</u>	<u>86,795</u>
Excess (deficiency) of revenues over (under) expenditures	0	84,679	84,679
Fund balances, July 1	<u>0</u>	<u>244,687</u>	<u>244,687</u>
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ 329,366</u></u>	<u><u>\$ 329,366</u></u>

**CARROLL COUNTY, GEORGIA  
 MULTIPLE GRANT  
 SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL  
 For the fiscal year ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Fines, fees, and forfeitures	\$ 0	\$ 47,603	\$ 47,603
Intergovernmental	1,551,959	1,735,062	183,103
<b>Total revenues</b>	<u>1,551,959</u>	<u>1,782,665</u>	<u>230,706</u>
<b>EXPENDITURES</b>			
Current			
Judicial			
Personal services	1,688,995	916,094	772,901
Contract services	0	688,985	(688,985)
Materials and supplies	0	13,647	(13,647)
Public Safety			
Materials and supplies	13,000	12,988	12
<b>Total expenditures</b>	<u>1,701,995</u>	<u>1,631,714</u>	<u>70,281</u>
Excess (deficiency) of revenues over (under) expenditures	(150,036)	150,951	300,987
Other financing sources (uses)			
Transfers in (out)			
General Fund	150,036	133,186	(16,850)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	284,137	284,137
Fund balances, July 1	0	0	0
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ 284,137</u></u>	<u><u>\$ 284,137</u></u>

This page intentionally left blank.



## ***CUSTODIAL FUNDS***

These funds are used to account for assets held by the County as a custodian to be expended in accordance with the conditions of its custodial capacity.

Tax Commissioner - This fund accounts for all real, personal, and intangible taxes collected and forwarded to other government units.

Sheriff - This fund accounts for collection of fees, proceeds from judicial sales, and cash bonds, which are disbursed to other agencies and individuals.

Inmate Jail Fund - This fund accounts for jail inmate funds while in custody and for the purchase of items from the jail commissary and related activities on behalf of inmates.

Correctional Institute Inmate Fund - This fund accounts for inmate funds held while in custody and for purchase of items from the correctional institute commissary and related activities on behalf of the inmates.

Magistrate Court, Clerk of Court, Probate Court, and Juvenile Court - These funds account for fines, fees, and other monies collected by the courts and remitted to other parties in accordance with court orders and state law.

**CARROLL COUNTY, GEORGIA  
CUSTODIAL FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2024**

	<u>Tax Commissioner</u>	<u>Sheriff</u>	<u>Inmate Jail Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,930,150	\$ 540,485	\$ 239,773
Taxes receivable	<u>3,029,507</u>	<u>0</u>	<u>0</u>
Total assets	<u>5,959,657</u>	<u>540,485</u>	<u>239,773</u>
<b>LIABILITIES</b>			
Due to others	<u>5,166,107</u>	<u>53,129</u>	<u>186,673</u>
<b>NET POSITION</b>			
Restricted for individuals, organizations, and other governments	<u>\$ 793,550</u>	<u>\$ 487,356</u>	<u>\$ 53,100</u>

<b>Correctional Institute Fund</b>	<b>Magistrate Court</b>	<b>Clerk of Court</b>	<b>Probate Court</b>	<b>Juvenile Court</b>	<b>Total Custodial Funds</b>
\$ 199,531 0	\$ 91,941 0	\$ 1,855,946 0	\$ 31,075 0	\$ 28,772 0	\$ 5,917,673 3,029,507
<u>199,531</u>	<u>91,941</u>	<u>1,855,946</u>	<u>31,075</u>	<u>28,772</u>	<u>8,947,180</u>
<u>56,211</u>	<u>77,596</u>	<u>306,391</u>	<u>31,075</u>	<u>28,772</u>	<u>5,905,954</u>
<u>\$ 143,320</u>	<u>\$ 14,345</u>	<u>\$ 1,549,555</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,041,226</u>

**CARROLL COUNTY, GEORGIA  
CUSTODIAL FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For the fiscal year ended June 30, 2024**

	<u>Tax Commissioner</u>	<u>Sheriff</u>	<u>Inmate Jail Fund</u>
<b>ADDITIONS</b>			
Taxes collected for other agencies	\$ 123,106,472	\$ 0	\$ 0
Court fees collected for other agencies	0	0	0
Court individual cases	0	124,622	0
Sheriff fees collected	0	28,187	0
Inmate account deposits	0	0	1,489,892
Excess funds collected for others	375,538	0	0
	<u>123,482,010</u>	<u>152,809</u>	<u>1,489,892</u>
<b>Total additions</b>			
<b>DEDUCTIONS</b>			
Taxes distributed to other agencies	123,106,472	0	0
Court fees distributed to other agencies	0	0	0
Payments to others	275,047	121,996	0
Sheriff fees distributed	0	28,187	0
Payments from inmates to others	0	0	1,479,894
	<u>123,381,519</u>	<u>150,183</u>	<u>1,479,894</u>
<b>Total deductions</b>			
Change in net position	100,491	2,626	9,998
Net position, July 1	<u>693,059</u>	<u>484,730</u>	<u>43,102</u>
<b>Net position, June 30</b>	<u>\$ 793,550</u>	<u>\$ 487,356</u>	<u>\$ 53,100</u>

<b>Correctional Institute Fund</b>	<b>Magistrate Court</b>	<b>Clerk of Court</b>	<b>Probate Court</b>	<b>Juvenile Court</b>	<b>Total Custodial Funds</b>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 123,106,472
0	599,817	5,775,029	137,736	38,642	6,551,224
0	0	0	0	0	124,622
0	0	0	0	0	28,187
526,732	0	0	0	0	2,016,624
0	0	0	0	0	375,538
<u>526,732</u>	<u>599,817</u>	<u>5,775,029</u>	<u>137,736</u>	<u>38,642</u>	<u>132,202,667</u>
0	0	0	0	0	123,106,472
0	616,683	5,004,078	137,736	38,642	5,797,139
0	0	0	0	0	397,043
0	0	0	0	0	28,187
511,208	0	0	0	0	1,991,102
<u>511,208</u>	<u>616,683</u>	<u>5,004,078</u>	<u>137,736</u>	<u>38,642</u>	<u>131,319,943</u>
15,524	(16,866)	770,951	0	0	882,724
<u>127,796</u>	<u>31,211</u>	<u>778,604</u>	<u>0</u>	<u>0</u>	<u>2,158,502</u>
<u>\$ 143,320</u>	<u>\$ 14,345</u>	<u>\$ 1,549,555</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,041,226</u>

This page intentionally left blank.

***SINGLE AUDIT SECTION***

This section contains reports required by the Uniform Guidance and grantor agencies.

This page intentionally left blank.





## **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***

Honorable Chairman and Members  
of the Board of Commissioners  
Carroll County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Georgia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Carroll County, Georgia's basic financial statements and have issued our report thereon dated December 6, 2024. Our report includes a reference to other auditors who audited the financial statements of the Carroll County Department of Public Health, Carroll County Water Authority, and the Carroll City-County Hospital Authority as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Carroll City-County Hospital Authority were not audited in accordance with *Government Auditing Standards*.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Carroll County, Georgia'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 Carroll County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Carroll County, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompany schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Carroll County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

## **Carroll County, Georgia's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Carroll County, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Carroll County, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 Carroll County, Georgia'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.

Gainesville, Georgia  
December 6, 2024



## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Chairman and Members  
of the Board of Commissioners  
Carroll County, Georgia

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited Carroll County, Georgia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Carroll County, Georgia's major federal programs for the year ended June 30, 2024. Carroll County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Carroll County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Carroll County, Georgia and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Carroll County, Georgia's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Carroll County, Georgia's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Carroll County, Georgia's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Carroll County, Georgia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Carroll County, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Carroll County, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Carroll County, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gainesville, Georgia  
December 6, 2024

**CARROLL COUNTY, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended June 30, 2024**

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass- Through Number</u>	<u>Expenditures</u>	<u>Payments to Subrecipients</u>
<b><u>Department of Agriculture</u></b>				
<u>Forest Service Schools and Roads Cluster</u>				
Schools and Roads - Grants to States	10.665	N/A	\$ 48,804	\$ 0
<b><u>Department of Justice</u></b>				
Passed through the Criminal Justice Coordinating Council:				
Title V Delinquency Prevention Program	16.548	L22-8-007	16,955	0
		L22-8-013	34,965	0
			51,920	0
Treatment Court Discretionary Grant Program	16.585	N/A	289,062	0
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	12,650	0
Total Department of Justice			353,632	0
<b><u>Department of Transportation</u></b>				
<u>Highway Safety Cluster</u>				
Passed through the Georgia Governor's Office of Highway Safety:				
State and Community Highway Safety	20.600	GA-2023-402PT-062	20,885	0
		GA-2024-402PT-010	46,682	0
Total Highway Safety Cluster			67,567	0
Safe Streets and Roads for All	20.939	N/A	89,606	0
Total Department of Transportation			157,173	0
<b><u>Department of the Treasury</u></b>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	14,454,617	3,965,232
Passed through the Judicial Council of Georgia:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2023-ARPA-3Y032	449,024	0
		2024-ARPA-3Y032	828,585	0
			1,277,609	0
Total Department of the Treasury			15,732,226	3,965,232

**CARROLL COUNTY, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended June 30, 2024**

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass- Through Number</u>	<u>Expenditures</u>	<u>Payments to Subrecipients</u>
<b><u>Department of Health and Human Services</u></b>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	\$ 304,890	\$ 0
Passed through the Georgia Department of Human Services: Child Abuse and Neglect State Grants	93.669	2101GANCC6	177,835	0
Total Department of Health and Human Services			<u>482,725</u>	<u>0</u>
<b><u>Department of Homeland Security</u></b>				
Passed through the Georgia Emergency Management Agency: Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4579-DR-GA	4,349	0
Emergency Management Performance Grants	97.042	OEM23	33,158	0
Homeland Security Grant Program	97.067	EMW-2022-SS-00048	302,854	0
National Incident Management System (NIMS)	97.107	N/A	11,072	0
Total Department of Homeland Security			<u>351,433</u>	<u>0</u>
<b>Total Federal Awards</b>			<u>\$ 17,125,993</u>	<u>\$ 3,965,232</u>

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

**CARROLL COUNTY, GEORGIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended June 30, 2024**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Carroll County, Georgia, under programs for the federal government for the fiscal year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. De Minimis Indirect Cost Rate**

Carroll County, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.



**CARROLL COUNTY, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the fiscal year ended June 30, 2024**

**1. Summary of the Auditor's Results**

**A. Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	None reported
Significant deficiencies identified not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	None reported

**B. Federal Awards**

Internal control over major programs: Material weaknesses identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**CARROLL COUNTY, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the fiscal year ended June 30, 2024**

**2. Financial Statement Findings and Responses**

**A. Current Year Audit Findings**

**2024-001**

*Condition:* There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in certain departments, component units, and constitutional offices of the County.

*Criteria:* Segregation of duties is a key internal control whereby the authorization, custody, record keeping, and reconciling duties are separated among several persons.

*Effect:* Failure to properly segregate the duties exposes the County to a greater risk of loss due to fraud.

*Cause:* There are several departments, component units, and constitutional offices of the County in which the segregation of duties could be improved.

*Recommendation:* Segregation of duties should be implemented to the extent practical and accounting records should be reviewed by responsible officials on a regular basis.

*Management Response:* Management concurs with this finding. The County Administration will work to continually improve and implement as many procedures as possible to improve internal controls in this area. This action was taken immediately upon receipt of the comment from our auditors.

**B. Prior Year Audit Findings Follow-Ups**

**2023-001**

*Condition:* There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in certain departments, component units, and constitutional offices of the County.

Not Corrected

**3. Federal Award Findings and Questioned Costs**

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

***STATE REPORTING SECTION***

This section contains additional reports required by the State of Georgia.

**CARROLL COUNTY, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH SPECIAL**  
**PURPOSE LOCAL OPTION SALES TAX**  
**For the fiscal year ended June 30, 2024**

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<b>2015 SPLOST</b>					
Carroll County projects	\$ 59,894,400	\$ 59,894,400			
Roads, streets, bridges, and sidewalks			\$ 18,272,259	\$ 0	\$ 18,272,259
Water facilities and equipment			0	0	0
Public works facilities and equipment			1,786,170	0	1,786,170
Recreation facilities and equipment			5,472,194	32,250	5,504,444
Judicial center equipment			567,215	0	567,215
Historic Courthouse facilities and equipment			0	0	0
Agricultural development projects and equipment			354,555	0	354,555
Watershed and farmland protection			395,700	0	395,700
Public transportation facilities and equipment			29,287	0	29,287
Economic development			6,537,677	0	6,537,677
Public safety facilities and equipment			9,340,253	207,480	9,547,733
County Administration building and parking			14,643	0	14,643
Administrative facilities and equipment			6,248,943	0	6,248,943
Sewer facilities and equipment			0	0	0
Solid waste facilities and equipment			25,760	0	25,760
Agricultural projects; greenspace acquisition			0	0	0
Library facilities and equipment			42,810	0	42,810
Park facilities and equipment			1,251,468	305,912	1,557,380
Fire department facilities and equipment			11,122,326	0	11,122,326
Bowdon projects	1,776,000	1,776,000	2,025,974	0	2,025,974
Bremen projects	38,400	38,400	43,804	0	43,804
Carrollton projects	21,187,200	21,187,200	24,641,828	0	24,641,828
Mount Zion projects	1,468,800	1,468,800	1,675,536	0	1,675,536
Roopville projects	192,000	192,000	219,024	0	219,024
Temple projects	3,667,200	3,667,200	4,183,363	0	4,183,363
Villa Rica projects	7,267,200	7,267,200	8,290,070	0	8,290,070
Whitesburg projects	508,800	508,800	580,374	0	580,374
<b>Total</b>	<b>\$ 96,000,000</b>	<b>\$ 96,000,000</b>	<b>\$ 103,121,233</b>	<b>\$ 545,642</b>	<b>\$ 103,666,875</b>
Total Expenditures of the 2015 SPLOST Capital Projects Fund				\$ 5,322,484	
Roads, Streets, Bridges, and Sidewalks Expenditures Financed by Other Revenues				(2,826,842)	
Park Facilities and Equipment Expenditures Financed by Other Revenues				(1,950,000)	
				<u>\$ 545,642</u>	

NOTE: Prior years roads, streets, bridges, and sidewalks expenditures have been reduced to reflect expenditures financed by other revenues.

\* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

**CARROLL COUNTY, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH SPECIAL**  
**PURPOSE LOCAL OPTION SALES TAX**  
**For the fiscal year ended June 30, 2024**

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<b>2021 SPLOST</b>					
Carroll County projects					
Roads, streets, bridges, sidewalks, and transportation, and public works facilities and equipment	\$ 21,377,000	\$ 21,486,395	\$ 4,810,839	\$ 2,621,008	\$ 7,431,847
Public safety and fire department facilities and equipment	22,000,000	22,165,914	2,666,231	8,772,176	11,438,407
Administrative facilities and equipment	19,000,000	19,000,000	913,652	943,758	1,857,410
Recreation and parks facilities and equipment	3,750,000	3,750,000	754,356	524,586	1,278,942
Judicial facilities and equipment	5,250,000	5,250,000	84,274	2,635	86,909
Community impact and economic development	1,214,700	1,214,700	190,522	9,070	199,592
Agricultural projects and farmland and watershed protection	1,100,000	1,100,000	17,658	552	18,210
Bowdon projects	2,201,500	2,201,500	1,117,965	561,844	1,679,809
Bremen projects	600,000	600,000	304,752	153,156	457,908
Carrollton projects	26,263,300	26,263,300	13,337,012	6,702,650	20,039,662
Mount Zion projects	1,820,700	1,820,700	924,588	464,660	1,389,248
Roopville projects	238,000	238,000	120,862	60,740	181,602
Temple projects	4,545,800	4,545,800	2,308,446	1,160,133	3,468,579
Villa Rica projects	9,008,300	9,008,300	4,574,590	2,299,006	6,873,596
Whitesburg projects	630,700	630,700	320,283	160,961	481,244
<b>Total</b>	<b>\$ 119,000,000</b>	<b>\$ 119,275,309</b>	<b>\$ 32,446,030</b>	<b>\$ 24,436,935</b>	<b>\$ 56,882,965</b>
Total Expenditures of the 2021 SPLOST Capital Projects Fund				\$ 23,105,305	
Total Expenditures of the 2021 SPLOST Debt Service Fund				7,776,630	
Principal Payments in the 2021 SPLOST Debt Service Fund				(6,445,000)	
				<u>\$ 24,436,935</u>	

\* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

This page intentionally left blank.

**APPENDIX E**

**FORMS OF CERTIFICATE INDENTURE, CONTRACT AND AGREEMENT**

[THIS PAGE INTENTIONALLY LEFT BLANK]



---

**TRUST INDENTURE**

*Between*

**THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY**

*And*

**REGIONS BANK,**  
*as trustee*

---

*Dated as of April 1, 2025*

---

*Relating to*

**[\$[Par Amount]  
The Carroll City-County Hospital Authority  
Revenue Anticipation Certificates  
(Tanner Medical Center, Inc. Project),  
Series 2025**

---

*This instrument was prepared by:*

**MURRAY BARNES FINISTER LLP**  
3525 Piedmont Road NE  
Suite 515  
Atlanta, GA 30305  
(678) 999-0350

TABLE OF CONTENTS

ARTICLE I DEFINITIONS .....	5
Section 101.    Certain Definitions.....	5
Section 102.    Certain Rules of Interpretation. ....	12
ARTICLE II TERMS, EXECUTION, DELIVERY AND REGISTRATION OF SERIES 2025 CERTIFICATES.....	13
Section 201.    Designation of Series 2025 Certificates.....	13
Section 202.    Terms of Series 2025 Certificates.....	13
Section 203.    Form of Series 2025 Certificates. ....	14
Section 204.    Execution of Series 2025 Certificates.....	25
Section 205.    Authentication of Series 2025 Certificates. ....	25
Section 206.    Mutilated, Lost, Stolen or Destroyed Certificates.....	26
Section 207.    Registration.....	27
Section 208.    Ownership, Transfer and Exchange of Certificates. ....	27
Section 209.    Book-Entry System.....	27
ARTICLE III REDEMPTION OF SERIES 2025 CERTIFICATES BEFORE MATURITY .....	30
Section 301.    Optional Redemption of Series 2025 Certificates.....	30
Section 302.    Extraordinary Redemption.....	30
Section 303.    Mandatory Sinking Fund Redemption.....	30
Section 304.    Selection of Series 2025 Certificates to be Redeemed.....	31
Section 305.    Partially Redeemed Series 2025 Certificates.....	31
Section 306.    Notice of Redemption.....	31
Section 307.    Effect of Redemption Call.....	31
Section 308.    Cancellation and Destruction of Series 2025 Certificates.....	32
ARTICLE IV SOURCE AND APPLICATION OF FUNDS.....	33
Section 401.    Application of Proceeds of Series 2025 Certificates.....	33
Section 402.    Construction Fund. ....	33
Section 403.    Sinking Fund.....	34
Section 404.    Availability of Requisitions and Certificates.....	34
Section 405.    Investment of Moneys in Funds.....	34
Section 406.    Arrangements for Payment. ....	36
Section 407.    Nonpresentment of Series 2025 Certificates.....	36
Section 408.    Repayment to TMC from Certain Funds. ....	36
Section 409.    Payments Pursuant to the Contract. ....	37
Section 410.    Security for Deposits. ....	37
Section 411.    Series 2025 Certificates Are Not General Obligations. ....	37
ARTICLE V PARTICULAR COVENANTS .....	38
Section 501.    Payment of Principal, Interest and Premium. ....	38
Section 502.    TMC Covenants.....	38
Section 503.    Covenant Against Encumbrances. ....	38
Section 504.    Rights under the Loan Agreement and the 2025-1 Master Indenture Obligation. ....	38
Section 505.    Further Instruments and Actions.....	39
Section 506.    Arbitrage Covenant.....	39
Section 507.    Sale of Certain Property; Amendment of Carroll Lease. ....	39
Section 508.    Release and Substitution of 2025-1 Master Indenture Obligation upon Delivery of Replacement Master Indenture.....	40
ARTICLE VI EVENTS OF DEFAULT AND REMEDIES .....	41
Section 601.    Events of Default; Acceleration of 2025-1 Master Indenture Obligation.....	41

Section 602.	Notice of Default .....	42
Section 603.	Termination of Proceedings by Trustee.....	42
Section 604.	Right of Certificate Owners to Control Proceedings.....	42
Section 605.	Right of Certificate Owners to Institute Suit.....	42
Section 606.	Suits by Trustee.....	43
Section 607.	Remedies Cumulative.....	43
Section 608.	Waiver of Default.....	43
Section 609.	Application of Moneys After Default and Acceleration of 2025-1 Master Indenture Obligation; No Acceleration of Series 2025 Certificates.....	43
ARTICLE VII CONCERNING THE BOND TRUSTEE .....		45
Section 701.	Acceptance by Trustee.....	45
Section 702.	Performance of Duties.....	45
Section 703.	Instruments Upon Which Trustee May Rely.....	47
Section 704.	Trustee not Responsible for Recitals and Other Matters.....	47
Section 705.	Trustee May Acquire Series 2025 Certificates; Substitution of 2025-1 Master Indenture Obligation.....	47
Section 706.	Intervention by Trustee.....	48
Section 707.	Compensation of Trustee.....	48
Section 708.	Qualification of Trustee.....	48
Section 709.	Resignation or Removal of Trustee and Appointment of Successor.....	49
Section 710.	Concerning the Successor Trustee.....	50
Section 711.	Merger or Consolidation of Trustee.....	50
Section 712.	Retention of Financial Statements.....	50
Section 713.	Obligation of Trustee to File Continuations of Form UCC-1 Financing Statements.....	50
Section 714.	Trustee May Act Through Agents.....	50
ARTICLE VIII MANNER OF EVIDENCING OWNERSHIP OF CERTIFICATES; MEETINGS OF CERTIFICATE OWNERS .....		51
Section 801.	Ownership.....	51
Section 802.	Purposes for which Certificate Owners' Meetings may be Called.....	51
Section 803.	Place of Meetings of Certificate Owners.....	51
Section 804.	Call and Notice of Owners of Series 2025 Certificates' Meetings.....	51
Section 805.	Determination of Voting Rights; Conduct and Adjournment of Meetings.....	52
Section 806.	Counting Votes and Recording Action of Meetings.....	52
Section 807.	Revocation by Certificate Owners.....	53
ARTICLE IX DEFEASANCE; UNCLAIMED MONEYS.....		54
Section 901.	Discharge of Indebtedness.....	54
Section 902.	Termination of Authority's Liability.....	54
Section 903.	Unclaimed Moneys.....	55
ARTICLE X SUPPLEMENTAL INDENTURES; LOAN AGREEMENTS.....		56
Section 1001.	Supplemental Indentures Not Requiring Consent of Certificate Owners.....	56
Section 1002.	Supplemental Indentures Requiring Consent of Certificate Owners.....	56
Section 1003.	Notice.....	57
Section 1004.	Supplemental Indenture to Modify This Certificate Indenture.....	57
Section 1005.	Supplemental Loan Agreement.....	57
Section 1006.	No Amendment May Alter 2025-1 Master Indenture Obligation.....	57
Section 1007.	Amendment of Contract.....	58
Section 1008.	Trustee Consent to Amendments.....	58
ARTICLE XI MISCELLANEOUS PROVISIONS.....		59
Section 1101.	Benefit of Certificate Indenture.....	59
Section 1102.	Severability.....	59

Section 1103.	Certificates Payable Solely from Revenues Pledged, not Binding on Individuals.....	59
Section 1104.	Notices. ....	59
Section 1105.	Deemed Consent to Restated Master Indenture. ....	60
Section 1106.	Payments Due on Saturdays, Sundays, Holidays, etc. ....	61
Section 1107.	Applicable Law.....	61
Section 1108.	Counterparts.....	61
Section 1109.	Headings and Captions. ....	61

THIS TRUST INDENTURE, dated as of April 1, 2025 (as amended, restated or supplemented from time to time, this “*Certificate Indenture*”), between THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY (the “*Authority*”), a public body corporate and politic organized and existing under the laws of the State of Georgia, and REGIONS BANK, a state banking corporation duly organized and existing under and by virtue of the laws of the State of Alabama (the “*Certificate Trustee*”);

WITNESSETH:

WHEREAS, the Authority is a public body corporate and politic existing under the Hospital Authorities Law of the State of Georgia (O.C.G.A. Section 31-7-70 et seq., as amended (the “*Act*”)) and by joint resolutions of the Board of Commissioners of Carroll County and the Mayor and Council of the City of Carrollton adopted on November 11, 1946; and

WHEREAS, pursuant to the Act, the Authority is empowered to issue its revenue anticipation certificates and to make loans for the purpose of (a) paying all or any part of the cost of acquisition, construction, alteration, repair, modernization, and other charges incident thereto in connection with any facilities or “project” (as defined in the Act), (b) paying all or any part of the cost of paying off or refinancing any outstanding debt or obligation of any nature owed by the Authority or by persons in furtherance of the Authority’s public purposes, and (c) refunding outstanding revenue anticipation certificates or other obligations; and

WHEREAS, in furtherance of the public purpose for which the Authority was created, the Authority proposes to issue its \$[Par Amount] in aggregate principal amount The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2025 (the “*Series 2025 Certificates*”) pursuant to this Certificate Indenture, for the purpose of lending the proceeds of the sale of the Series 2025 Certificates to Tanner Medical Center, Inc. (“*TMC*”) pursuant to a Loan Agreement, of even date herewith (the “*Loan Agreement*”), between the Authority and TMC for the purpose of (a) financing, or reimbursing TMC for, in whole or in part, the cost of the acquisition, construction, installation and equipping of certain healthcare facilities, equipment and improvements owned or operated by the Authority or TMC or one of its affiliates, located in Carroll County, Georgia (“*Carroll County*”) in the City of Carrollton, Georgia, known as “*Tanner Medical Center-Carrollton*” and in the City of Villa Rica, Georgia, known as “*Tanner Medical Center-Villa Rica*” (together with the Tanner Medical Center-Carrollton, the “*Carroll Medical Centers*”) (collectively, the “*Project*”); (b) refunding [all or a portion of] the outstanding The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2015 (the “*Series 2015 Certificates*”) that were issued to finance or refinance certain healthcare facilities, equipment and improvements owned or operated by the Authority or TMC or one of its affiliates at the Carroll Medical Centers; and (c) paying all or a portion of the costs of issuance of the Series 2025 Certificates; and

WHEREAS, in order to provide for the repayment of such loan, TMC has agreed to execute and deliver to the Certificate Trustee a 2025-1 Master Indenture Obligation, dated the date of issuance of the Series 2025 Certificates (the “*2025-1 Master Indenture Obligation*”), pursuant to the Master Trust Indenture, dated as of December 1, 1998 (the “*1998 Master Indenture*”), between the Obligated Group Members (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “*Master Trustee*”), as supplemented and amended by various supplemental master trust indentures, including the Twelfth Supplemental Master Trust Indenture, dated as of April 1, 2025 (the “*Twelfth Supplemental Master Indenture*”), between the Obligated Group Members and the Master Trustee (the 1998 Master Indenture, as amended and supplemented, the “*Original Master Indenture*”); and

WHEREAS, pursuant to Section 9.2 of the Original Master Indenture, with the consent of the Holders of not less than a majority in aggregate principal amount of “Obligations” (as defined in the Original Master Indenture) then Outstanding (as defined in the Original Master Indenture), the Obligated Group Members and the Master Trustee may enter into amendments, supplements and restatements to the Original Master Indenture; and

WHEREAS, upon the receipt of the requisite consent required by Section 9.2 of the Original Master Indenture, the Original Master Indenture will be amended and restated by the Amended and Restated Master Trust Indenture, dated [Closing Date] (as may be further amended and supplemented from time to time, the “*Restated Master Indenture*”), by and between TMC and the Master Trustee, which such Restated Master Indenture will be

effective, following the issuance of the Series 2025 Certificates, on the date of issuance of the Series 2025 Certificates (the “*Closing Date*”); and

WHEREAS, the Holders, by purchasing the Series 2025 Certificates, will be deemed to have irrevocably consented to the amendment, restatement and replacement of the Original Master Indenture with the Restated Master Indenture and such Holders will be deemed to have irrevocably directed the Certificate Trustee, as Holder of the 2025-1 Master Indenture Obligation, to consent to the amendment, restatement and replacement of the Original Master Indenture with the Restated Master Indenture; and

WHEREAS, on the Closing Date, the following Obligations are currently outstanding under the Original Master Indenture (collectively, the “*Prior Outstanding Master Indenture Obligations*”): [(i) the Series 2015-1 Master Note (the “*Series 2015-1 Master Note*”) in the outstanding aggregate principal amount of \$[\_\_\_\_\_] securing payments to be made on the outstanding Series 2015 Certificates]; (ii) the Series 2016-1 Master Note (the “*Series 2016-1 Master Note*”) in the outstanding aggregate principal amount of \$20,525,000 securing payments to be made on The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2016A (the “*Series 2016A Certificates*”); (iii) the Series 2016-2 Master Note (the “*Series 2016-2 Master Note*”) in the outstanding aggregate principal amount of \$31,150,000 securing payments to be made on The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2016B (the “*Series 2016B Certificates*”); and (iv) the Series 2020-1 Master Note (the “*Series 2020-1 Master Note*”) in the outstanding aggregate principal amount of \$37,185,000 securing payments to be made on The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2020 (the “*Series 2020 Certificates*”); and

WHEREAS, the aggregate principal amount of the Prior Outstanding Master Indenture Obligations and the 2025-1 Master Indenture Obligation is \$[\_\_\_\_\_] which means that in order to obtain the consent required by Section 9.2 of the Original Master Indenture (the consent of the Holders of not less than a majority in aggregate principal amount of “Obligations” under the Original Master Indenture), the aggregate principal amount of \$[\_\_\_\_\_] is required to amend, restate and replace the Original Master Indenture; and

WHEREAS, the aggregate principal amount of the 2025-1 Master Indenture Obligation is \$[\_\_\_\_\_] which constitutes more than a majority of the aggregate principal amount of “Obligations” Outstanding under the Original Master Indenture, and accordingly, the amendment, restatement and replacement of the Original Master Indenture with the Restated Master Indenture shall be effective following the issuance of the Series 2025 Certificates, on the Closing Date; and

WHEREAS, as additional security for the Series 2025 Certificates, Carroll County, Georgia (the “*County*”) and the Authority have entered into a Contract, dated February 4, 2025 (the “*Original Contract*”), as supplemented by the First Supplement to Contract, dated [Date of Pricing] (the “*First Supplemental Contract*” and the Original Contract, as supplemented, the “*Contract*”), under which the Authority has agreed to provide, or cause to be provided, certain indigent care and medical services to Carroll County, Georgia, and the County has agreed, subject to the terms of the Contract, to pay amounts to the Authority or its assignee which will be sufficient, together with other moneys available to the Authority from TMC, to pay amounts due on, among other obligations, the Series 2025 Certificates, and which amounts, as they relate to the Series 2025 Certificates, will be pledged pursuant to this Certificate Indenture to secure the payment of the Series 2025 Certificates; and

WHEREAS, in order to secure the payment of the Series 2025 Certificates, the Authority will pledge all of its right, title and interest in and to the Contract, the Loan Agreement and the 2025-1 Master Indenture Obligation, including its right to receive certain payments pursuant to the Contract and the 2025-1 Master Indenture Obligation, to the Certificate Trustee pursuant to this Certificate Indenture; and

WHEREAS, the Certificate Trustee has accepted the trusts created by this Certificate Indenture and in evidence thereof has joined in the execution hereof; and

WHEREAS, all references herein to the “Master Indenture” shall upon the Closing Date, following the issuance of the Series 2025 Certificates and the execution and delivery of the Restated Master Indenture, be references to the “Restated Master Indenture,” as it may be further supplemented and amended from time to time;

and

WHEREAS, all things necessary to make the Series 2025 Certificates when authenticated by the Certificate Trustee and issued as in this Certificate Indenture provided, the valid, binding and legal obligations of the Authority according to the import thereof, and to constitute this Certificate Indenture a valid assignment and pledge of the Trust Estate for payment of the principal of, premium, if any, and interest on the Series 2025 Certificates, and to constitute this Certificate Indenture a valid assignment of the Trust Estate except as otherwise stated herein, have been done and performed, and the creation, execution and delivery of this Certificate Indenture, and the issuance of the Series 2025 Certificates, subject to the terms hereof, have in all respects been duly authorized.

NOW THEREFORE, THIS INDENTURE WITNESSETH:

#### GRANTING CLAUSES

That in order to secure the payment of the principal of, redemption premium, if any, and the interest on the Series 2025 Certificates issued and to be issued or secured under this Certificate Indenture, according to their tenor and effect, and the performance and observance of each and every one of the covenants and conditions herein and in the Series 2025 Certificates contained, and for and in consideration of the premises and of the acceptance by the Certificate Trustee of the trusts hereby created, and of the purchase or acceptance of the Series 2025 Certificates by the respective owners thereof, and also for and in consideration of the sum of \$1.00 to it duly paid by the Certificate Trustee at or before the execution and delivery of this Certificate Indenture, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Series 2025 Certificates are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become owners thereof, the Authority has pledged, assigned and set over, and by these presents does pledge, assign and set over all to the extent and upon the conditions herein set forth, unto the Certificate Trustee and its successors in trust and assigns forever, to have and to hold, all of the Authority's right, title and interests in, to and under the following described property, rights and interests (hereinafter sometimes referred to collectively as the "*Trust Estate*"), to wit:

#### I.

All right, title and interest of the Authority in and to the Loan Agreement, except for the Authority's rights to payment of fees and expenses and to indemnification pursuant to Sections 4.03 and 8.04 of the Loan Agreement.

#### II.

All right, title and interest of the Authority in and to the 2025-1 Master Indenture Obligation, including the payments to be made thereunder.

#### III.

All right, title and interest of the Authority in and to the Contract, including the payments to be made relating to amounts due with respect to the Series 2025 Certificates thereunder.

#### IV.

All moneys and securities held by the Certificate Trustee in any and all of the funds and accounts established under this Certificate Indenture.

#### V.

Any and all other property from time to time hereafter by delivery or by writing conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Authority or by anyone on its behalf or with its written consent to the Certificate Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD, all and singular, the Trust Estate unto the Certificate Trustee and its successors and assigns forever.

IN TRUST NEVERTHELESS for the equal and proportionate benefit and security of the Series 2025 Certificates issued hereunder and secured by this Certificate Indenture, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of any one Series 2025 Certificate over any other or from the others by reason of priority in the issue or negotiation thereof or by reason of the date or the date of maturity thereof, or for any other reason whatsoever (except as expressly provided in this Certificate Indenture), so that each and all such Series 2025 Certificates shall have the same right, lien and privilege under this Certificate Indenture and shall be equally secured hereby, with the same effect as if the same had all been made, issued and negotiated simultaneously with the delivery hereof.

PROVIDED, HOWEVER, and these presents are upon the condition that, if the Authority or TMC shall pay, cause to be paid or provide for the payment to the owners of the Series 2025 Certificates the principal, interest and premium (if any) to become due in respect thereof at the times and in the manner stipulated therein and herein and shall keep, perform and observe all and singular the covenants and agreements in such Series 2025 Certificates and in this Certificate Indenture expressed to be kept, performed and observed by or on the part of the Authority or TMC, then this Certificate Indenture and the rights hereby granted shall cease, determine and be discharged, but shall otherwise be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH and it is declared, that all Series 2025 Certificates issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights and interests, including, without limitation, the amounts payable under the Loan Agreement and the Contract and any other amounts hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as herein expressed, and the Authority has agreed and covenanted, and does hereby agree and covenant with the Certificate Trustee and with the respective Holders of the Series 2025 Certificates as follows:



## ARTICLE I

### DEFINITIONS

#### Section 101. Certain Definitions.

Except as hereinafter provided, the terms used in this Certificate Indenture shall have the same meanings as set forth in the Master Indenture. In addition to the words and terms defined in the Master Indenture or elsewhere in this Certificate Indenture, the following words and terms as used in this Certificate Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent:

“Act” shall mean the Hospital Authorities Law of the State of Georgia (O.C.G.A. Section 31-7-70, *et seq.*), as amended.

“Affiliate” shall have the meaning in the Master Indenture.

“Authority” shall mean The Carroll City-County Hospital Authority and its successors and assigns.

“Authorized Authority Representative” shall mean the Chairman or Vice Chairman or any other individual designated from time to time to the Certificate Trustee by a certificate signed by an authorized signatory of the Authority to represent the Authority, which certificate shall set forth the specimen signature of such person or persons.

“Authorized TMC Representative” shall mean the person or persons at the time designated from time to time in writing to the Certificate Trustee and the Authority by a certificate signed by an authorized signatory of TMC to represent TMC, which certificate shall set forth the specimen signature of such person or persons.

“Bond Counsel” shall mean an attorney or firm of attorneys of national recognition experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds and who is selected or employed by TMC and not unacceptable to any recipient of the opinion required to be rendered by such Counsel.

“Certificate Trustee” shall mean Regions Bank, a state banking corporation, and any successor trustee or trustees under this Certificate Indenture.

“Business Day” shall mean any day excluding Saturday, Sunday or any day which shall be in the City of Atlanta, Georgia, the City of New York, New York, or the State in which the Certificate Trustee’s Principal Office or Designated Office is located, a legal holiday or a day on which banking institutions are authorized or obligated by law or administrative order to close.

“Carroll Lease” shall mean the Lease Agreement, dated as of July 1, 1988, as amended, between TMC and the Authority, as the same may be amended from time to time, including the Carroll Lease Extension, that relates to the lease of Tanner Medical Center-Carrollton from the Authority to TMC.

“Carroll Lease Extension” shall mean the Amendment to the Lease Agreement, dated as of March 9, 2020, between TMC and the Authority, relating to among other things extending the term of the Carroll Lease to December 31, 2060.

“Carroll Medical Centers” shall mean the medical facilities which are located in the (i) City of Carrollton, Georgia, known as “Tanner Medical Center-Carrollton” which are leased to TMC from the Authority pursuant to the Carroll Lease, and (ii) City of Villa Rica, Georgia, known as “Tanner Medical Center-Villa Rica” which are owned by TMC.

“Certificate Year” shall mean the period commencing on July 1 of each year and ending on June 30 of the following calendar year.

“Certificate Owner” or “Owner of Series 2025 Certificates” or “Owners” or “registered owners” shall mean the Person(s) in whose name(s) any Series 2025 Certificate or Series 2025 Certificates are registered from time to time in accordance with this Certificate Indenture.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and any temporary, final or proposed Treasury Regulations relating thereto as may be applicable with respect to the Series 2025 Certificates.

“Completion Certificate” shall mean that certificate signed by an Authorized TMC Representative in the form attached to the Loan Agreement as Exhibit “C,” which evidences the completion date of the Project, as required by Section 3.03 of the Loan Agreement.

“Construction Fund” shall mean the Fund established in Section 402 hereof.

“Contract” shall mean the Contract, dated February 4, 2025, between the Authority and the County, as supplemented by First Supplement to Contract.

“Cost” or “Costs” in connection with the Project, shall mean all expenses which are properly chargeable thereto under Generally Accepted Accounting Principles or which are incidental to the financing, acquisition, construction and installation of the Project, or which are otherwise financeable under the Act, including, without limiting the generality of the foregoing:

(a) amounts payable to contractors and costs incident to the award and performance of contracts;

(b) cost of labor, materials, facilities and services furnished by TMC or the Authority, and their employees or others, materials and supplies purchased by TMC or any Affiliate thereof or the Authority or others, and permits and licenses obtained by TMC, the Authority or others;

(c) engineering, architectural, legal, accounting and other professional and advisory fees, as well as the fees and expenses of the Certificate Trustee;

(d) printing, engraving, legal fees, accounting fees, placement fees and costs, underwriting discount and other expenses of financing and issuing the Series 2025 Certificates, including any fees or other expenses charged by the Authority;

(e) costs, fees and expenses in connection with the acquisition of real and personal property or rights therein, including premiums for title insurance;

(f) costs of equipment;

(g) costs of site improvements, including demolition, performed in anticipation of the Project;

(h) amounts required to repay temporary loans or advances from TMC’s funds made to finance Costs of the Project; and

(i) Costs of Issuance.

“Costs of Issuance” shall include (but shall not be limited to):

(a) counsel fees (including Bond Counsel, underwriter’s counsel, Authority counsel, counsel to TMC, as well as any other specialized counsel fees incurred in connection with the issuance of the Series 2025 Certificates);

- (b) financial advisor fees, if any, incurred by or for the benefit of TMC in connection with the issuance of the Series 2025 Certificates;
- (c) Trustee fees incurred in connection with the issuance of the Series 2025 Certificates;
- (d) paying agent and certifying and authenticating agent fees related to issuance of the Series 2025 Certificates;
- (e) accountant's fees related to issuance of the Series 2025 Certificates;
- (f) printing costs (if any) relating to the Series 2025 Certificates, the Indenture, the Loan Agreement, the offering documents relating to the Series 2025 Certificates and any other documents, instruments or certificates relating to the issuance, sale or delivery of the Series 2025 Certificates;
- (g) costs incurred in connection with the authorization or validation of the Series 2025 Certificates; and
- (h) any other fees and expenses incurred in connection with the issuance of the Series 2025 Certificates.

“Counsel” shall mean an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include independent or in house legal counsel for any Member of the Credit Group, the Master Trustee or a Related Certificate Trustee (as defined in the Master Indenture).

“County” shall mean Carroll County, Georgia.

“Credit Group” or “Credit Group Members” shall have the meaning set forth in the Master Indenture.

“Credit Group Representative” means TMC or such other Member as may be so designated from time to time pursuant to the provisions of the Master Indenture.

“Default” shall mean any event which, upon the giving of notice or lapse of time, or both, would constitute a Loan Default.

“Designated Office” when referring to the Certificate Trustee shall mean the office of the Certificate Trustee so designated by written notice to the Authority and TMC, which initially shall be as follows: Regions Bank, 1180 West Peachtree Street, Suite 1200, Atlanta, Georgia 30309, Attention: Corporate Trust Department.

“DTC” means The Depository Trust Company, New York, New York.

“Escrow Agent” means Regions Bank, a national banking association duly organized and existing under the laws of the United States of America, or any successor escrow agent.

“Escrow Deposit Agreement” means the Escrow Deposit Agreement, dated [Closing Date], among TMC, the Series 2015 Trustee and the Escrow Agent, relating to the defeasance of the Series 2015 Certificates.

“Event of Default” shall have the meaning assigned to such term in Section 601 hereof.

“Financing Documents” shall mean this Certificate Indenture, the Master Indenture, the Twelfth Supplemental Master Indenture, the Contract, the Loan Agreement, and any other documents relating to the Series 2025 Certificates.

“First Supplemental Contract” shall mean the First Supplement to Contract, dated [Date of Pricing], between the County and the Authority, relating to the Series 2025 Certificates.

“Fund” shall mean any fund established pursuant to Article IV hereof.

“Generally Accepted Accounting Principles” shall mean those accounting principles applicable in the preparation of financial statements of municipalities, corporations, nonprofit corporations, partnerships or municipal authorities, as appropriate, as promulgated by the Financial Accounting Standards Board, the Government Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body, as in effect on (i) the date of the delivery of this Certificate Indenture, or (ii) at the election of the Person applying the accounting principles, as specified in an officer’s certificate of such Person delivered to the Certificate Trustee, the date of application of such accounting principles, to the extent applicable, consistently applied.

“Government Obligations” shall mean direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America, which obligations are held in a custody account by a custodian pursuant to the terms of a custody agreement.

“Indenture” shall mean this Certificate Indenture, as amended or supplemented.

“Interest Account” shall mean the account of such name established in the Sinking Fund pursuant to Article IV hereof.

“Interest Payment Date” shall mean January 1 and July 1 of each year, commencing July 1, 2025.

“Investment Securities” shall mean and include the following:

(a) direct obligations of the United States of America, including obligations the principal and interest of which are guaranteed by the full faith and credit of the US Government; and trust receipts evidencing a direct ownership interest in such obligations;

(b) direct obligations of any United States Government agency or instrumentality;

(c) obligations issued by any State of the United States of America, or any political subdivision thereof, rated by at least two nationally recognized rating agencies in one of the three highest rating categories (without incorporating refinements or gradation of rating category by numerical modifier or otherwise), and obligations fully secured by and payable solely from an escrow fund held by a trustee consisting of cash or Investment Securities described in clause (a) above;

(d) (1) debt obligations of any US corporation or trust, which obligations are rated by at least two nationally recognized rating agencies in one of the three highest rating categories (without incorporating refinements or gradation of rating category by numerical modifier or otherwise), or (2) commercial paper of any US corporation or trust rated by at least two nationally recognized rating agencies in the highest rating category (without incorporating refinements or gradation of rating category by numerical modifier or otherwise);

(e) certificates of deposit or time deposits of any bank, trust company or savings and loan which deposits are fully insured by a federally sponsored deposit insurance program;

(f) bankers acceptances of any bank which bank or its parent holding company’s debt conforms to the rating requirements of clause (d)(1) above;

(g) repurchase agreements, entered in conformance with prevailing industry standard guidelines, of obligations listed in clauses (a) or (b) above, delivered versus payment to the Master Trustee and continuously collateralized at 102% or greater, with counterparties having debt rated in conformance with the rating requirements of clause (d)(1) above;

(h) investment agreements of any corporation which agreements or the corporation's long term debt is rated by at least two nationally recognized rating agencies in one of the three highest rating categories (without incorporating refinements or gradation of rating category by numerical modifier or otherwise);

(i) shares of a money market fund or commingled trust which fund or trust's investments are restricted to the Investment Securities in clauses (a) - (h) of this definition.

“Loan” shall mean the advance of funds by the Authority to TMC in a principal amount equal to the aggregate principal amount of the Series 2025 Certificates made pursuant to the Loan Agreement.

“Loan Agreement” shall mean the Loan Agreement, dated as of April 1, 2025, between TMC and the Authority.

“Loan Default” shall mean a Loan Default as defined in Section 8.01 of the Loan Agreement.

“Loan Obligation” shall mean TMC's obligation to repay the Loan as evidenced by the 2025-1 Master Indenture Obligation.

“Loan Payment” shall mean a payment by TMC pursuant to the 2025-1 Master Indenture Obligation of amounts which correspond to interest, or principal and interest on account of debt service on the Series 2025 Certificates, plus related fees and expenses, all in accordance with Article V of the Loan Agreement and the 2025-1 Master Indenture Obligation.

“Master Indenture” means, initially, the Original Master Indenture, and subsequently, upon the receipt of the requisite consent required by Section 9.2 of the Original Master Indenture, the Restated Master Indenture.

“Master Indenture Obligation” shall have the meaning set forth in the Master Indenture.

“Master Trustee” shall mean The Bank of New York Mellon Trust Company, N.A., or any successor trustee under the Master Indenture.

“Obligated Group” means, collectively, all Obligated Group Members created by the Master Indenture.

“Obligated Group Member” or “Member” means each Person which has executed the Master Indenture or any supplements thereto and thereby has become contractually obligated to comply with the provisions of the Master Indenture and has not withdrawn from the Obligated Group pursuant to the provisions of the Master Indenture.

“Original Contract” shall mean the Contract, dated February 7, 2025, between the County and the Authority.

“Outstanding” in connection with any Series 2025 Certificates, shall mean as of the time in question, all Series 2025 Certificates which have been authenticated and delivered hereunder, except:

(a) Series 2025 Certificates theretofore canceled or required to be canceled pursuant to Article II hereof;

(b) Series 2025 Certificates deemed to have been paid in accordance with Article IX hereof; and

(c) Series 2025 Certificates in substitution for which other Certificates have been authenticated and delivered pursuant to Article II hereof.

In determining whether the registered owners of a requisite aggregate principal amount of Series 2025 Certificates outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of this Certificate Indenture, Series 2025 Certificates which, to the actual knowledge of the Certificate Trustee, are held by or on behalf of TMC or any Affiliate thereof shall be disregarded for the purposes of any such determination unless all such Series 2025 Certificates are so owned.

“Paying Agent” means the bank or banks, if any, designated pursuant to this Certificate Indenture to receive and disburse the principal of and interest on the Series 2025 Certificates or designated pursuant to the Master Indenture to receive and disburse the principal of and interest on the Loan. Initially, the Certificate Trustee will act as the Paying Agent.

“Person” shall mean an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, a governmental unit or an agency, political subdivision or instrumentality thereof or any other group or organization of individuals.

“Principal Account” shall mean the account of such name established in the Sinking Fund pursuant to Article IV hereof.

“Principal Office” when referring to the Certificate Trustee, means the office where the Certificate Trustee maintains its principal corporate trust office, which office at the date hereof is located at 1180 West Peachtree Street, Suite 1200, Atlanta, Georgia 30309, and when referring to any other Person, means the office thereof designated in writing to the Certificate Trustee, the Authority and TMC, or such other address as may be provided by the Certificate Trustee.

“Project” shall mean the acquisition, construction, renovation, equipping and installation by TMC of the improvements to the Carroll Medical Centers as described in **Exhibit A** to the Loan Agreement and certain other healthcare facilities.

“Purchase Contract” means the Certificate Purchase Agreement, dated [Date of Pricing], among TMC, the Underwriter, the County, and the Authority.

“Rating Agency” shall mean Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Moody’s Investors Service, Inc. or Fitch, Inc., whichever has provided and is maintaining a rating for the Series 2025 Certificates, and shall include their respective successors and assigns. If any such corporation which has provided a rating for the Series 2025 Certificates shall no longer perform the functions of a securities rating service, such corporation shall thereafter be deemed to refer to any other nationally recognized rating service which provides a rating for the Series 2025 Certificates, as shall be designated by TMC, upon notice to the Certificate Trustee and the Authority.

“Record Date” shall mean the 15th day (whether or not a Business Day) of the calendar month next preceding any Interest Payment Date, Redemption Date or maturity date as to the Series 2025 Certificates.

“Redemption Account” shall mean the account established in the Sinking Fund pursuant to Article IV hereof.

“Redemption Date” shall mean each date on which Series 2025 Certificates are to be redeemed pursuant to Article III.

“Redemption Price” with respect to a Series 2025 Certificate, shall mean the principal amount of such Series 2025 Certificate plus the applicable premium, if any, payable upon redemption thereof under Article III of this Certificate Indenture.

“Related Bond” shall have the meaning set forth in the Master Indenture.

“Replacement Master Indenture” shall have the meaning set forth in the Master Indenture.

“Restated Master Indenture” shall mean the Amended and Restated Master Trust Indenture, dated [Closing Date], by and between the Obligated Group and the Master Trustee, which such Restated Master Indenture will be effective upon the receipt of the requisite consent required by Section 9.2 of the Original Master Indenture.

“Responsible Officer” shall mean, with respect to TMC or the Authority, any Person duly appointed as such pursuant to a resolution or other instrument filed with the Certificate Trustee.

“Series 2015 Certificates” shall mean The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2015 currently outstanding in the aggregate principal amount of \$62,015,000.

“Series 2015 Indenture” shall mean that certain Trust Indenture, dated as of July 1, 2015, by and between the Authority and the Series 2015 Trustee, relating to the Series 2015 Certificates.

“Series 2015 Loan Agreement” shall mean that certain Loan Agreement, dated as of July 1, 2015, by and between the Authority and TMC, relating to the Series 2015 Certificates.

“Series 2015 Trustee” shall mean Regions Bank, a state banking corporation, and any successor trustee or trustees under the Series 2015 Indenture.

“Series 2025 Certificate” or “Series 2025 Certificates” shall mean any one or all of the Authority’s Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2025, issued or authorized to be issued under this Certificate Indenture.

“Sinking Fund” shall mean the fund established in Section 403 hereof.

“State” shall mean the State of Georgia.

“Supplemental Indenture” shall mean any indenture amending or supplementing this Certificate Indenture which may be entered into in accordance with the provisions of this Certificate Indenture.

“Tax Certificate and Agreements” means the (i) Tax and Non-Arbitrage Certificate and Agreement as to Certain Matters, dated [Closing Date] by TMC relating to the issuance of the Series 2025 Certificates on such date; and (ii) Non-Arbitrage Certificate, dated [Closing Date] by the Authority relating to the issuance of the Series 2025 Certificates on such date.

“TMC” shall mean Tanner Medical Center, Inc., a nonprofit corporation operating under the laws of the State created pursuant to the laws of the State, or any company or corporation which is the surviving, resulting or transferee corporation or company in any merger, consolidation or transfer of assets permitted under the Master Indenture.

“Trust Estate” shall mean the Trust Estate as defined in the granting clauses of this Certificate Indenture.

“Twelfth Supplemental Master Indenture” shall mean the Twelfth Supplemental Master Trust Indenture, dated [Closing Date], between TMC and the Master Trustee relating to the issuance of the 2025-1 Master Indenture Obligation.

“2025-1 Master Indenture Obligation” shall mean the 2025-1 Master Indenture Obligation of TMC, denominated its “2025-1 Master Indenture Obligation,” in the form attached to the Twelfth Supplemental Master Indenture, which evidences TMC’s obligation to repay the Loan.

“Underwriter” means Raymond James & Associates, Inc.

“Value,” which shall be determined as of the end of each month, means the value of any investments determined by acceptable industry standards used by the Certificate Trustee.

**Section 102. Certain Rules of Interpretation.**

Words of any gender shall be deemed and construed to include correlative words of all genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa. All accounting terms not otherwise defined herein or in the Master Indenture have the meanings assigned to them in accordance with accounting principles generally accepted in the United States. Headings of articles and sections herein and the table of contents hereof are solely for the convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.



## ARTICLE II

### TERMS, EXECUTION, DELIVERY AND REGISTRATION OF SERIES 2025 CERTIFICATES

#### **Section 201. Designation of Series 2025 Certificates.**

The Series 2025 Certificates authorized and issued hereunder shall be designated as the “The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2025,” in the aggregate principal amount of \$[Par Amount]. The Series 2025 Certificates shall be in substantially the form set forth in Section 203, with such changes, insertions or omissions as may be approved by an officer of the Authority prior to the issuance thereof, which approval shall be evidenced by the execution of the Series 2025 Certificates by manual or facsimile signature of such officer as provided herein. The amount of Series 2025 Certificates that may be issued and outstanding under this Certificate Indenture is expressly limited to \$[Par Amount]. The Series 2025 Certificates issued under this Certificate Indenture shall be equally and ratably secured hereunder.

The Series 2025 Certificates are limited obligations of the Authority as provided in Section 501.

#### **Section 202. Terms of Series 2025 Certificates.**

The Series 2025 Certificates shall be issuable in fully registered form in the denomination of \$5,000 or any integral multiple thereof. Each of the Series 2025 Certificates shall be lettered and numbered from R-1 upwards in order of issuance according to the records maintained by the Certificate Trustee and may have such other legends or identifying marks as the Certificate Trustee or the Authority deems advisable. The Series 2025 Certificates shall be dated as of the date of authentication. Every Series 2025 Certificate issued in exchange for or upon registration of transfer of a Series 2025 Certificate as originally issued shall bear its date of authentication.

The principal and interest and redemption premium (if any) on the Series 2025 Certificates shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts. The principal of and redemption premium (if any) on the Series 2025 Certificates are payable only upon presentation and surrender thereof at the Principal Office of the Certificate Trustee. The Series 2025 Certificates shall bear interest (computed on the basis of a 360-day year composed of twelve 30-day months), payable on each Interest Payment Date, commencing July 1, 2025, from the Interest Payment Date next preceding the date of authentication of such Series 2025 Certificate to which interest has been paid or provided for, unless the date of authentication of such Series 2025 Certificate is an Interest Payment Date to which interest has been paid or provided for, then from the date of authentication thereof, or unless no interest has been paid on such Series 2025 Certificate, in which case from the date of original issuance of the Series 2025 Certificates, or unless such authentication date shall be after any Record Date and before the next succeeding Interest Payment Date in which case interest shall be paid from the next succeeding Interest Payment Date.

Interest on each Series 2025 Certificate shall be payable on each Interest Payment Date by check or draft mailed by first class mail on the date on which due to the person in whose name such Series 2025 Certificate is registered on the registration books of the Authority maintained by the Certificate Trustee at the close of business on the Record Date, except that any interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner of such Series 2025 Certificate (or one or more predecessor Series 2025 Certificates) as of the Record Date, and shall be payable to the person who is the registered owner of such Series 2025 Certificate (or of one or more predecessor Series 2025 Certificates) at the close of business on a special record date for the payment of such defaulted interest. Such special record date shall be fixed by the Certificate Trustee whenever moneys become available for the payment of such defaulted interest, and notice of the special record date shall be given by first class mail by the Certificate Trustee or by or on behalf of the Authority to the registered owner thereof not less than 15 days prior thereto. Such interest shall be mailed to the registered owner at his or her address as shown on the bond register maintained by the Certificate Trustee on the Record Date. In the event that any owner of Series 2025 Certificates in an aggregate principal amount of at least \$1,000,000 shall provide the Certificate Trustee on or prior to any Record Date with written wire transfer instructions, the interest on subsequent

Interest Payment Dates shall be paid in accordance with such instructions, or to such securities depository, as the case may be, until the Certificate Trustee receives written notice to the contrary.

Notwithstanding the foregoing, as long as the Series 2025 Certificates are in book-entry form and registered in the name of a depository or its nominee, principal and interest shall be payable in accordance with Section 209 hereof.

The Series 2025 Certificates shall mature on July 1 in each of the years and in the principal amounts set forth below and shall bear interest at the rates per annum as follows:

Year Maturing (July 1)	Principal Amount	Interest Rate
------------------------	------------------	---------------

---

**Section 203. Form of Series 2025 Certificates.**

The Series 2025 Certificates, the certificate of authentication, the form of assignment and the certificate of validation to be endorsed upon the Series 2025 Certificates, shall be substantially in the following form, with such variations, omissions and insertions as are required to distinguish between the Series 2025 Certificates or otherwise as are required or permitted by this Certificate Indenture:

No. R-\_\_\_\_

\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF GEORGIA

THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY  
REVENUE ANTICIPATION CERTIFICATE  
(TANNER MEDICAL CENTER, INC. PROJECT)  
SERIES 2025

INTEREST RATE:  
\_\_\_\_\_ %

MATURITY DATE:  
July 1, 20\_\_\_\_

CUSIP:  
\_\_\_\_\_

FOR VALUE RECEIVED, THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY (the “*Authority*”), a public body corporate and politic, created and existing under the Hospital Authorities Law of the State of Georgia, O.C.G.A. Section 31-7-70 *et seq.*, as amended (the “*Act*”), hereby promises to pay solely from the sources hereinafter described to

CEDE & CO.,

or registered assigns, the principal sum of

\_\_\_\_\_ DOLLARS

on the date specified above, upon presentation and surrender of this certificate at the corporate trust office in Atlanta, Georgia of REGIONS BANK, as trustee, registrar and paying agent (the “*Trustee*”), and to pay interest on such principal sum (computed on the basis of a 360-day year of twelve 30-day months) at the interest rate per annum specified above, payable semiannually on the first days of January 1 and July 1 of each year (each such date an “*Interest Payment Date*”), commencing July 1, 2025, from the Interest Payment Date next preceding the date of authentication of this certificate to which interest has been paid or provided for, unless the date of authentication of this certificate is an Interest Payment Date to which interest has been paid or provided for, in which case from the date hereof or unless no interest has been paid hereon in which case from the date of original issuance of the Series 2025 Certificates, or unless such authentication date shall be after any record date (hereinafter defined) and before the next succeeding Interest Payment Date in which case interest shall be paid from the next succeeding Interest Payment Date.

The interest payable on any Interest Payment Date will be paid by first class mail, postage prepaid, mailed on the date on which due to the person in whose name this certificate is registered at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (each such date, a “*Record Date*”) at the address shown on the certificate register maintained by the Certificate Trustee on such Record Date except that any interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner of this certificate as of the Record Date, and shall be payable to the person who is the registered owner of this certificate at the close of business on a special record date for the payment of such defaulted interest. Such special record date shall be fixed by the Certificate Trustee whenever moneys become available for the payment of such defaulted interest, and notice of the special record date shall be given by first class mail by the Certificate Trustee or by or on behalf of the Authority to the owner hereof not less than 15 days prior thereto. Any owner of certificates of this series in an aggregate principal amount of at least \$1,000,000 who shall, on or before any Record Date, supply the Certificate Trustee with written wire transfer instructions, the interest on such Interest Payment Date and on subsequent Interest Payment Dates shall be paid by wire transfer in accordance with such instructions or to such securities depository, as the case may be, until the Certificate Trustee receives written notice to the contrary. Principal and interest are payable in any coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts.

Notwithstanding the foregoing, as long as this certificate is held in book-entry form and registered in the name of a securities depository or its nominee, principal and interest shall be paid by wire transfer to the securities

depository or its nominee and subsequently disbursed by such depository or its nominee to beneficial owners as more fully described below.

This certificate is one of a duly authorized series of revenue anticipation certificates in the aggregate principal amount of \$[Par Amount], all of like tenor, except as to authentication dates, numbers, denominations, interest rates and maturities (the “*Series 2025 Certificates*”), issued pursuant to the Act and a resolution of the Authority duly adopted on January 23, 2025, as supplemented by a resolution of the Authority duly adopted on [Date of Pricing] (as supplemented, the “*Bond Resolution*”), for the purpose of providing funds to be used for the (a) (a) financing, or reimbursing TMC for, in whole or in part, the cost of the acquisition, construction, installation and equipping of certain healthcare facilities, equipment and improvements owned or operated by the Authority or Tanner Medical Center, Inc. (“*TMC*”) or one of its affiliates, located in Carroll County, Georgia (“*Carroll County*”) in the City of Carrollton, Georgia, known as “*Tanner Medical Center-Carrollton*” and in the City of Villa Rica, Georgia, known as “*Tanner Medical Center-Villa Rica*” (together with the Tanner Medical Center-Carrollton, the “*Carroll Medical Centers*”) (collectively, the “*Project*”); (b) refunding [all or a portion of] the outstanding The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2015 (the “*Series 2015 Certificates*”) that were issued to finance or refinance certain healthcare facilities, equipment and improvements owned or operated by the Authority or TMC or one of its affiliates at the Carroll Medical Centers; and (c) paying all or a portion of the costs of issuance of the Series 2025 Certificates.

The Authority and TMC have entered into a Loan Agreement, dated as of April 1, 2025 (the “*Loan Agreement*”), under which the Authority has loaned the proceeds of the sale of the Series 2025 Certificates to TMC for the purposes described above.

In order to provide for the repayment of such loan, TMC will execute and deliver to the Certificate Trustee, as assignee of the Authority, its 2025-1 Master Indenture Obligation, dated the date of authentication of the Series 2025 Certificates (the “*2025-1 Master Indenture Obligation*”), which 2025-1 Master Indenture Obligation will be issued and secured under the Master Trust Indenture, dated as of December 1, 1998 (the “*1998 Master Indenture*”), by and between TMC and The Bank of New York Mellon Trust Company, N.A., as master trustee (in such capacity, the “*Master Trustee*”), as supplemented by various supplemental indentures, including by the Twelfth Supplemental Master Trust Indenture, dated as of April 1, 2025, between TMC, in its separate capacities as “Obligated Group Agent,” “Credit Group Representative,” and an “Obligated Group Member,” and the Master Trustee, relating to the issuance of the 2025-1 Master Indenture Obligation (the 1998 Master Indenture, as supplemented from time to time, the “*Original Master Indenture*”), which such Original Master Indenture shall be amended and restated in its entirety on the date of issuance of the Series 2025 Certificates by the Amended and Restated Master Trust Indenture, dated [Closing Date] (the “*Restated Master Indenture*”), by and between TMC (the “*Obligated Group*” or an “*Obligated Group Member*”) and the Master Trustee (the Original Master Indenture as so amended and restated in its entirety on the date of issuance of the Series 2025 Certificates, the “*Master Indenture*”), and under the 2025-1 Master Indenture Obligation, TMC will be obligated to pay to the Certificate Trustee amounts which will be sufficient to make payments due on the Series 2025 Certificates as and when the same are due and payable.

In connection with the issuance of the Series 2025 Certificates, the Authority and Carroll County, Georgia (the “*County*”) have entered into a First Supplement to Contract, dated [Date of Pricing], which supplements that certain Contract, dated February 4, 2025 (as supplemented, the “*Contract*”), pursuant to which the County agrees to make payments sufficient to make the payment of the principal of, premium, if any, and interest on certain certificates issued by the Authority, including the Series 2025 Certificates, and further agrees, pursuant to the Act and the constitutional power of the County to levy taxes to provide public health facilities and services generally and to provide medical or other care and hospitalization for the indigent sick in Carroll County, Georgia, to levy an annual tax on all property located within the County, within the seven mill limit now prescribed by the Act, or at such higher rate or rates as may hereafter be provided by the Act or other law, as may be necessary for the County to make the payments required of it pursuant to the Contract and other similar contracts relating to certificates issued by the Authority.

As security for the payment of the Series 2025 Certificates, the Authority has assigned to Regions Bank, as trustee (the “*Trustee*”), under the Trust Indenture, dated as of April 1, 2025 (the “*Indenture*”), the “*Trust Estate*,” which includes all right, title and interest of the Authority in (i) the Loan Agreement (except for rights to

indemnification and payment of fees and expenses), (ii) the 2025-1 Master Indenture Obligation, (iii) the Contract, insofar as such payments relate to the Series 2025 Certificates, and (iv) all amounts on deposit from time to time in the funds and accounts established under the Indenture. The Series 2025 Certificates are not secured by a mortgage or lien on the Carroll Medical Centers.

THIS CERTIFICATE DOES NOT CONSTITUTE AN INDEBTEDNESS OR OBLIGATION OF THE STATE OF GEORGIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING CARROLL COUNTY, GEORGIA. THIS CERTIFICATE IS PAYABLE BY THE AUTHORITY, SOLELY FROM THE TRUST ESTATE PLEDGED TO THE PAYMENT THEREOF UNDER THE INDENTURE. NO OWNER OF THIS CERTIFICATE SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF GEORGIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING CARROLL COUNTY, GEORGIA, TO PAY THIS CERTIFICATE OR THE INTEREST HEREON OR ANY OTHER COST RELATING HERETO OR TO ENFORCE PAYMENT HEREOF AGAINST ANY PROPERTY OF THE STATE OF GEORGIA OR ANY POLITICAL SUBDIVISION THEREOF. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS CERTIFICATE AGAINST ANY OFFICER, DIRECTOR OR MEMBER OF THE AUTHORITY.

Reference is hereby made to the Indenture and the Master Indenture for a description of the moneys pledged and assigned to the payment of the 2025-1 Master Indenture Obligation and the Series 2025 Certificates, the provisions, among others, with respect to the nature and extent of the security for the Series 2025 Certificates, the rights, duties and obligations of the Authority, the Certificate Trustee and the owners of the Series 2025 Certificates, and the terms under which the Indenture, the Master Indenture, the Loan Agreement and the 2025-1 Master Indenture Obligation may be supplemented or amended.

The Series 2025 Certificates are being issued by means of a book-entry system, with actual Series 2025 Certificates immobilized at The Depository Trust Company, New York, New York, or its successor as securities depository, evidencing ownership of the Series 2025 Certificates in principal amounts of \$5,000 or integral multiples thereof, and with transfers of beneficial ownership effected on the records of the securities depository and its participants pursuant to the rules and procedures established by the securities depository. Actual Series 2025 Certificates are not available for distribution to the beneficial owners, except under the limited circumstances set forth in the Indenture. The principal, redemption premium (if any) and interest on the Series 2025 Certificates are payable by the Certificate Trustee to Cede & Co., as nominee of the securities depository. Transfer of principal, redemption premium (if any) and interest payments to participants of the securities depository is the responsibility of the securities depository; transfers of principal, redemption premium (if any) and interest to beneficial owners by participants of the securities depository will be the responsibility of such participants and other nominees of beneficial owners. The delivery of notices and voting procedures will be carried pursuant to the rules and procedures established by the securities depository. The Authority and the Certificate Trustee are not responsible or liable for maintaining, supervising or reviewing the records maintained by the securities depository, its participants or persons acting through such participants.

While not in book-entry form, this Series 2025 Certificate may be registered as transferred only upon the registration books kept for that purpose at the principal corporate trust office of the Certificate Trustee by the registered owner hereof in person, or by his or her attorney duly authorized in writing, upon presentation and surrender to the Certificate Trustee of this Series 2025 Certificate duly endorsed for registration of transfer or accompanied by an assignment duly executed by the registered owner or his or her attorney duly authorized in writing, and thereupon a new registered Series 2025 Certificate, of the same series, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor.

While not in book-entry form, this Series 2025 Certificate may be exchanged by the registered owner hereof or his or her duly authorized attorney upon presentation at the principal corporate trust office of the Certificate Trustee in Atlanta, Georgia for an equal aggregate principal amount of Series 2025 Certificates of the same maturity, interest rate and series and in any authorized denominations in the manner, subject to the conditions and upon payment of charges, if any, provided in the Indenture.

The Series 2025 Certificates are issuable in the form of fully registered certificates in the denomination of \$5,000 or any integral multiple thereof. The person in whose name this Series 2025 Certificate is registered on the

registration books kept by the Certificate Trustee shall be deemed to be the owner of this Series 2025 Certificate for all purposes.

The Series 2025 Certificates maturing on or after July 1, 20[37] may be redeemed prior to their respective maturities at the option of TMC, either in whole or in part at any time (in such order of maturities as may be specified by TMC) on or after July 1, 20[36] in the manner and subject to the provisions of the Indenture, at a redemption price of par, together with accrued interest to the redemption date.

The Series 2025 Certificates are subject to redemption in whole or in part at any time (in such order of maturities as maybe selected by TMC) in the event of damage to, or destruction or condemnation of, any part of the Carroll Medical Centers, to the extent that the proceeds of any insurance or condemnation awards relating thereto are not applied to the repair, reconstruction or restoration of the Carroll Medical Centers.

The Series 2025 Certificates maturing on July 1, 20[ ] are subject to mandatory sinking fund redemption on July 1, 20[ ] and on each July 1 thereafter, in accordance with the table below, at a redemption price equal to the principal amount of each Series 2025 Certificate (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the July 1, 20[ ] amount to be paid rather than redeemed):

<u>July 1 of the Year</u>	<u>Principal Amount</u>
---------------------------	-------------------------

The Series 2025 Certificates maturing on July 1, 20[ ] are subject to mandatory sinking fund redemption on July 1, 20[ ] and on each July 1 thereafter, in accordance with the table below, at a redemption price equal to the principal amount of each Series 2025 Certificate (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the July 1, 20[ ] amount to be paid rather than redeemed):

<u>July 1 of the Year</u>	<u>Principal Amount</u>
---------------------------	-------------------------

In the event the Series 2025 Certificates are redeemed in part, such Series 2025 Certificates shall be redeemed in the order of maturities specified by TMC. If less than all of the Series 2025 Certificates of one maturity shall be called for redemption, the particular Series 2025 Certificates of such maturity or portions thereof in the case of Series 2025 Certificates in principal amounts greater than \$5,000 to be redeemed shall be selected by lot in such manner as may be designated by the Certificate Trustee. Any such redemption, either in whole or in part, shall be made following notice to the registered owners of the affected Series 2025 Certificates mailed not less than 30 and not more than 60 days prior to the redemption date and otherwise in the manner and upon the terms and conditions provided in the Indenture. If this Series 2025 Certificate or any portion hereof shall be called for redemption, interest shall cease to accrue on this certificate or such portion hereof from and after the date fixed for redemption unless default shall be made in payment of the redemption price hereof upon presentation and surrender hereof; and, except as otherwise provided in the Indenture, the owner of this Series 2025 Certificate shall not be entitled to any rights under the Indenture except the right to receive payment, and this certificate or the portion hereof so called shall not be considered to be outstanding. Upon partial redemption of this Series 2025 Certificate, the Certificate Trustee shall authenticate and deliver to the registered owner hereof, at the expense of the Authority, a new Series 2025 Certificate or Series 2025 Certificates of authorized denominations in the aggregate principal amount equal to the unredeemed portion of this Series 2025 Certificate and of the same maturity and interest rate.

This Series 2025 Certificate shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until this certificate shall have been authenticated and registered upon the registration books kept by the Certificate Trustee for that purpose, which authentication shall be evidenced by the manual execution of the Series 2025 Certificate hereon by the Certificate Trustee.

It is hereby recited and certified that all acts, conditions and things required by the Constitution and laws of the State of Georgia to happen, exist and be performed precedent to and in the issuance of this Series 2025 Certificate, the execution of the Indenture and Agreement, and the adoption of the Bond Resolution by the Authority have happened, do exist and have been performed as so required. This Series 2025 Certificate is issued with the intent that the laws of the State of Georgia shall govern its enforcement and construction.

IN WITNESS WHEREOF, The Carroll City-County Hospital Authority has caused this Series 2025 Certificate to be executed by the manual or facsimile signature of its Chairman and its official seal to be impressed or printed hereon and attested by the manual or facsimile signature of its Secretary.

THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY

(SEAL)

By: \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary



CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Series 2025 Certificate is one of the Series 2025 Certificates described in the within mentioned Indenture.

REGIONS BANK,  
as Trustee

By: \_\_\_\_\_  
Authorized Signatory

\* \* \* \* \*

VALIDATION CERTIFICATE

STATE OF GEORGIA

COUNTY OF CARROLL

The undersigned Clerk of the Superior Court of Carroll County, State of Georgia, DOES HEREBY CERTIFY that this Series 2025 Certificate was validated and confirmed by judgment of the Superior Court of Carroll County, Georgia, Civil Action File No. 25CV103 on the 25<sup>th</sup> day of February, 2025, and that no intervention or objection was filed in the proceedings validating the same and that no appeal from said judgment of validation has been taken.

Witness my manual or facsimile signature and seal of the Superior Court of Carroll County, Georgia.

---

Clerk, Superior Court, Carroll County, Georgia

(S E A L)

\* \* \* \* \*

(Form for Transfer)

FOR VALUE RECEIVED, \_\_\_\_\_ the undersigned, hereby sells, assigns and transfers unto \_\_\_\_\_ (Tax Identification or Social Security No. \_\_\_\_\_) the within Series 2025 Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Series 2025 Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guarantee:

\_\_\_\_\_  
(Authorized Officer)  
Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Series 2025 Certificate in every particular, without alteration or enlargement or any change whatever.

DTC FAST RIDER

Each such Series 2025 Certificate shall remain in the Certificate Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Certificate Trustee and DTC - FAST Agreement.

[END OF BOND FORM]

**Section 204. Execution of Series 2025 Certificates.**

The Series 2025 Certificates may be executed by the manual or facsimile signature of the Chairman or Vice Chairman of the Authority and the official seal of the Authority shall be impressed or imprinted thereon and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Authority. The validation certificate to be printed on the Series 2025 Certificates shall be executed by the manual or facsimile signature of the Clerk or Deputy Clerk of the Superior Court of Carroll County and the official seal of said Court shall be impressed or imprinted thereon. In case any officer who shall have signed or sealed any of the Series 2025 Certificates shall cease to be such officer before the Series 2025 Certificates so executed and sealed actually have been authenticated and delivered by the Certificate Trustee, such Series 2025 Certificates shall nevertheless be authenticated and delivered as herein provided and may be issued as though the person who executed or sealed such Series 2025 Certificates had not ceased to be such officer. Any Series 2025 Certificates may be executed and sealed on behalf of the Authority by such persons as at the actual time of the execution of such Series 2025 Certificates, shall be the proper officers of the Authority, although at the date of such Series 2025 Certificates, such persons may not have been officers of the Authority.

**Section 205. Authentication of Series 2025 Certificates.**

Only those Series 2025 Certificates which have endorsed thereon a certificate of authentication substantially in the form hereinbefore set forth, duly executed by an authorized signatory or employee of the Certificate Trustee, shall be entitled to any right or benefit under this Certificate Indenture. No Series 2025 Certificate shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by an authorized signatory or employee of the Certificate Trustee, and such certificate of authentication upon any Series 2025 Certificate shall be conclusive evidence that the Series 2025 Certificate so authenticated has been duly issued under this Certificate Indenture and that the owner thereof is entitled to the benefits of this Certificate Indenture.

Before the Certificate Trustee authenticates any of the Series 2025 Certificates, there shall be delivered to the Certificate Trustee the following:

- (a) a copy, duly certified by the Chairman, Vice Chairman, Secretary or Assistant Secretary of the Authority or such other officer as the Authority may designate, of the Bond Resolution;
- (b) a copy, duly certified by the Secretary or an Assistant Secretary of TMC, of the resolutions adopted and approved by the Governing Body of TMC, authorizing the execution and delivery of the 2025-1 Master Indenture Obligation, the Twelfth Supplemental Master Indenture, Restated Master Indenture, and Purchase Contract by TMC and approving this Certificate Indenture and the issuance and sale of the Series 2025 Certificates;
- (c) the original executed and authenticated 2025-1 Master Indenture Obligation;
- (d) an original executed counterpart of this Certificate Indenture, the Twelfth Supplemental Master Indenture, the Loan Agreement, the Tax Certificate and Agreements, the Original Master Indenture, the Restated Master Indenture and the Purchase Contract;
- (e) a request and authorization to the Certificate Trustee on behalf of the Authority and signed by its Chairman, Vice Chairman, Secretary, Assistant Secretary or Treasurer or such other officer as the Authority may designate to authenticate and deliver the Series 2025 Certificates in an aggregate principal amount of \$[Par Amount] to the purchasers therein identified upon payment to the Certificate Trustee, but for the account of the Authority, of the net proceeds from the sale of the Series 2025 Certificates. Upon payment of the net proceeds to the Certificate Trustee, the Certificate Trustee shall deposit the proceeds pursuant to Article 301 hereof;
- (f) a copy of the Carroll Lease;
- (g) the Opinion of Bond Counsel addressed to the Certificate Trustee, among others, approving the validity of the Series 2025 Certificates and confirming the exclusion from gross income of interest on the Series 2025 Certificates, subject to customary qualifications and assumptions;
- (h) an opinion of Counsel to TMC, addressed to the Certificate Trustee, among others, to the effect that (A) the 2025-1 Master Indenture Obligation and the Loan Agreement are valid and binding obligations of TMC, (B) the 2025-1 Master Indenture Obligation constitutes a “Master Indenture Obligation” under the Master Indenture, and (C) the Original Master Indenture and the Restated Master Indenture are valid and binding obligations of the Obligated Group, subject to customary exceptions and assumptions;
- (i) the opinion of counsel to the County to the effect that the Contract is a valid and binding obligation of the County, subject to customary qualifications and assumptions; and
- (j) such other closing documents and opinions of counsel as the Certificate Trustee or the Authority may reasonably specify.

**Section 206. Mutilated, Lost, Stolen or Destroyed Certificates.**

If any Series 2025 Certificate shall become mutilated, the Certificate Trustee, in its discretion and at the expense of the owner of such Series 2025 Certificate, shall authenticate and deliver a new Series 2025 Certificate of like tenor in exchange and substitution for such mutilated Series 2025 Certificate. If any Series 2025 Certificate shall be lost, stolen or destroyed, evidence of such loss, theft or destruction may be submitted to the Authority and the Certificate Trustee, and if such evidence shall be satisfactory to both and indemnity of a character and in an amount satisfactory to them, respectively, is given, the Authority, at the expense of the owner, shall cause a new Series 2025 Certificate of like tenor registered in the name of such owner to be executed by the Authority and authenticated and delivered to the registered owner by the Certificate Trustee. Any Series 2025 Certificate issued to replace a lost, stolen or destroyed Series 2025 Certificate may, in the discretion of the Authority, bear a legend showing that such Series 2025 Certificate was issued to replace a lost, stolen or destroyed Series 2025 Certificate.

**Section 207. Registration.**

The Certificate Trustee shall keep a registration book for and on behalf of the Authority to record the registration and registration of transfer of the Series 2025 Certificates of each series. Such registration and registration of transfer shall be accomplished by the procedure and with the effect provided in Section 208.

**Section 208. Ownership, Transfer and Exchange of Certificates.**

The Authority and the Certificate Trustee may deem and treat the person in whose name each Series 2025 Certificate is registered as shown on the registration books kept by the Certificate Trustee as the absolute owner of such Series 2025 Certificate for all purposes hereunder. While the Series 2025 Certificates are not in book-entry form and upon surrender for registration of transfer of any Series 2025 Certificate at the Principal Office of the Certificate Trustee, the Certificate Trustee shall authenticate and deliver to the transferee or transferees a new Series 2025 Certificate or Series 2025 Certificates for a like aggregate principal amount of Series 2025 Certificates of the same series and of the same maturity and interest rate. While the Series 2025 Certificates are not in book-entry form, the Series 2025 Certificates may be exchanged at the principal office of the Certificate Trustee for a like aggregate principal amount of Series 2025 Certificates of authorized denominations of the same series and of like interest rate and maturity. Every Series 2025 Certificate presented or surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Certificate Trustee duly executed by the registered owner thereof or his or her attorney duly authorized in writing. No charge shall be made to any Series 2025 Certificate Owner for the privilege of registration of transfer or exchange, but any Series 2025 Certificate Owner requesting any such exchange or registration of transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

**Section 209. Book-Entry System.**

(a) The Authority hereby provides that Series 2025 Certificates may be issued in book-entry form. Notwithstanding any inconsistent provision in this Certificate Indenture to the contrary, the provisions of this Section 209 shall govern at any time that the Series 2025 Certificates are issued in book-entry form.

(b) Series 2025 Certificates issued in book-entry form shall be issued in the form of one fully-registered immobilized Series 2025 Certificate for each maturity of Series 2025 Certificates outstanding which Series 2025 Certificates, taken together, will represent the total aggregate principal amount of the Series 2025 Certificates, which Series 2025 Certificates (except as provided in paragraph (i) below) shall be registered in the name of Cede & Co., as nominee of DTC; provided, that if DTC shall request that the Series 2025 Certificates be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the Series 2025 Certificates for an equal aggregate principal amount of Series 2025 Certificates registered in the name of such other nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the Authority, the Certificate Trustee or the Paying Agent a Series 2025 Certificate or any other evidence of ownership of the Series 2025 Certificates, or any right to receive any payment in respect thereof, unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2025 Certificates on the Series 2025 Certificate registration books to be maintained by the Certificate Trustee, in connection with discontinuing the book-entry system as provided in paragraph (i) below or otherwise.

(c) So long as the Series 2025 Certificates or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal, prepayment price of or interest on such Series 2025 Certificates shall be made to DTC or its nominee in immediately available funds on the dates provided for such payments under this Certificate Indenture and at such times as provided in the Letter of Representations to be entered into among the Authority, the Certificate Trustee and DTC or in a blanket letter of representation executed by the Authority and delivered to DTC (the “**Representation Letter**”). Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Authority, the Certificate Trustee, or the Paying Agent with respect to the principal, prepayment price or of interest on the Series 2025 Certificates to the extent of the sum or sums so paid. In the event of the prepayment of less than all of the Series 2025 Certificates Outstanding of any maturity, the Certificate Trustee shall not require surrender by DTC or its nominee of the Series 2025 Certificates so redeemed, but DTC or its nominee may retain such Series 2025 Certificates and make an appropriate

notation thereon as to the amount of such partial redemption; provided, that DTC shall deliver to the Certificate Trustee, upon request, a written confirmation of such partial prepayment and thereafter the records maintained by the Certificate Trustee shall be conclusive as to the amount of the Series 2025 Certificates of such maturity which have been prepaid.

(d) All transfers of beneficial ownership interests in such Series 2025 Certificates issued in book-entry form shall be effected by procedures by DTC with its participants for recording and transferring the ownership of beneficial interests in each such series of Series 2025 Certificates.

(e) The Authority, the Certificate Trustee and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive Owner of the Series 2025 Certificates registered in its name for the purposes of payment of the principal, redemption price or interest on the Series 2025 Certificates, selecting the Series 2025 Certificates or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners under this Certificate Indenture, registering the transfer of Series 2025 Certificates, obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever; and the Authority, the Certificate Trustee and the Paying Agent shall not be affected by any notice to the contrary. The Authority, the Certificate Trustee and the Paying Agent shall not have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Series 2025 Certificates under or through DTC or any such participant, or any other person which is not shown on the Series 2025 Certificate registration books as being an Owner, with respect to: (i) the Series 2025 Certificates, or (ii) the accuracy of any records maintained by DTC or any such participant; or (iii) the payment by DTC or any such participant of any amount in respect of the principal, redemption price or interest on the Series 2025 Certificates; or (iv) any notice which is permitted or required to be given to Owners under this Certificate Indenture; or (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2025 Certificates; or (vi) any consent given or other action taken by DTC as Owner.

(f) So long as the Series 2025 Certificates or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Owners under this Certificate Indenture shall be given to DTC as provided in the Representation Letter to be delivered to DTC, in form and content satisfactory to DTC, the Authority and the Certificate Trustee.

(g) In connection with any notice or other communication to be provided to Owners pursuant to this Certificate Indenture by the Authority, the Certificate Trustee or the Paying Agent with respect to any consent or other action to be taken by Owners, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the Authority, the Certificate Trustee or the Paying Agent shall give DTC notice of any special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(h) Any successor Trustee, in its written acceptance of its duties under this Certificate Indenture, shall agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

(i) The book-entry system for registration of the ownership of the Series 2025 Certificates in book-entry form may be discontinued at any time if: (i) after notice to the Authority, the Certificate Trustee and the Paying Agent, DTC determines to resign as securities depository for the Series 2025 Certificates; or (ii) after notice to DTC, the Certificate Trustee and the Paying Agent, the Authority determines that a continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Authority; or (iii) after notice to the Authority, the Certificate Trustee and the Paying Agent, DTC determines that the current system of book-entry transfers through DTC does not permit DTC to act as a securities depository for the Series 2025 Certificates. In each of such events (unless, in the cases described in clause (i) or (iii) above, TMC appoints a successor securities depository), the Series 2025 Certificates shall be delivered in registered certificate form to such persons, and by series in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Authority, the Certificate Trustee or the Paying Agent for the accuracy of such designation. Whenever DTC requests the Authority and the Certificate Trustee to do so, the Authority and the Certificate Trustee shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2025 Certificates.



(j) The Authority hereafter may amend this Certificate Indenture or enter into one or more amendments or supplements hereto without notice to or consent of the Owners of any of the Series 2025 Certificates in order (i) to offer to the beneficial owners of the Series 2025 Certificates the option of receiving any Series 2025 Certificates in certificated form or (ii) to require the execution and delivery of certificated Series 2025 Certificates representing a portion or all of the Series 2025 Certificates, (A) if DTC shall cease to serve as depository and no successor depository can be found to serve upon terms satisfactory to the Authority, or (B) if the Authority determines that it would be in their best interest or in the best interests of the beneficial owners of the Series 2025 Certificates that they obtain certificated Series 2025 Certificates; provided, that any such amendment or supplement is in form reasonably satisfactory to the Certificate Trustee.

**ARTICLE III**

**REDEMPTION OF SERIES 2025 CERTIFICATES BEFORE MATURITY**

**Section 301. Optional Redemption of Series 2025 Certificates.**

The Series 2025 Certificates maturing on or after July 1, 2037 may be redeemed prior to their respective maturities at the option of TMC, either in whole or in part at any time (in such order of maturities as may be specified by TMC) on or after July 1, 2036 in the manner and subject to the provisions of the Indenture, at a redemption price of par, together with accrued interest to the redemption date.

**Section 302. Extraordinary Redemption.**

The Series 2025 Certificates (or portions of any such certificates) are subject to optional redemption in whole or in part in the event of any damage to, or destruction or condemnation of, any part of the Carroll Medical Centers to the extent that the proceeds of any insurance or condemnation award relating thereto are not applied to the repair, reconstruction or restoration of the Carroll Medical Centers. Any amounts deposited in the Redemption Account in the Sinking Fund representing proceeds of insurance or condemnation awards shall be used by the Certificate Trustee at the written direction of TMC to redeem Series 2025 Certificates on the earliest possible date after giving the required notice of redemption. If called for redemption prior to maturity in accordance with this Section 302, the Series 2025 Certificates may be redeemed in whole or in part at a redemption price equal to the principal amount of each such Series 2025 Certificate to be redeemed plus accrued interest thereon to the redemption date.

**Section 303. Mandatory Sinking Fund Redemption.**

The Series 2025 Certificates maturing on July 1, 20[ ] are subject to mandatory sinking fund redemption on July 1, 20[ ] and on each July 1 thereafter, in accordance with the table below, at a redemption price equal to the principal amount of each Series 2025 Certificate (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the July 1, 20[ ] amount to be paid rather than redeemed):

<u>July 1 of the Year</u>	<u>Principal Amount</u>
---------------------------	-------------------------

The Series 2025 Certificates maturing on July 1, 20[ ] are subject to mandatory sinking fund redemption on July 1, 20[ ] and on each July 1 thereafter, in accordance with the table below, at a redemption price equal to the principal amount of each Series 2025 Certificate (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the July 1, 20[ ] amount to be paid rather than redeemed):

<u>July 1 of the Year</u>	<u>Principal Amount</u>
---------------------------	-------------------------

At its option, to be exercised on or before the 45th day next preceding any sinking fund redemption date, TMC may (a) deliver to the Certificate Trustee for cancellation Series 2025 Certificates of the appropriate maturity in any aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Series 2025 Certificates of the appropriate maturity which prior to such date have been redeemed (otherwise

than through the operation of this Section) and cancelled by the Certificate Trustee and not theretofore applied as a credit against any prior mandatory sinking fund redemption obligation. Each Series 2025 Certificate so delivered or previously redeemed shall be credited by the Certificate Trustee at 100% of the principal amount thereof on the obligation of TMC on such sinking fund redemption date and any excess shall be credited on future sinking fund redemption obligations in such order as may be specified by TMC, and the principal amount of such Series 2025 Certificates to be redeemed by operation of the sinking fund shall be accordingly reduced.

**Section 304. Selection of Series 2025 Certificates to be Redeemed.**

If less than all of the Series 2025 Certificates are to be redeemed, the particular Series 2025 Certificates to be redeemed shall be selected in such order of maturities as may be specified in writing by TMC. If less than all of the Series 2025 Certificates of a single maturity are to be redeemed, any Series 2025 Certificate of such maturity outstanding in a denomination of greater than \$5,000 may be called for partial redemption in the principal amount of \$5,000 or any integral multiple thereof, and for the purpose of determining the Series 2025 Certificates to be redeemed or the amount of any such Series 2025 Certificates in a principal amount in excess of \$5,000 to be partially redeemed, the Certificate Trustee shall treat the entire principal amount of the Series 2025 Certificates of such maturity then outstanding as if the same were separate Series 2025 Certificates of \$5,000 each and shall assign separate numbers to each for the purpose of determining the particular Series 2025 Certificates or the principal amount of any such Series 2025 Certificate in a denomination greater than \$5,000 to be redeemed by lot.

**Section 305. Partially Redeemed Series 2025 Certificates.**

In case any Series 2025 Certificate shall be redeemed in part only, upon the surrender of such Series 2025 Certificate for partial redemption, the Certificate Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the owner thereof a Series 2025 Certificate or Certificates of the same maturity and interest rate, in any authorized denominations, for the unredeemed portion of such partially-redeemed Series 2025 Certificate. Any Series 2025 Certificate, a portion of which has been redeemed as contemplated by this Section, shall be considered to be outstanding only in an amount reduced by the portion thereof so redeemed whether or not it has been surrendered as aforesaid.

**Section 306. Notice of Redemption.**

Notice of redemption (unless waived) shall be given by first class mail, postage prepaid, mailed not less than 20 nor more than 60 days prior to the redemption date to the owners of Series 2025 Certificates to be redeemed at the addresses appearing in the registration books maintained by the Certificate Trustee. TMC and the Certificate Trustee may agree as to any additional or other means of giving notices of redemption with respect to the Series 2025 Certificates. Provided that notice is mailed as provided in this Section, neither failure of any owner of a Series 2025 Certificate to receive such notice, nor any defect therein, shall affect the validity of the proceedings to redeem any Series 2025 Certificate as to which proper notice was mailed. For any optional redemptions pursuant to Section 301 hereof, any notice of redemption shall state any condition to such redemption. If on the date set for redemption any conditions to redemption stated in the notice have not been met, the Certificate Trustee shall return to the owners thereof any Series 2025 Certificates tendered for redemption, and as soon as practicable, send out a notice to the owners of such Series 2025 Certificates in the same manner as notices of redemption notifying them of the cancellation of such redemption.

**Section 307. Effect of Redemption Call.**

Notice having been given in the manner and under the conditions hereinabove provided, and moneys for the payment of the redemption price being held by the Certificate Trustee, all as provided in this Certificate Indenture, the Series 2025 Certificates so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Series 2025 Certificates on such date, interest on the Series 2025 Certificates so called for redemption shall cease to accrue, such Series 2025 Certificates shall cease to be entitled to any lien, benefit or security under this Certificate Indenture, and the owners of such Series 2025 Certificates shall have no rights in respect thereof except to receive payment of the redemption price thereof.

**Section 308. Cancellation and Destruction of Series 2025 Certificates.**

All Series 2025 Certificates paid, redeemed or purchased, either at or before maturity, when such payment, redemption or purchase is made, shall thereupon be canceled by the Certificate Trustee and shall not be reissued but shall, upon request, thereupon be destroyed by the Certificate Trustee and a record thereof furnished periodically to the Authority and TMC.

## ARTICLE IV

### SOURCE AND APPLICATION OF FUNDS

#### Section 401. Application of Proceeds of Series 2025 Certificates.

The net proceeds of the sale of the Series 2025 Certificates (*i.e.*, the par amount of the Series 2025 Certificates (\$[Par Amount].00), less the underwriter's discount (\$[\_\_\_\_\_]0.00) plus [original issue premium] (\$[\_\_\_\_\_]0.00) in a total amount equal to \$[\_\_\_\_\_]0.00) shall be applied as follows:

- (a) the sum of \$[\_\_\_\_\_] shall be deposited in the escrow fund created under the Escrow Deposit Agreement; and
- (b) the remaining moneys (the sum of \$[\_\_\_\_\_]0.00) shall be deposited into the Construction Fund in order to pay Costs of the Project and to pay Costs of Issuance.

#### Section 402. Construction Fund.

There is hereby created and established with the Certificate Trustee a trust fund to be designated "The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2025 Construction Fund," which shall be expended in accordance with the provisions of the Loan Agreement. The Certificate Trustee shall, from time to time, establish such accounts in the Construction Fund as may be requested by TMC. Moneys received from the investment of moneys in the Construction Fund shall be deposited into the Construction Fund.

(a) Upon the issuance and delivery of the Series 2025 Certificates, a portion of the proceeds of the sale thereof as described in Section 401 above shall be deposited into the Construction Fund created hereunder to pay the Costs of the Project.

(b) The Certificate Trustee is hereby authorized and directed to make each disbursement from the Construction Fund required by the provisions of the Loan Agreement. Moneys in the Construction Fund may also be invested as provided in Section 405. The Certificate Trustee shall keep and maintain adequate records pertaining to the Construction Fund and all receipts and disbursements therefrom, including records of all requisitions made pursuant to the Loan Agreement, and after the Project has been completed and the Completion Certificate has been filed as provided in the Loan Agreement, the Certificate Trustee shall, upon the written request of and at the expense of TMC, file an accounting thereof with the Authority and TMC. The Certificate Trustee shall be entitled to rely conclusively on the statements of fact and certifications contained in any requisition or the Completion Certificate furnished to the Certificate Trustee hereunder. Upon receipt of each requisition, the Certificate Trustee shall pay the obligations set forth in such requisition out of money in the Construction Fund, and each such obligation shall be paid by check signed by one or more officers or employees of the Certificate Trustee designated for such purpose by the Certificate Trustee or by wire transfer. In making such payments the Certificate Trustee may rely upon such requisition. If for any reason TMC should decide prior to the payment of any item in a requisition not to pay such item, TMC shall give written notice of such decision to the Certificate Trustee and thereupon the Certificate Trustee shall not make such payment; provided, however, that the Certificate Trustee shall have no liability of any kind whatsoever arising by reason of its failure to receive such notice or effect any such decision not to pay any such item unless a showing is made that the Certificate Trustee was grossly negligent with regard to such matter.

(c) The completion of the Project and payment or provision for payment of all Costs of the Project shall be evidenced by the filing with the Certificate Trustee of the Completion Certificate required by Section 3.03 of the Loan Agreement. As soon as practicable and in any event not more than 60 days from the date of the certificate referred to in the preceding sentence, any balance remaining in the Construction Fund (except amounts TMC shall have directed the Certificate Trustee in writing to retain for any Cost of the Project not then due and payable) shall without further authorization be transferred into the Sinking Fund and thereafter applied in the manner provided in Section 3.03 of the Loan Agreement.

(d) The Authority makes no warranty, express or implied, that moneys paid into the Construction Fund or otherwise available to complete the Project will be sufficient to pay all costs therefor.

(e) Upon an Event of Default and an acceleration of the 2025-1 Master Indenture Obligation, all moneys in the Construction Fund shall be transferred without any further authorization or direction to the Sinking Fund.

**Section 403. Sinking Fund.**

There is hereby created and established with the Certificate Trustee a special trust fund for the benefit of the owners of the Series 2025 Certificates which is designated “The Carroll City-County Hospital Authority - Tanner Medical Center Sinking Fund - 2025” (the “**Sinking Fund**”), which shall be held in trust by the Certificate Trustee separate and apart from all other deposits or funds. Moneys in the Sinking Fund constitute part of the Trust Estate and shall be applied as provided herein. The Authority may, from time to time, designate additional accounts within the Sinking Fund. The Certificate Trustee is authorized to deposit into the Sinking Fund (and into any account therein) any moneys or securities transferred to it by, or at the direction of, the Authority which are accompanied by instructions that such moneys or securities are to be deposited into the Sinking Fund. The Certificate Trustee is further authorized to deposit into the Sinking Fund any moneys transferred from the Construction Fund to the Sinking Fund following the occurrence of an Event of Default hereunder or any other moneys received upon the exercise of any rights or remedies under this Certificate Indenture following an Event of Default.

There are hereby created within the Sinking Fund three accounts to be designated as follows: the “Interest Account,” the “Principal Account” and the “Redemption Account.” The Authority may establish from time to time additional accounts or sub-accounts in the Sinking Fund.

(a) There shall be deposited into the Interest Account in the Sinking Fund the accrued interest received upon the sale of the Series 2025 Certificates (if any) and all amounts paid by TMC pursuant to the 2025-1 Master Indenture Obligation or by the County under the Contract with respect to interest on the Series 2025 Certificates.

(b) There shall be deposited into the Principal Account in the Sinking Fund amounts paid by TMC pursuant to the 2025-1 Master Indenture Obligation or by the County under the Contract with respect to the payment of the principal of the Series 2025 Certificates.

(c) There shall be deposited into the Redemption Account in the Sinking Fund amounts paid by TMC pursuant to the 2025-1 Master Indenture Obligation or by the County under the Contract with respect to any redemption of the Series 2025 Certificates, together with any amounts transferred from the Construction Fund as provided in this Article IV hereof for redemption of Series 2025 Certificates.

**Section 404. Availability of Requisitions and Certificates.**

All requisitions submitted to the Certificate Trustee pursuant to this Article shall be retained by the Certificate Trustee, subject at all times to inspection by any officer of the Authority, any owner of a Series 2025 Certificate, or TMC, upon reasonable request.

**Section 405. Investment of Moneys in Funds.**

(a) Any moneys held as a part of the Construction Fund or any fund other than the Sinking Fund shall be invested or reinvested by the Certificate Trustee, to the extent permitted by law, at the written request of and as directed by an Authorized TMC Representative; provided, however, that all such moneys shall be invested only in Investment Securities. Any moneys held as a part of the Sinking Fund shall be invested or reinvested by the Certificate Trustee, at the written direction of TMC, to the extent permitted by law, in only in Investment Securities with such maturities as shall be required in order to assure full and timely payment of amounts required to be paid from the Sinking Fund.

(b) The Certificate Trustee may make any and all such investments through its own bond or investment department or the bond or investment department of any bank or trust company under common control with the Certificate Trustee. All such investments shall at all times be a part of the fund or account from which the moneys used to acquire such investments shall have come and all income and profits on such investments shall be credited to, and losses thereon shall be charged against, such fund. All investments hereunder shall be registered in the name of the Certificate Trustee, as Trustee under the Indenture. All investments hereunder shall be held by or under the control of the Certificate Trustee. The Certificate Trustee shall sell and reduce to cash a sufficient amount of investments of funds in any account of the Sinking Fund whenever the cash balance in such account of the Sinking Fund is insufficient, together with any other funds available therefor, to pay the principal of, premium, if any, and interest on the Series 2025 Certificates when due. The Certificate Trustee shall not be liable or responsible for any reduction in value or loss with respect to any investment made in accordance with the instructions received from an Authorized TMC Representative.

(c) The Authority covenants and certifies to and for the benefit of the Holders of the Series 2025 Certificates from time to time Outstanding that so long as any of the Series 2025 Certificates remain Outstanding, the Authority shall not direct that moneys on deposit in any fund or account in connection with the Series 2025 Certificates (whether or not such moneys were derived from the proceeds of the sale of the Series 2025 Certificates or from any other sources), be used in a manner which will cause the Series 2025 Certificates to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code. The Authority further agrees to cooperate with any reasonable request of TMC relating to maintaining the exclusion of interest on the Series 2025 Certificates from gross income; provided, however, that the Authority shall have no responsibility for directing the investment of any moneys, determining the amount of moneys subject to any applicable yield restriction under Section 148 of the Code, or calculating or paying any rebate pursuant to Section 148(f) of the Code.

The Authority hereby covenants that it will file such returns and make payments as directed by TMC (but only from moneys provided to the Authority by or on behalf of TMC expressly for such purposes), if any, required to be made to the United States pursuant to the Code in order to establish or maintain the exclusion of the interest on the Series 2025 Certificates from gross income for federal income tax purposes.

(d) Notwithstanding any provision of this Certificate Indenture to the contrary, the Certificate Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any applicable Treasury Regulations (the “*Arbitrage Rules*”), including, without limitation, the calculation of amounts required to be paid to the United States under the provisions of the Arbitrage Rules, the maximum amount which may be invested in “nonpurpose obligations” as defined in the Code and the fair market value of any investments made hereunder, it being understood and agreed that the sole obligation of the Certificate Trustee with respect to investments of funds hereunder shall be to invest the moneys received by the Certificate Trustee pursuant to the instructions of an Authorized TMC Representative. The Certificate Trustee shall have no responsibility for determining whether or not the investments made pursuant to the direction of an Authorized TMC Representative or any of the instructions received by the Certificate Trustee under this Section 405 comply with the requirements of the Arbitrage Rules of Section 4.02 of the Loan Agreement and shall have no responsibility for monitoring the obligations of TMC or the Authority for compliance with the provisions of the Loan Agreement or the Indenture with respect to the Arbitrage Rules.

**Section 406. Arrangements for Payment.**

The Certificate Trustee shall, from time to time, on or prior to each date on which principal, redemption premium (if any) or interest on the Series 2025 Certificates becomes due, withdraw from the appropriate accounts in the Sinking Fund and deposit in trust with itself, as Paying Agent, or with any other paying agents which may be appointed hereunder, sufficient moneys for paying the principal of, redemption premium (if any) and interest on the Series 2025 Certificates as the same become due. All moneys which the Certificate Trustee shall have withdrawn from the Sinking Fund and deposited with any Paying Agent shall be held in trust for the owners of the Series 2025 Certificates. The Certificate Trustee shall make such payment arrangements as will assure, to the extent moneys are available to the Certificate Trustee, prompt payment of the principal of, redemption premium (if any) and interest on the Series 2025 Certificates.

**Section 407. Nonpresentment of Series 2025 Certificates.**

In the event any Series 2025 Certificate shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, if moneys sufficient to pay any such Series 2025 Certificate shall have been made available to the Certificate Trustee for the benefit of the owner thereof, all liability of the Authority to the owner thereof for the payment of such Series 2025 Certificate shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Certificate Trustee to hold such funds, without liability for interest thereon, for the benefit of the owner of such Series 2025 Certificate who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his or her part under this Certificate Indenture with respect to such Series 2025 Certificates. Such funds need not be invested, but if invested, shall be invested only in Government Obligations with maturities of 30 days or less.

Any moneys so deposited with and held by the Certificate Trustee not so applied to the payment of Series 2025 Certificates within two years after the date on which the same shall have become due shall be repaid by the Certificate Trustee to TMC, and thereafter owners of Series 2025 Certificates shall be entitled to look only to TMC for payment, and then to the extent of the amount so repaid, and all liability of the Certificate Trustee with respect to such money shall thereupon cease, and TMC shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

**Section 408. Repayment to TMC from Certain Funds.**

Any amounts remaining in the Sinking Fund, the Construction Fund or any other fund or account created hereunder after payment in full of the principal of, premium, if any, and interest on the Series 2025 Certificates, the fees, charges and expenses of the Certificate Trustee and all other amounts required to be paid hereunder, shall be paid upon written direction of the Authorized TMC Representative as soon as practicable to TMC.



**Section 409. Payments Pursuant to the Contract.**

Simultaneously with the issuance and delivery of the Series 2025 Certificates, the Authority will enter into the First Supplemental Contract with the County, pursuant to which the County, as consideration for the Authority's agreement to issue the Series 2025 Certificates and to provide certain facilities and services with respect to the indigent sick and poor (as defined in the Contract) in the County, and otherwise to provide for certain other public health and public welfare needs of the County, agrees to make payments to the Certificate Trustee sufficient to insure the payment of the principal of, premium, if any, and interest on the Series 2025 Certificates, and further agrees, pursuant to the Act and the constitutional power of the County to levy taxes to provide medical or other care and hospitalization for the indigent sick in the County, to levy an annual tax on all taxable property located within the County, within the seven mill limit now prescribed by the Act, or at such higher rate or rates as may hereafter be provided by the Act or other law, as may be necessary for the County to make the payments required of it pursuant to the Contract. The aforesaid payments received by the Certificate Trustee from the County to assure timely payment of the principal of, premium, if any and interest on the Series 2025 Certificates shall be and hereby are made subject to a first and paramount lien thereon for the purpose of paying such debt service on such certificates, and upon such receipt by the Certificate Trustee shall be immediately deposited in the Sinking Fund. The lien on payments received by the Certificate Trustee from the County to assure the timely payment of the principal of, premium, if any, and interest on the Series 2025 Certificates shall be valid and binding against the Authority and against all persons having claims of any kind against the Authority whether such claims arise out of tort, contract or otherwise and irrespective of whether such persons have notice of such lien.

**Section 410. Security for Deposits.**

Any and all moneys received by the Authority under the provisions of this Certificate Indenture, the Loan Agreement or the 2025-1 Master Indenture Obligation shall be deposited as received by the Authority with the Certificate Trustee and shall be trust funds under the terms hereof and shall not be subject to any lien or attachment by any creditor of the Authority or TMC; provided, however, that the foregoing shall not be deemed to prohibit the Authority from receiving and retaining any amounts paid to it pursuant to the provisions of the Loan Agreement with respect to payments of fees and expenses and indemnification payments.

**Section 411. Series 2025 Certificates Are Not General Obligations.**

The Series 2025 Certificates do not now and shall never constitute a general obligation or debt or pledge of the faith and credit of the Authority, nor a debt or pledge of the faith and credit of the State or any political subdivision or municipality thereof, and each covenant and undertaking by the Authority herein, in the Series 2025 Certificates and in any other Financing Document to make payments is not a general obligation of the Authority or a debt or a pledge of the faith and credit of the State or any political subdivision or municipality thereof. The principal of and premium, if any, and interest on the Series 2025 Certificates is a special, limited obligation payable solely from the Trust Estate. Nothing herein shall be construed as requiring the Authority to use any funds or revenues from any source other than as described herein.

## ARTICLE V

### PARTICULAR COVENANTS

#### **Section 501. Payment of Principal, Interest and Premium.**

The Authority covenants that it will promptly pay, or cause to be paid, the principal of, premium (if any) and the interest on the Series 2025 Certificates at the places, on the dates and in the manner provided herein and in the Series 2025 Certificates, according to the true intent and meaning thereof, but only from the Trust Estate. The Authority further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in this Certificate Indenture, the Loan Agreement, in the Series 2025 Certificates or in any proceedings of the Authority pertaining thereto. The Authority represents and warrants that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Series 2025 Certificates authorized hereby and to enter into this Certificate Indenture and the Loan Agreement and to pledge the Trust Estate in the manner and to the extent herein set forth; that all action on its part for the issuance of the Series 2025 Certificates initially issued hereunder and the adoption of this Certificate Indenture has been duly and effectively taken; and that the Series 2025 Certificates in the hands of the registered owners thereof are and will be valid and enforceable limited obligations of the Authority according to their terms.

Neither the State nor any political subdivision thereof shall in any event be liable for the payment of the principal of or interest on the Series 2025 Certificates, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever that may be undertaken by the Authority, and none of the Series 2025 Certificates shall be construed to constitute a debt or a pledge of the faith and credit of the State or any political subdivision thereof, including Carroll County, within the meaning of any constitutional or statutory provision whatsoever, and shall not directly, indirectly or contingently obligate the State or any of its political subdivisions to levy or to pledge any form of taxation whatever therefor or to make any appropriation for the payment thereof; nor shall any breach of any such pledge, mortgage, obligation or agreement impose any pecuniary liability upon any member, officer, employee or agent of the Authority, or any charge upon the general credit of the Authority, or any pecuniary liability upon the Authority payable from any moneys, revenues, payments, and proceeds other than the Trust Estate.

#### **Section 502. TMC Covenants.**

(a) Pursuant to the Loan Agreement, TMC has entered into certain covenants with respect to the operation and maintenance relating to the Carroll Medical Centers and other matters and is required to provide the Certificate Trustee and the Authority with certain certificates, opinions and reports from time to time. The Certificate Trustee and the Authority are entitled to rely on such opinions, reports and certificates with respect to the matters covered thereby without further investigation. Reference is hereby made to the Loan Agreement and to the Master Indenture for a detailed statement of the covenants and obligations of TMC thereunder. The Authority agrees that the Certificate Trustee, in its name or in the name of the Authority, may enforce all rights of the Authority and all covenants and obligations of TMC under and pursuant to the Loan Agreement (other than the rights of the Authority to payment of its fees and expenses, including those of its counsel, and to indemnification) and the Master Indenture for and on behalf of the owners of the Series 2025 Certificates, whether or not the Authority is in default thereunder.

#### **Section 503. Covenant Against Encumbrances.**

The Authority covenants that it will not voluntarily create any lien, encumbrance or charge upon the Trust Estate, except the pledge, lien and charge for the security of the Series 2025 Certificates hereby created.

#### **Section 504. Rights under the Loan Agreement and the 2025-1 Master Indenture Obligation.**

The Authority agrees that the Certificate Trustee in its own name or in the name of the Authority may enforce all rights of the Authority and all obligations of TMC under and pursuant to the Loan Agreement for

and on behalf of the Bondholders (other than the Unassigned Rights), whether or not the Authority is in default hereunder. The Certificate Trustee shall be considered the holder of the 2025-1 Master Indenture Obligation for the purposes of the provisions of the Master Indenture.

**Section 505. Further Instruments and Actions.**

The Authority covenants that, at the request of TMC or the Certificate Trustee and provided sufficient funds are provided by TMC to pay all costs and expenses (if any) reasonably incurred by the Authority in connection therewith, it will execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of this Certificate Indenture and the Loan Agreement.

**Section 506. Arbitrage Covenant.**

In reliance upon the covenant of TMC in Section 4.02 of the Loan Agreement, the Authority agrees that it shall not take or cause, or fail to take or cause, any action which may cause interest on the Series 2025 Certificates to become includable in gross income of the owners thereof for federal income tax purposes or which would render the interest on any of the Series 2025 Certificates subject to Georgia income taxation. Without limiting the generality of the foregoing, the Authority agrees that it will take all actions reasonably requested by TMC to comply with the provisions of Section 148 of the Code, including particularly Section 148(f) of the Code; provided, however, that TMC and not the Authority or the Certificate Trustee shall be responsible for the computation of all amounts required to be paid pursuant to Section 148 of the Code and for directing the Certificate Trustee to pay such amounts as and when the same are due and payable.

**Section 507. Sale of Certain Property; Amendment of Carroll Lease.**

So long as the Carroll Lease is in effect, the Authority shall not sell, lease or dispose of its interest in the property which is subject to the Carroll Lease unless such sale, lease or other disposition relates to a sale, lease or other disposition of property by an Obligated Group Member (as defined in the Master Indenture) permitted pursuant to Section 6.3 of the Master Indenture or a transfer in connection with a merger, consolidation or other similar event permitted by Section 6.4 of the Master Indenture. Notwithstanding anything in this Section to the contrary, the Authority is authorized to sell, lease or otherwise dispose of any property which is subject to the Carroll Lease without the prior consent of the Certificate Trustee provided that the Authority and the Certificate Trustee shall be provided with the certificate of the Authorized TMC Representative that such sale, lease or other disposition is permitted pursuant to the terms of Sections 6.3 or 6.4 of the Master Indenture. The Authority and the Certificate Trustee may conclusively rely upon a written certification of the Authorized TMC Representative that any sale, lease or other disposition of property is in connection with a sale, lease or other disposition of property by an Obligated Group Member permitted pursuant to Section 6.3 of the Master Indenture or a transfer in connection with a merger, consolidation or other similar event permitted by Section 6.4 of the Master Indenture. Any proceeds received by the Authority from the sale, transfer or other disposition of any such property shall be paid to the Certificate Trustee and deposited into the Sinking Fund.

The Authority further agrees that it shall not terminate, modify or amend the provisions of the Carroll Lease unless (i) the Authorized TMC Representative shall certify in writing to the Authority and the Certificate Trustee that such amendment or modification of the Carroll Lease will not have a material adverse impact on the ability of the Obligated Group Member to make the payments required to be made pursuant to the 2025-1 Master Indenture Obligation and (ii) TMC delivers to the Certificate Trustee and the Authority an opinion of Counsel to the effect that such amendment or modification is a valid and binding obligation of TMC.

In the event that the Carroll Lease is terminated for any reason, the Authority shall become an Obligated Group Member under the Master Indenture. In the event that the Authority is unable to meet the requirements for becoming an Obligated Group Member under the Master Indenture, the Authority shall create a lien on its Gross Receivables (as defined in the Master Indenture) in order to repay the Series 2025 Certificates.

**Section 508. Release and Substitution of 2025-1 Master Indenture Obligation upon Delivery of Replacement Master Indenture.**

At the option of TMC and without the consent of any Holders, the Master Indenture, shall, upon the delivery of a Replacement Master Indenture upon the terms and conditions set forth in Section 7.03 of the Master Indenture, be replaced with a Replacement Master Indenture.

Upon satisfaction of such conditions (i) the 2025-1 Master Indenture Obligation shall be deemed to be a note or obligation issued under and entitled to the security and benefits of the Replacement Master Indenture without the necessity of any amendment, exchange or replacement of the 2025-1 Master Indenture Obligation, unless and until the 2025-1 Master Indenture Obligation is exchanged for or replaced with a note or obligation issued under and entitled to the benefits of the Replacement Master Indenture in accordance with the terms and conditions of the Replacement Master Indenture; (ii) references herein, in the Loan Agreement and in the Series 2025 Certificates to the Master Indenture shall become references to the Replacement Master Indenture; (iii) references herein, in the Loan Agreement and in the Series 2025 Certificates to the Master Trustee shall become references to the replacement master trustee under the Replacement Master Indenture; (iv) references herein, in the Loan Agreement and in the Series 2025 Certificates to the Obligated Group Members shall become references to the obligated group and the members of the obligated group under the Replacement Master Indenture; and (v) references herein, in the Loan Agreement and in the Series 2025 Certificates to the Twelfth Supplemental Master Indenture shall become references to the supplemental master indenture, if any, pursuant to which any substitute 2025-1 Master Indenture Obligation shall be issued.

## ARTICLE VI

### EVENTS OF DEFAULT AND REMEDIES

#### **Section 601. Events of Default; Acceleration of 2025-1 Master Indenture Obligation.**

Any one or more of the following events shall be an “event of default” under this Certificate Indenture:

- (a) failure to make payment of the principal or redemption price of any Series 2025 Certificate when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise;
- (b) failure to make payment of any installment of interest on any Series 2025 Certificate when same shall become due and payable;
- (c) the occurrence of a Loan Default; or
- (d) failure of the Authority to duly and punctually perform any other of the covenants, conditions, agreements and provisions on its part contained in the Series 2025 Certificates or in this Certificate Indenture, which failure shall continue for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the Authority and TMC by the Certificate Trustee; provided, however, if the failure stated in such notice cannot be corrected within the applicable period, the Certificate Trustee will not unreasonably withhold its consent to an extension of such time if it is possible to correct such failure and corrective action is instituted by the Authority within the applicable period and is diligently pursued until such failure is corrected.

If such an event of default shall occur, then in each and every such case the Certificate Trustee may, and upon the written request of the owners of 25% of the outstanding principal amount of Series 2025 Certificates affected by each event of default, the Certificate Trustee shall, upon receiving indemnity or security satisfactory to it, proceed to protect and enforce its rights and the rights of the owners of the Series 2025 Certificates by a suit, action or special proceeding in equity or at law, by mandamus or otherwise, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for any enforcement of any proper legal or equitable remedy as the Certificate Trustee, being advised by Counsel, shall deem most effectual to protect and enforce the rights aforesaid.

Upon the happening of an event of default, then and in every such case the Certificate Trustee may, and upon written request of the owners of at least 25% of the outstanding principal amount of the Series 2025 Certificates, the Certificate Trustee shall, by notice in writing delivered to the Master Trustee, the Authority and TMC, authorize the Master Trustee to declare the principal of the 2025-1 Master Indenture Obligation then outstanding and the interest accrued thereon to be immediately due and payable. For clarity purposes, upon an acceleration of the 2025-1 Master Indenture Obligation, the Series 2025 Certificates shall not be accelerated.

The right of the Certificate Trustee or the owners of not less than 25% of the Series 2025 Certificates to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Series 2025 Certificates shall have been paid in full, all overdue installments of interest upon such Series 2025 Certificates, together with interest on such overdue installments of interest to the extent permitted by law, and the reasonable and proper charges, expenses and liabilities of the Certificate Trustee, and all other sums then payable by the Authority under the Indenture (except the principal of, and interest accrued since the next preceding interest date on, the 2025-1 Master Indenture Obligation due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Certificate Trustee shall be made for such payment, all defaults under the Series 2025 Certificates or under this Certificate Indenture (other than the payment of principal and interest due and payable on the 2025-1 Master

Indenture Obligation solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Certificate Trustee or provision deemed by the Certificate Trustee to be adequate shall be made therefor, then and in every such case, the owners of 25% of the outstanding principal amount of the Series 2025 Certificates, by written notice to the Authority, TMC, the Master Trustee, and the Certificate Trustee, may rescind such declaration and annul such default in its entirety or, if the Certificate Trustee shall have acted upon direction of the owners of not less than 25% of the outstanding principal amount of the Series 2025 Certificates, unless there shall have been delivered to the Certificate Trustee written direction to the contrary by the owners of 25% of the outstanding principal amount of the Series 2025 Certificates, the Certificate Trustee may rescind such declaration and annul such default in its entirety, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon. The Certificate Trustee shall give notice of any such rescission to the Master Trustee.

Upon any such acceleration of the 2025-1 Master Indenture Obligation, all moneys in the Construction Fund shall be transferred to the Interest Account of the Sinking Fund until there is on deposit therein an amount sufficient to pay all accrued and unpaid interest to the date of acceleration and then to the Principal Account of the Sinking Fund. In lieu of or in addition to a declaration of acceleration of the 2025-1 Master Indenture Obligation, the Certificate Trustee may also exercise any other right or remedy available to it at law or in equity, including the appointment of a receiver to the extent permitted by law or any other right or remedy available under the Act or the laws of the State, including but not limited to, the Uniform Commercial Code of the State.

**Section 602. Notice of Default.**

The Certificate Trustee shall, within 30 days after the occurrence of an event of default, mail to the owners of the Series 2025 Certificates and the Master Trustee notice of all events of default known to the Certificate Trustee unless such defaults shall have been cured before the giving of such notice; provided that except in the case of default in the payment of principal of (or premium, if any) or interest on any of the Series 2025 Certificates, the Certificate Trustee shall be protected in withholding such notice from the owners of the Series 2025 Certificates if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the Certificate Trustee in good faith determines that the withholding of such notice is in the best interests of the owners of the Series 2025 Certificates.

**Section 603. Termination of Proceedings by Trustee.**

In case any proceedings taken by the Certificate Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Certificate Trustee, then and in every case the Authority, the Certificate Trustee, TMC and the owners of the Series 2025 Certificates shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Certificate Trustee shall continue as though no such proceeding had been taken.

**Section 604. Right of Certificate Owners to Control Proceedings.**

The owners of a majority of the outstanding principal amount of the Series 2025 Certificates shall have the right, by an instrument in writing executed and delivered to the Certificate Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Certificate Trustee hereunder in respect of the Series 2025 Certificates; provided that such direction shall not be otherwise than in accordance with law and the Certificate Trustee shall be indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred therein or thereby.

**Section 605. Right of Certificate Owners to Institute Suit.**

No owner of any of the Series 2025 Certificates shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or for any other remedy hereunder or on the Series 2025 Certificates unless (a) such owner previously shall have given to the Certificate Trustee written notice of an event of default as hereinabove provided, (b) the owner, or owners, of 25% of the outstanding principal amount of the Series 2025 Certificates shall have made written request of the Certificate Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Certificate

Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted, or to institute such action, suit, or proceeding in its name; (c) there shall have been offered to the Certificate Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby; and (d) the Certificate Trustee shall have refused or neglected to comply with such request within a reasonable period of time; and such notification, request, offer of indemnity and refusal or neglect are hereby declared in every such case, at the option of the Certificate Trustee, to be conditions precedent to the execution of the powers and trusts of this Certificate Indenture or for any other remedy hereunder. The parties hereto intend that no one or more owners of the Series 2025 Certificates shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of this Certificate Indenture, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all owners of the outstanding Series 2025 Certificates.

Nothing in this Article contained shall, however, affect or impair the right of any owner of a Series 2025 Certificate, which is absolute and unconditional, to enforce the payment of the principal of and interest on such owner's Series 2025 Certificates out of the moneys provided for such payment, or the obligation of the Authority to pay the same out of the sources pledged hereto, at the time and place expressed herein.

**Section 606. Suits by Trustee.**

All rights of action under this Certificate Indenture, or under any of the Series 2025 Certificates, enforceable by the Certificate Trustee, may be enforced by it without the possession of any of the Series 2025 Certificates, or the production thereof on the trial or other proceeding relative thereto, and any such suit, or proceeding, instituted by the Certificate Trustee shall be brought in its name for the ratable benefit of the owners of the Series 2025 Certificates affected by such suit or proceeding, subject to the provisions of this Certificate Indenture.

**Section 607. Remedies Cumulative.**

No remedy herein conferred upon or reserved to the Certificate Trustee or to the owners of the of the Series 2025 Certificates is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

**Section 608. Waiver of Default.**

No delay or omission of the Certificate Trustee or of any of the owners of any Series 2025 Certificate to exercise any right or power shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy granted by this Article to the Certificate Trustee and the owners of the Series 2025 Certificates, respectively, may be exercised from time to time, and as often as may be deemed expedient.

**Section 609. Application of Moneys After Default and Acceleration of 2025-1 Master Indenture Obligation; No Acceleration of Series 2025 Certificates.**

The Authority covenants that if an event of default shall happen and shall not have been remedied, any moneys, funds and investments received by the Certificate Trustee in connection with (i) the acceleration of the 2025-1 Master Indenture Obligation and (ii) any other action at law or in equity that may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Loan Agreement or to enforce any other rights of the Certificate Trustee or the Authority under the Loan Agreement or as the owner of the 2025-1 Master Indenture Obligation issued under the Master Indenture, shall be deposited to the Sinking Fund and used (i) until such time as the Series 2025 Certificates are subject to redemption at par, to the payment of scheduled debt service on the Series 2025 Certificates and (ii) from and after the date on which the Series 2025 Certificates are subject to redemption at par, to the redemption of Series 2025 Certificates as directed in writing by the Authority. Such moneys shall be invested at a yield not in excess of the yield on the Series 2025 Certificates unless the Authority shall provide the Certificate Trustee with an opinion of Bond Counsel to the effect that investment of such moneys at a higher yield, or application to another purpose, will not adversely affect the exclusion from gross

income of the owners of the Series 2025 Certificates for federal income tax purposes of the interest on the Series 2025 Certificates.

For clarity purposes, upon an acceleration of the 2025-1 Master Indenture Obligation, the Series 2025 Certificates shall not be accelerated.



## ARTICLE VII

### CONCERNING THE BOND TRUSTEE

#### **Section 701. Acceptance by Trustee.**

The Certificate Trustee accepts the trusts hereby created, but only upon the terms and conditions set forth in this Article and no implied covenants or obligations shall be read into this Certificate Indenture or the Loan Agreement against the Certificate Trustee.

#### **Section 702. Performance of Duties.**

The Certificate Trustee shall, prior to an event of default, and after the curing or waiving of all such events of default which may have occurred, perform such duties and only such duties as are specifically set forth in this Certificate Indenture, using such care as a corporate trustee ordinarily would use in performing trusts under a corporate indenture.

No provision of this Certificate Indenture shall be construed to relieve the Certificate Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that

(a) prior to an event of default hereunder and after the curing or waiving of all such events of default which may have occurred:

(1) the duties and obligations of the Certificate Trustee shall be determined solely by the express provisions of this Certificate Indenture, and the Certificate Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Certificate Indenture, and no implied covenants or obligations shall be read into this Certificate Indenture against the Certificate Trustee; and

(2) In the absence of bad faith on the part of the Certificate Trustee, the Certificate Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinion expressed therein, upon any certificate or opinion furnished to the Certificate Trustee conforming to the requirements of this Certificate Indenture;

(b) at all times, regardless of whether or not any such event of default shall exist:

(1) the Certificate Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Certificate Trustee unless it shall be proved that the Certificate Trustee was grossly negligent in ascertaining the pertinent facts; and

(2) the Certificate Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the owners of not less than a majority (or such larger percentage as is otherwise specifically required by the terms hereof) in aggregate principal amount of all the Series 2025 Certificates at the time outstanding;

(c) none of the provisions contained in this Certificate Indenture shall require the Certificate Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers;

(d) the permissive right of the Certificate Trustee to do things enumerated in this Certificate Indenture shall not be construed as a duty and the Certificate Trustee shall not be answerable for other than its gross negligence or willful default;

(e) the Certificate Trustee shall not be required to take notice or be deemed to have notice of any default hereunder, except failure by TMC to cause to be made any of the payments to the Certificate

Trustee required to be made under the 2025-1 Master Indenture Obligation, unless a trust officer located at the Designated Office of the Certificate Trustee shall be specifically notified in writing of such default by the Authority, TMC or by the owners of at least 25% in aggregate principal amount of all Series 2025 Certificates then outstanding, and in the absence of such notice so delivered, the Certificate Trustee may conclusively assume there is no default except as aforesaid. All notices or other instruments required by this Certificate Indenture to be delivered to the Certificate Trustee, must, in order to be effective, be delivered at the Designated Office of the Certificate Trustee;

(f) the Certificate Trustee shall not be required to give any certificate or surety in respect to the execution of the said trusts and powers or otherwise in respect of the premises;

(g) notwithstanding anything elsewhere in this Certificate Indenture or the Loan Agreement contained, the Certificate Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Series 2025 Certificates, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Certificate Indenture, any showings, certificates, opinions, appraisals or other information or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Certificate Trustee, deemed desirable for the purpose of establishing the right of the Authority to the authentication of any Series 2025 Certificates, the withdrawals of any cash, the release of any property or the taking of any other action by the Certificate Trustee;

(h) before taking any action hereunder (other than paying the principal, redemption premium (if any) and interest on the Series 2025 Certificates as the same shall become due and payable from amounts available under this Certificate Indenture), the Certificate Trustee may require that a satisfactory indemnity certificate or other security satisfactory to it be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the gross negligence or willful default of the Certificate Trustee in connection with any action so taken;

(i) all moneys received by the Certificate Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received; and the Certificate Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon in writing;

(j) the Certificate Trustee shall furnish to TMC monthly statements, in such form as shall be agreed upon by TMC and the Certificate Trustee, setting forth a list of each investment purchased or sold by the Certificate Trustee in accordance with the provisions of this Certificate Indenture during the period covered by the report, the date on which each such transaction took place, the purchase or sales price, as the case may be, of the investment, the rate of interest borne by the investment the fund and account for which such investment was made and such other information and data as TMC may reasonably request;

(k) the Certificate Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, but shall not be answerable for the conduct of the same unless it shall be proved that the Certificate Trustee was grossly negligent in ascertaining the pertinent facts, and shall be entitled to conclusively rely on the advice of counsel concerning all matters of trusts hereof and the duties hereunder, and in all cases shall be reimbursed hereunder for compensation and expense reimbursements paid to all such attorneys, agents, receivers and employees as may be employed in connection with the trusts hereof. The Certificate Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Authority or TMC) and shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice; and

(l) prior to the occurrence of an Event of Default hereunder, the Certificate Trustee is authorized, but not obligated, to respond in writing to all written inquiries from owners of Series 2025 Certificates and persons identifying themselves as prospective owners of Series 2025 Certificates for information concerning the status of funds and accounts held under this Certificate Indenture and for other information concerning the Authority, TMC and the Certificates and similar matters otherwise within the

knowledge of the Certificate Trustee, and the Certificate Trustee shall not be liable to any owner of Series 2025 Certificates or the Authority or TMC by reason of its disclosures of such information to only those requesting it.

**Section 703. Instruments Upon Which Trustee May Rely.**

Except as otherwise provided in Section 702,

(a) the Certificate Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, certificate or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any notice, request, direction, election, order or demand of the Authority or TMC mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Authority or TMC by an Authorized Authority Representative or Authorized TMC Representative (unless other evidence in respect thereof by herein specifically prescribed);

(c) the Certificate Trustee may consult with counsel (who may, but need not, be counsel for the Authority or TMC) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel; and

(d) whenever in the administration of the trusts under this Certificate Indenture the Certificate Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof is herein specifically prescribed) may, in the absence of gross negligence or willful misconduct on the part of the Certificate Trustee, be deemed to be conclusively proved and established by a certificate of the Authority or TMC, as appropriate; and such certificate of the Authority or TMC, as appropriate, shall, in the absence of gross negligence or willful misconduct on the part of the Certificate Trustee, be full warranty to the Certificate Trustee for any action taken or suffered by it under the provisions of this Certificate Indenture in reliance thereon.

**Section 704. Trustee not Responsible for Recitals and Other Matters.**

The Certificate Trustee shall not be responsible in any manner whatsoever for the correctness of the recitals herein or in the Series 2025 Certificates (except the Certificate Trustee's certificate of authentication thereon); and without limiting the generality of the foregoing the Certificate Trustee shall not be responsible or accountable in any manner whatsoever for or with respect to the validity or execution or sufficiency of this Certificate Indenture or the Loan Agreement, or of any indenture or loan agreement supplemental thereto, or of the Series 2025 Certificates, or for the value of the Trust Estate, or any part thereof, or for the title of the Authority thereto, or for the security afforded hereby or for the validity of any securities at any time held hereunder, and the Certificate Trustee makes no representation with respect thereto. The Certificate Trustee shall not be accountable for the use or application by the Authority or TMC of any Series 2025 Certificates authenticated and delivered hereunder or of the proceeds of such Series 2025 Certificates, or for the use or application of any moneys paid over by the Certificate Trustee in accordance with any provision of this Certificate Indenture or for the use or application of any moneys received by any Paying Agent other than the Certificate Trustee.

**Section 705. Trustee May Acquire Series 2025 Certificates; Substitution of 2025-1 Master Indenture Obligation.**

(a) The Certificate Trustee and its officers and directors may acquire and own, or become the pledgee of, Series 2025 Certificates and may otherwise deal with the Authority in the manner and to the same extent and with like effect as though it were not Trustee hereunder.

(b) The Certificate Trustee is hereby authorized and directed to accept a substitute 2025-1 Master Indenture Obligation (the “**Substitute 2025-1 Master Indenture Obligation**”) in substitution for the 2025-1 Master Indenture Obligation, which Substitute 2025-1 Master Indenture Obligation must provide for the full and timely repayment of the Series 2025 Certificates on substantially the same repayment terms of the existing 2025-1 Master Indenture Obligation and must be executed and delivered to the Certificate Trustee by an entity or a group of entities of which TMC is a part, upon receipt of

(i) the written request of TMC;

(ii) an opinion of Bond Counsel to the effect that the substitution of the Substitute 2025-1 Master Indenture Obligation for the 2025-1 Master Indenture Obligation complies with the terms of this Certificate Indenture and will not cause the interest on the Series 2025 Certificates to become includable in the gross income of the owners thereof for federal tax purposes; and

(iii) an opinion of counsel to TMC to the effect that the Substitute 2025-1 Master Indenture Obligation is a valid and binding obligation of the obligor or obligors thereunder, including TMC.

#### **Section 706. Intervention by Trustee.**

In any judicial proceeding to which the Authority is a party and which in the opinion of the Certificate Trustee and its counsel has a material bearing on the interests of owners of the Series 2025 Certificates, the Certificate Trustee may intervene on behalf of the owners of the Series 2025 Certificates and, subject to the provisions of Section 702(h), shall do so if requested in writing by the owners of at least 25% of the outstanding principal amount of the Series 2025 Certificates. The rights and obligations of the Certificate Trustee to intervene in any such judicial proceeding under this Section are subject to the approval of a court of competent jurisdiction if approval of such intervention is otherwise required by law.

#### **Section 707. Compensation of Trustee.**

TMC has covenanted in the Loan Agreement to pay the Certificate Trustee from time to time, and the Certificate Trustee shall be entitled to, reasonable compensation for all services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Certificate Trustee, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and TMC has covenanted to pay or reimburse the Certificate Trustee upon its request for all expenses, disbursements and advances incurred or made by or on behalf of the Certificate Trustee in accordance with any of the provisions of this Certificate Indenture, including without limitation the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ, except any such expense, disbursement or advance as may arise from its gross negligence or willful misconduct. The Certificate Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction, shall be entitled (but not obligated) to make advances for the purpose of preserving property of TMC or the Authority. TMC has also covenanted to indemnify the Certificate Trustee for, and to hold it harmless against, any loss, liability, expense or advance incurred or made without gross negligence or willful misconduct on administration of this trust, including without limitation fees for legal, engineering and other professional services deemed advisable by the Certificate Trustee and all costs and expenses of defending itself against any claim of liability. The obligations of TMC to compensate the Certificate Trustee for services and to pay or reimburse the Certificate Trustee for expenses, disbursements, liabilities and advances shall constitute additional indebtedness secured hereunder and shall survive the resignation, removal and succession of the Certificate Trustee. In default of the payment of such additional indebtedness, the Certificate Trustee shall have a lien therefor on any moneys held by the Certificate Trustee hereunder prior to any rights in such moneys of the owners of the Series 2025 Certificates except funds held in trust by the Certificate Trustee for the benefit of the owners of particular Series 2025 Certificates for amounts then due and payable on such particular Series 2025 Certificates.

#### **Section 708. Qualification of Trustee.**

There shall at all times be a trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America or any state thereof, authorized under such laws to exercise

corporate trust powers, having, together with its affiliates (hereinafter defined) a combined capital, surplus and undivided profits of at least \$75,000,000, subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital, surplus and undivided profits of such corporation shall be deemed to be its combined capital, surplus and undivided profits as set forth in its most recent report of condition so published. In case at any time the Certificate Trustee shall cease to be eligible in accordance with the provisions of this Section, the Certificate Trustee shall resign immediately in the manner and with the effect specified in Section 709. For purposes of this Section, the term “affiliate” of the Certificate Trustee shall mean any corporation or other person which, directly or indirectly, controls or is controlled by or is under common control with the Certificate Trustee. For the purposes of this definition, “control” (including the correlative meanings of the terms “controlled by” and “under common control with”), as used with respect to any person, shall mean the possession, directly or indirectly, or the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise.

**Section 709. Resignation or Removal of Trustee and Appointment of Successor.**

(a) The Certificate Trustee may at any time resign by giving written notice to the Authority, and TMC and by giving to the owners of the Series 2025 Certificates and the Master Trustee notice by first class mail. Upon receiving such notice of resignation, TMC, with the approval of the Authority, shall promptly appoint a successor Trustee by an instrument in writing. If no successor Trustee shall have been so appointed and have accepted such appointment within 30 days after the mailing of such notice to the owners of the Series 2025 Certificates, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, or any owner of the Series 2025 Certificates who has been a bona fide owner of a Series 2025 Certificate or Series 2025 Certificates for at least six months may, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

(b) So long as there exists no Event of Default and no event which, with the passage of time or the giving of notice or both, will become an Event of Default, TMC, with the approval of the Authority, may remove the Certificate Trustee and appoint a successor Trustee by an instrument in writing, or any owner of a Series 2025 Certificate may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Certificate Trustee and the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Certificate Trustee and appoint a successor Trustee.

(c) The owners of a majority of the outstanding principal amount of the Series 2025 Certificates may at any time remove the Certificate Trustee and appoint a successor Trustee by an instrument or concurrent instruments in writing signed by such Certificate Owners. Such successor Trustee shall be a corporation authorized under applicable laws to exercise corporate trust powers and may be incorporated under the laws of the United States of America or of any state thereof and need not have its principal office or place of business in the State of Georgia. Such successor Trustee shall satisfy the minimum combined capital, surplus and undivided profits requirement set forth in Section 708.

(d) Any resignation or removal of the Certificate Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 709 shall become effective upon acceptance of appointment by the successor Trustee as provided in Section 710. The Certificate Trustee agrees that simultaneously with the appointment and acceptance of a successor Trustee, it will take such action as may be required under the Master Indenture to transfer the 2025-1 Master Indenture Obligation to such successor Trustee.

(f) Notwithstanding any other provision of this Certificate Indenture, no removal, resignation or termination of the Certificate Trustee (or any other Paying Agent) shall take effect until a successor shall be appointed.

(g) No Trustee or Paying Agent that has resigned or been removed under this Section shall be liable for any act or omission of any successor Trustee or Paying Agent.

**Section 710. Concerning the Successor Trustee.**

Any successor Trustee appointed as provided in Section 709 shall execute, acknowledge and deliver to the Authority and to its predecessor Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts hereunder, with like effect as if originally named as Trustee herein; but nevertheless, the Certificate Trustee ceasing to act shall cause the 2025-1 Master Indenture Obligation to be registered to such Trustee and, on the written request of the Authority or TMC or the request of the successor Trustee, the Certificate Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Trustee, upon the trusts herein expressed, all the rights, powers and trusts of the Certificate Trustee so ceasing to act. Upon request of any such successor Trustee, the Authority shall execute any and all instruments in writing more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and duties. Any Trustee ceasing to act shall, nevertheless, retain a lien upon funds held or collected by such successor Trustee to secure the amounts due it as compensation, reimbursement, expenses and indemnity afforded to it by Section 707.

No successor Trustee shall accept appointment as provided in this Section unless at the time of such acceptance such successor Trustee shall be eligible under the provisions hereof.

Upon the acceptance of appointment by a successor Trustee as provided in this Section, the Authority (at the expense of TMC) shall give notice of the succession of such Trustee to the trusts hereunder by first class mail to all Certificate Owners and the Master Trustee. If the Authority fails to mail such notice within 10 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of TMC.

**Section 711. Merger or Consolidation of Trustee.**

Any corporation into which the Certificate Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Certificate Trustee shall be a party, or any corporation succeeding to the corporate trust business of the Certificate Trustee, shall be the successor to the Certificate Trustee hereunder and shall be eligible under the provisions of Sections 709 and 710, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

In case at the time such successor to the Certificate Trustee shall succeed to the trusts created by the Indenture any of the Series 2025 Certificates shall have been authenticated but not delivered, any such successor to the Certificate Trustee may adopt the certificate of authentication of any predecessor Trustee.

**Section 712. Retention of Financial Statements.**

The Certificate Trustee shall retain all financial statements furnished to it by TMC for at least a period of one year after the receipt thereof.

**Section 713. Obligation of Trustee to File Continuations of Form UCC-1 Financing Statements.**

The Certificate Trustee shall, at the expense of TMC, make, execute and record any continuation statements necessary or advisable in order to perfect, preserve and maintain the Authority's title to, lien upon or security interest in the properties, rights and interests referred to in this Certificate Indenture.

**Section 714. Trustee May Act Through Agents.**

The Certificate Trustee may execute any of the trusts or powers hereof and perform any duty hereunder either directly or by or through its agents or attorneys.

## **ARTICLE VIII**

### **MANNER OF EVIDENCING OWNERSHIP OF CERTIFICATES; MEETINGS OF CERTIFICATE OWNERS**

#### **Section 801. Ownership.**

Any request, direction or other instrument required by this Certificate Indenture to be signed or executed by Certificate Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such certificate owners in person or by agent appointed in writing. Proof of the execution of any such request, direction or other instruments, or of the writing appointing such agent and of the ownership of Series 2025 Certificates, if made in the following manner, shall be sufficient for any purpose of this Certificate Indenture and shall be conclusive in favor of the Certificate Trustee with regard to any action taken by it under such request:

(a) the fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction, who, by the laws thereof, has power to take acknowledgments within said jurisdiction, to the effect that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of a witness to such execution;

(b) the ownership of Series 2025 Certificates shall be proved by the registration book maintained by the Certificate Trustee.

#### **Section 802. Purposes for which Certificate Owners' Meetings may be Called.**

A meeting of owners of Series 2025 Certificates may be called at any time and from time to time pursuant to this Article for any of the following purposes:

(1) to give any notice to the Authority, TMC or the Certificate Trustee, or to give any directions to the Certificate Trustee, or to consent to the waiving of any default under this Certificate Indenture and its consequences, or to take any other action authorized to be taken by such owners pursuant to this Article VIII hereof;

(2) to remove the Certificate Trustee pursuant to Article VII hereof;

(3) to consent to the execution of a supplemental indenture pursuant to Section 1002 hereof, or to consent to the execution of an amendment, change, modification or supplementation of the Loan Agreement pursuant to Section 1005 hereof or to the execution of an amendment, change, modification or supplementation of the Master Indenture pursuant to Section 508; or

(4) to take any other action authorized to be taken by or on behalf of the owners of any specified aggregate principal amount of the Series 2025 Certificates under any other provision of this Certificate Indenture or under applicable law.

#### **Section 803. Place of Meetings of Certificate Owners.**

Meetings of owners may be held at such place or places as the Certificate Trustee or, in case of its failure to act, the Owners of Series 2025 Certificates calling the meeting shall from time to time determine.

#### **Section 804. Call and Notice of Owners of Series 2025 Certificates' Meetings.**

(a) The Certificate Trustee may at any time call a meeting of Owners of Series 2025 Certificates to be held at such time and at such place as the Certificate Trustee shall determine. Notice of every meeting of Owners of Series 2025 Certificates, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given by first class mail not less than twenty (20) nor more than one hundred eighty (180) days prior to the date fixed for such meeting.

(b) In case at any time the Owners of Series 2025 Certificates of at least 25% in aggregate principal amount of the Outstanding Certificates shall have requested the Certificate Trustee to call a meeting of the Owners of Series 2025 Certificates by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Certificate Trustee shall not have made the first giving of the notice of such meeting within twenty (20) days after receipt of such request, then such owners may determine the time and the place for such meeting and may call such meeting to take any action authorized in Section 802 hereof by giving notice thereof as provided in subsection (a) of this Section 804.

**Section 805. Determination of Voting Rights; Conduct and Adjournment of Meetings.**

(a) Notwithstanding any other provisions of this Certificate Indenture, the Certificate Trustee may make such reasonable regulations as it may deem advisable for any meeting of Owners of Series 2025 Certificates in regard to proof of the ownership of certificates and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the ownership of Series 2025 Certificates shall be proved in the manner specified in Section 801 hereof and the appointment of any proxy shall be proved in the manner specified therein or by having the signature of the person executing the proxy witnessed or guaranteed by any bank, banker or trust company authorized by Section 801 hereof to certify to the ownership of Series 2025 Certificates. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 801 hereof or other proof.

(b) The Certificate Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by owners of Series 2025 Certificates as provided in subsection (b) of Section 804 hereof, in which case the owners of Series 2025 Certificates calling the meeting, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the owners of Series 2025 Certificates of a majority in aggregate principal amount of the Certificates represented at the meeting and entitled to vote.

(c) At any meeting each Series 2025 Certificate owner or proxy shall be entitled to one vote for each \$5,000 principal amount of Series 2025 Certificates Outstanding held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any certificate challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Series 2025 Certificate owner or proxy.

(d) At any meeting of owners of Series 2025 Certificates, the presence of persons holding or representing Series 2025 Certificates in an aggregate principal amount sufficient under the appropriate provision of this Certificate Indenture to take action upon the business for the transaction of which such meeting was called shall constitute a quorum. Any meeting of owners of Series 2025 Certificates duly called pursuant to Section 804 hereof may be adjourned from time to time by vote of the owners) of a majority in aggregate principal amount of the Series 2025 Certificates represented at the meeting and entitled to vote, whether or not a quorum shall be present; and the meeting may be held as so adjourned without further notice.

**Section 806. Counting Votes and Recording Action of Meetings.**

The vote upon any resolution submitted to any meeting of owners of Series 2025 Certificates shall be by written ballots on which shall be subscribed the signatures of such owners or of their representatives by proxy and the number or numbers of the Series 2025 Certificates outstanding held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in triplicate of all votes cast at the meeting. A record, at least in triplicate, of the proceedings of each meeting of owners of Series 2025 Certificates shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was published or mailed as provided in Section 804. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to the Authority, another to



TMC and another to the Certificate Trustee to be preserved by the Certificate Trustee, which copy shall have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

**Section 807. Revocation by Certificate Owners.**

At any time prior to (but not after) the evidencing to the Certificate Trustee, in the manner provided in Section 806 hereof, of the taking of any action by the owners of Series 2025 Certificates of the percentage in aggregate principal amount of the Series 2025 Certificates specified in this Certificate Indenture in connection with such action, any owner of a Series 2025 Certificate the number of which is included in the Series 2025 Certificates the owners of which have consented to such action may, by filing written notice with the Certificate Trustee at its principal office and upon proof of ownership as provided in Section 801 hereof, revoke such consent so far as concerns such Series 2025 Certificate. Except as aforesaid, any such consent given by the owner of any Series 2025 Certificate shall be conclusive and binding upon such owner and upon all future owners of such Series 2025 Certificate and of any Series 2025 Certificate issued in exchange therefor or in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such certificate. Any action permitted to be taken by the owners hereunder shall be conclusively binding upon the Authority, TMC, the Certificate Trustee, the registered owners of all the Series 2025 Certificates and anyone whatsoever when such action is taken by the owners of the percentage in aggregate principal amount of Series 2025 Certificates specified herein for such action.

## ARTICLE IX

### DEFEASANCE; UNCLAIMED MONEYS

#### Section 901. Discharge of Indebtedness.

(a) If (1) the Authority or TMC, shall pay or cause to be paid to the owners of the Series 2025 Certificates the principal, redemption, premium (if any) and interest to become due thereon at the times and in the manner stipulated therein and herein, (2) all fees and expenses of the Certificate Trustee then due and owing or accrued and all fees and expenses to accrue until the payment in full of the Series 2025 Certificates shall have been paid or provided for to the satisfaction of the Certificate Trustee, and (3) the Authority and TMC shall keep, perform and observe all and singular the covenants and promises in the Series 2025 Certificates, the Loan Agreement and this Certificate Indenture expressed as to be kept, performed and observed by it or on its part, then, these presents and the rights hereby granted shall cease, determine and be discharged, and thereupon the Certificate Trustee shall cancel and discharge this Certificate Indenture and execute and deliver to the Authority and TMC such instruments in writing as shall be requisite to evidence such cancellation and discharge. If the Authority or TMC shall pay or cause to be paid to the owners of all outstanding Series 2025 Certificates of a particular maturity, the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated therein and herein, such Series 2025 Certificates shall cease to be entitled to any lien, benefit or security under this Certificate Indenture, and all covenants, agreements and obligations of the Authority to the owners of such Series 2025 Certificates shall thereupon cease, terminate and become discharged and satisfied.

(b) Series 2025 Certificates (or such portion thereof as is to be defeased) shall be deemed to be paid within the meaning of this Article and no longer outstanding under this Certificate Indenture if there shall be delivered to the Certificate Trustee by the Authority or by TMC on behalf of the Authority (i) sufficient Permitted Defeasance Investments (hereinafter defined), (ii) an opinion of nationally recognized bond counsel satisfactory to, and addressed to, the Authority and the Certificate Trustee, to the effect that the pledge of Permitted Defeasance Investments to the payment of the Series 2025 Certificates will not, by itself, result in the interest on any Series 2025 Certificates becoming includable in gross income for federal income tax purposes under the Code and the Series 2025 Certificates are no longer "Outstanding" under this Certificate Indenture, (iii) a report of an independent firm of nationally recognized certified public accountants (the "**Accountant**") verifying the sufficiency of the escrow established to pay the Series 2025 Certificates in full on the maturity or redemption date (the "**Verification**"), and (iv) an escrow deposit agreement; provided, however, that if such Series 2025 Certificates are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given as provided in Article III of this Certificate Indenture or irrevocable arrangements satisfactory to the Certificate Trustee shall have been made for the giving thereof. Permitted Defeasance Investments will be considered sufficient if such investments, with interest, mature and bear interest in such amounts and at such times as will (without further reinvestment) assure sufficient cash to pay currently maturing interest and to pay principal and redemption premiums (if any) when due on the Series 2025 Certificates (or such portion thereof with respect to which such deposit is made). For the purposes of this Section, "Permitted Defeasance Investments" shall mean only (1) non-callable direct obligations of the United States of America ("**Treasuries**"), (2) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated or (3) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or any combination thereof.

TMC may at any time surrender to the Certificate Trustee for cancellation by it any Series 2025 Certificates previously authenticated and delivered hereunder which TMC may have acquired in any manner whatsoever, and such Series 2025 Certificates, upon such surrender and cancellation, shall be deemed to be paid and retired.

#### Section 902. Termination of Authority's Liability.

Upon the cancellation and discharge of this Certificate Indenture under Section 901, or upon the deposit with the Certificate Trustee of sufficient money and Permitted Defeasance Investments (such sufficiency

being determined as provided in Section 901(b) for the retirement of any particular Series 2025 Certificates or Certificates), all liability of the Authority in respect of such certificate or certificates shall cease, determine and be completely discharged and the owners thereof shall thereafter be entitled only to payment out of the moneys and the proceeds of the Permitted Defeasance Investments deposited with the Certificate Trustee as aforesaid for their payment; subject, however, to the provisions of Section 903. All moneys on deposit in any funds or accounts created hereunder remaining after payment in full of all outstanding Series 2025 Certificates as provided in Section 901 shall be remitted to TMC.

**Section 903. Unclaimed Moneys.**

Upon the cancellation and discharge of this Certificate Indenture, but notwithstanding such cancellation and discharge, the Certificate Trustee shall continue to hold in trust all moneys held by it for the payment of principal of and interest and redemption premiums on the Series 2025 Certificates until said certificates shall have been presented for payment. Any moneys so deposited with and held by the Certificate Trustee not so applied to the payment of Series 2025 Certificates within two years after the date on which the same shall have become due shall be repaid by the Certificate Trustee to TMC, and thereafter owners of Series 2025 Certificates shall be entitled to look only to TMC for payment, and then to the extent of the amount so repaid, and all liability of the Certificate Trustee with respect to such money shall thereupon cease, and TMC shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

## ARTICLE X

### SUPPLEMENTAL INDENTURES; LOAN AGREEMENTS

#### **Section 1001. Supplemental Indentures Not Requiring Consent of Certificate Owners.**

The Authority and the Certificate Trustee from time to time and at any time, subject to the conditions and restrictions in this Certificate Indenture contained and with the written consent of TMC, may enter into an indenture or indentures supplemental hereto, which indenture or indentures thereafter shall form a part hereof, for any one or more or all of the following purposes:

- (a) to add to the covenants and agreements of the Authority in this Certificate Indenture contained, other covenants and agreements thereafter to be observed or to surrender, restrict or limit any right or power herein reserved to or conferred upon the Authority;
- (b) to make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision, contained in this Certificate Indenture as may be requested or required by any nationally recognized rating agency, or in regard to matters or questions arising under this Certificate Indenture, as the Authority may deem necessary or desirable and not inconsistent with this Certificate Indenture, as evidenced by a certificate delivered to the Certificate Trustee at its Designated Office;
- (c) to modify, amend or supplement this Certificate Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or any state securities or trust indenture law and, if they so determine, to add to this Certificate Indenture, or any indenture supplemental hereto, such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute or such state securities or trust indenture law;
- (d) to grant additional rights and powers to the Certificate Trustee;
- (e) to create such accounts or subaccounts within the funds and accounts created hereunder as TMC shall deem necessary or desirable to enable TMC to account for expenditures of Series 2025 Certificate proceeds or as otherwise shall be requested by TMC; or
- (f) to provide for, or modify existing provisions with respect to, a book-entry system of registration for the Series 2025 Certificates.

Any Supplemental Indenture authorized by the provisions of this Section may be executed by the Authority and the Certificate Trustee without the consent of or notice to the owners of any of the Series 2025 Certificates at the time outstanding, notwithstanding any of the provisions of Section 1002.

#### **Section 1002. Supplemental Indentures Requiring Consent of Certificate Owners.**

With the consent (evidenced as provided in Article VIII) of the owners of not less than a majority of the outstanding principal amount of the Series 2025 Certificates and the written consent of TMC, the Authority and the Certificate Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Certificate Indenture or of any Supplemental Indenture; provided, however, that no such Supplemental Indenture shall (1) extend the fixed maturity of any Series 2025 Certificate or reduce the rate of interest thereon or extend the time for payment of interest, or reduce the amount of the principal thereof, or reduce or extend the time for payment of any premium payable on the redemption thereof, without the consent of the owners of each Series 2025 Certificate so affected, or (2) reduce the percentage of owners of Series 2025 Certificates required to approve any such Supplemental Indenture, or (3) deprive the owners of the Series 2025 Certificates of the lien created by this Certificate Indenture, without the consent of the owners of all the Series 2025 Certificates then outstanding.

**Section 1003. Notice.**

Prior to the execution and delivery of any Supplemental Indenture as provided in Section 1002, the Certificate Trustee shall mail by first-class mail, postage prepaid to the Authority and the registered Owners of the Series 2025 Certificates, at least thirty (30) days prior to the proposed effective date of such Supplemental Indenture a notice of such proposed Supplemental Indenture at the address appearing in the registration book maintained by the Certificate Trustee. Such notice need not set forth such Supplemental Indenture in full but shall contain a summary of the provisions thereof. Such notice shall set forth a time and procedure for consenting to such proposed Supplemental Indenture.

Promptly after the execution by the Authority and the Certificate Trustee of any Supplemental Indenture pursuant to the provisions of Section 1002, a notice, setting forth in general terms the substance of such Supplemental Indenture, shall be given by the Authority by first-class postage prepaid, mailed to each owner of Series 2025 Certificates at the address appearing in the registration book maintained by the Certificate Trustee and to any Rating Agency then rating the Series 2025 Certificates. Any failure of the Authority to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

**Section 1004. Supplemental Indenture to Modify This Certificate Indenture.**

Upon the execution of any Supplemental Indenture pursuant to the provisions of this Article, this Certificate Indenture shall be modified and amended in accordance therewith and the respective rights, duties and obligations under this Certificate Indenture of the Authority, the Certificate Trustee and all owners of Series 2025 Certificates outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such Supplemental Indenture shall be and be deemed to be part of the terms and conditions of this Certificate Indenture for any and all purposes.

**Section 1005. Supplemental Loan Agreement.**

The Authority and TMC may from time to time and at any time, with the prior written consent of the Certificate Trustee, enter into a supplemental loan agreement for any one or more of the following purposes:

- (a) to add to the covenants and agreements of TMC contained therein, other covenants and agreements thereafter to be observed or to surrender, restrict or limit any right or power therein reserved to or conferred upon TMC;
- (b) to make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision, contained in the Loan Agreement, or in regard to matters or questions arising under the Loan Agreement, as the Authority and TMC may deem necessary or desirable and not inconsistent therewith and which shall not adversely and materially affect the interest of the registered owners of the Series 2025 Certificates;
- (c) to make any changes in the Loan Agreement required in connection with a supplemental indenture authorized under Section 1001 or 1002; or
- (d) to grant additional rights and powers to the Certificate Trustee or the Authority.

Any supplemental loan agreement authorized by the foregoing provisions of this Section may be executed by the Authority and the Certificate Trustee and TMC without the consent of or notice to the owners of any of the Series 2025 Certificates at the time outstanding, notwithstanding any other provision hereof. All other supplemental loan agreements shall be subject to the same notice and approval requirements required for Supplemental Indentures in Section 1002 and 1003.

**Section 1006. No Amendment May Alter 2025-1 Master Indenture Obligation.**

Under no circumstances shall any amendment to the Loan Agreement alter the 2025-1 Master Indenture Obligation (other than in connection with the delivery of a Replacement Master Indenture pursuant to

Section 508 hereof) or the payments of principal, premium, if any, and interest thereon, in a manner materially adverse to the holder of any Series 2025 Certificate without the consent of the holders of all the Series 2025 Certificates outstanding.

**Section 1007. Amendment of Contract.**

The Authority and the County may from time to time and at any time, with the prior written consent of the Certificate Trustee, enter into an amendment to the Contract for any one or more of the following purposes:

(a) to make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in the Contract, or in regard to matters or questions arising under the Contract, as the Authority and the County may deem necessary or desirable and not inconsistent therewith and which shall not adversely and materially affect the interest of the registered owners of the Series 2025 Certificates; or

(b) to make any changes in the Contract required in connection with a supplemental indenture authorized under Section 1001 or 1002 or a supplemental loan agreement authorized under Section 1005.

Any amendment to the Contract authorized by the foregoing provisions of this Section may be executed by the Authority, the County and the Certificate Trustee without the consent of or notice to the owners of any of the Series 2025 Certificates at the time outstanding, notwithstanding any other provision hereof. All other amendments to the Contract shall be subject to the same notice and approval requirements required for Supplemental Indentures in Section 1002 and 1003; provided, however, that the Certificate Trustee shall not consent to any amendment to the Contract which would amend the provisions relating to the payments to be made thereunder by the County without the consent of the owners of all the Series 2025 Certificates then outstanding.

**Section 1008. Trustee Consent to Amendments.**

The Certificate Trustee may enter into any supplement hereto or consent to enter into any supplement or amendment to the Loan Agreement, the Master Indenture or the Contract, but shall not be required to do so unless it shall have received an opinion of Counsel, which is addressed to the Certificate Trustee and in form and substance satisfactory to the Certificate Trustee, that such supplement, amendment or consent is authorized or permitted by this Article and that all conditions precedent have been complied with and, as to any supplement hereto, that such Supplemental Indenture will not, by itself, adversely affect the exclusion of interest on the Series 2025 Certificates from gross income for federal income tax purposes. The Certificate Trustee may, but shall not be required to, execute any supplement to this Certificate Indenture or consent to or enter into any supplement, amendment or consent to the Loan Agreement, the Master Indenture or the Contract if any such supplement, amendment or consent, in the opinion of the Certificate Trustee, might expose it to additional liability, impose upon it additional obligations, or adversely affect its rights, remedies, protections, privileges or immunities hereunder or under the Loan Agreement, the Master Indenture or the Contract.

## ARTICLE XI

### MISCELLANEOUS PROVISIONS

#### **Section 1101. Benefit of Certificate Indenture.**

Except as herein expressly otherwise provided, nothing in this Certificate Indenture expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto, the owners of the Series 2025 Certificates issued under and secured by this Certificate Indenture, any right, remedy or claim, legal or equitable, under or by reason of this Certificate Indenture or any covenant, condition or stipulation hereof, this Certificate Indenture and all its covenants, conditions and stipulations being intended to be and being for the sole and exclusive benefit of the parties hereto and the owners of the Series 2025 Certificates.

#### **Section 1102. Severability.**

In case any one or more of the provisions of this Certificate Indenture or of the Series 2025 Certificates shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Certificate Indenture or of the Series 2025 Certificates, but this Certificate Indenture and the Series 2025 Certificates shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the certificates or in this Certificate Indenture shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent that the power to incur such obligation or to make such covenant, stipulation or agreement might have been conferred on the Authority by law.

#### **Section 1103. Certificates Payable Solely from Revenues Pledged, not Binding on Individuals.**

No covenants, stipulations, obligations or agreements of any member, officer, agent, attorney or employee of the Authority shall be deemed to be covenants, stipulations, obligations or agreements of any such member or officer in his or her individual capacity. No recourse shall be had for the payment of the Series 2025 Certificates or any claim thereon against any member, officer, agent, attorney or employee of the Authority, past, present or future.

#### **Section 1104. Notices.**

Unless otherwise specifically provided herein, any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when the same is: (i) deposited in the United States mail and sent by first class mail, postage prepaid; (ii) delivered by facsimile to the address below; (iii) emailed or other electronic means to the e-mail address below; or (iv) delivered, in each case to the parties at the addresses set forth below or at such other address as a party may designate by notice to the other parties. The Authority, TMC, the Certificate Trustee, and the Master Trustee may, by written notice given by each to the others, designate any telephone number(s), e-mail address, facsimile, address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Certificate Indenture. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be delivered as follows:

- |     |                                |  |
|-----|--------------------------------|--|
| (a) | If to the Authority:           | The Carroll City-County Hospital Authority<br>Attention: Chairman<br>c/o Tisinger Vance, P.C.<br>100 Wagon Yard Plaza<br>Carrollton, Georgia 30117<br>Email: sblackmon@tisingervance.com |
| (b) | If to the Certificate Trustee: | Regions Bank<br>1180 West Peachtree Street   |

Suite 1200  
Atlanta, Georgia 30309  
Attention: Corporate Trust Department  
Email: gregory.pulley@regions.com

- (c) If to the Master Trustee The Bank of New York Mellon Trust Company, N.A.  
Attention: Corporate Trust Department  
10161 Centurion Parkway  
Jacksonville, Florida 32256  
Email:
- (d) If to TMC: Tanner Medical Center, Inc.  
Attention: Chief Financial Officer  
705 Dixie Street  
Carrollton, Georgia 30117  
Email: ccrews@tanner.org

**Section 1105. Deemed Consent to Restated Master Indenture.**

The Holders and beneficial owners of the Series 2025 Certificates, by purchasing the Series 2025 Certificates, will be deemed to have irrevocably consented to and approved the amendments to the Original Master Indenture set forth in the Restated Master Indenture, and to have waived, and be deemed to have waived, and to have authorized and directed the Certificate Trustee to waive, any and all other formal notice, implementation, execution or timing requirements that may otherwise be required under the Original Master Indenture in order to implement the Restated Master Indenture. Such consent and waiver will be effective on the Closing Date, will be binding on any subsequent Holder and beneficial owner of any Series 2025 Certificates, and may not be revoked after the issuance of the Series 2025 Certificates. Pursuant to the consent of the Holders and beneficial owners of the Series 2025 Certificates, the Certificate Trustee, as the assignee of the 2025-1 Master Indenture Obligation, is hereby irrevocably directed to consent to the amendments to the Original Master Indenture.



**Section 1106. Payments Due on Saturdays, Sundays, Holidays, etc.**

Whenever a date upon which a payment is to be made under this Certificate Indenture does not fall on a Business Day, such payment may be made on the next succeeding Business Day without interest for the intervening period.

**Section 1107. Applicable Law.**

This Certificate Indenture shall be enforced and construed under and governed by the laws of the State of Georgia.

**Section 1108. Counterparts.**

This Certificate Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

**Section 1109. Headings and Captions.**

The headings and captions of the Articles and Sections of this Certificate Indenture have been inserted for convenience and reference purposes only and shall not be deemed to constitute a part hereof.

IN WITNESS WHEREOF, THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY has caused this Certificate Indenture to be executed by its Chairman, and its official seal to be impressed hereon and attested by its Secretary, and REGIONS BANK, has caused this Certificate Indenture to be executed, sealed and attested on its behalf by its duly authorized signatory, all as of the day and year first above written.

THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY

By: \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

(SEAL)

REGIONS BANK, as Trustee

By: \_\_\_\_\_  
Vice President

Attest:

\_\_\_\_\_  
Vice President

(SEAL)



STATE OF GEORGIA           )  
  )  
COUNTY OF CARROLL        )

**CONTRACT**

THIS CONTRACT, made and entered into February 4, 2025, between CARROLL COUNTY, GEORGIA, a political subdivision of the State of Georgia (the “**County**”), and THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY (the “**Authority**”).

**WITNESSETH:**

WHEREAS, pursuant to the Hospital Authorities Law (O.C.G.A. Section 31-7-70, *et seq.* as amended (the “**Hospital Authorities Law**”), the County and the City of Carrollton adopted a joint resolution on November 11, 1946, to establish the Authority; and

WHEREAS, the Authority owns a hospital facility located in the City of Carrollton, Georgia, known as “**Tanner Medical Center-Carrollton,**” and has leased the Tanner Medical Center-Carrollton to Tanner Medical Center, Inc., a Georgia nonprofit corporation (“**TMC**”), pursuant to a Lease Agreement, dated as of July 1, 1988, as amended by Amendment to the Lease Agreement, dated as of April 16, 2004, as further amended by Second Amendment to Lease Agreement, dated as of February 20, 2008, as further amended by Amendment to the Lease Agreement, dated as of May 1, 2008, as further amended by Amendment to the Lease Agreement, dated as of December 6, 2011, as further amended by Amendment to the Lease Agreement, dated as of May 11, 2015, and as further amended by Amendment to the Lease Agreement, dated as of March 9, 2020 (as amended, the “**Carroll Lease**”), between the Authority and the TMC; and

WHEREAS, TMC owns a hospital facility located in the City of Villa Rica, Georgia, known as “**Tanner Medical Center-Villa Rica**” (together with the Tanner Medical Center - Carrollton, the “**Carroll Medical Centers**”); and

WHEREAS, the Authority has previously issued its Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2015 (the “**Series 2015 Certificates**”) in the original aggregate principal amount of \$71,560,000 for the purpose of, among other things, financing or refinancing all or a portion of the cost of the acquisition, construction, renovation, equipping and installing of certain additions, extensions and improvements to the Carroll Medical Centers; and

WHEREAS, the Authority and the County have previously entered into a Contract, dated June 1, 2015, as supplemented by the First Supplement to Intergovernmental Contract, dated on July 15, 2015 (as supplemented, the “**2015 Contract**”) under which, among other things, the County agreed to pay to the Authority (or its assignee) amounts sufficient to pay amounts due on the Series 2015 Certificates if the revenues of the Authority available for such purpose were insufficient; and

WHEREAS, the Authority, at the request of TMC, has proposed refunding all or a portion of the outstanding Series 2015 Certificates which is in the interest of both the Authority and the County and will assist in providing healthcare and improving the public health and welfare of the residents of the County; and

WHEREAS, TMC proposes to acquire, construct and install certain additions and improvements to the Carroll Medical Centers (the “**New Money Projects**”), and TMC has requested that the Authority assist in the financing or refinancing of the cost of the New Money Projects; and

WHEREAS, under the Trust Indenture, to be dated as of April 1, 2025 or as of such later date as may be approved by the Authority and the County (the “**Series 2025 Indenture**”), between the Authority and Regions Bank, as trustee (the “**Trustee**”), the Authority proposes to issue up to \$215,000,000 in original aggregate

principal amount of The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project) from time to time in one or more series (the “*Certificates*”), the proceeds of which will be applied to (i) refund all or a portion of the outstanding Series 2015 Certificates, (ii) finance or refinance all or a portion of the cost of the New Money Projects, and (iii) pay all or a portion of the costs of issuance of the Certificates; and

WHEREAS, the proceeds of the sale of the Certificates will be loaned by the Authority to TMC for the purposes described above, and TMC will issue a promissory note obligating TMC to pay to the Authority amounts sufficient to pay the amounts due on the Certificates, which note will be pledged to the Trustee as security for the Certificates; and

WHEREAS, Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia and the Hospital Authorities Law authorize any county to contract with any public authority for the provision of facilities or services which the contracting parties are authorized by law to provide; and

WHEREAS, in addition to the 2015 Contract, the Authority and the County have previously entered into (i) a Contract, dated as of June 1, 2015, as supplemented by the Second Supplement to Intergovernmental Contract, dated March 1, 2016 (the “*2016A Contract*”), to provide for additional security for the payment of the Authority’s Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2016 (the “*Series 2016A Certificates*”), in the original aggregate principal amount of \$26,255,000; (ii) a Contract, dated as of August 1, 2016 (the “*2016B Contract*”, to provide for additional security for the payment of the Authority’s Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2016B (the “*Series 2016B Certificates*”) in the original aggregate principal amount of \$36,855,000; and (iii) a Contract, dated as of March 3, 2020 (the “*2020 Contract*” and, together with the 2015 Contract, the 2016A Contract, and the 2016B Contract, the “*Prior Contracts*”), to provide for additional security for the payment of the Authority’s Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2020 (the “*Series 2020 Certificates*”) in the original aggregate principal amount of \$40,335,000; and

WHEREAS, as additional security for the payment of the Certificates, the Authority and the County propose to enter into this Contract (the “*Contract*”), under the terms of which the County, in return for the Authority’s agreement to issue the Certificates to refund all or a portion of the outstanding Series 2015 Certificates and finance or refinance the cost of the New Money Projects and thereby provide, or cause TMC to provide, certain facilities and services with respect to the indigent sick and poor (as hereinafter defined) in the County, agrees to make payments to the Trustee sufficient to insure the payment of the principal of and interest on the Certificates to the extent payments under the promissory note issued by TMC are insufficient for such purpose, and further agrees to levy an annual tax on all taxable property located within the County, within the seven mill limit now prescribed by the Hospital Authorities Law, or at such higher rate or rates as may hereafter be provided by the Hospital Authorities Law or other law, as may be necessary for the County to make the payments required of it pursuant to this Contract and the Prior Contracts;

**NOW, THEREFORE**, for and in consideration of the premises and undertakings as hereinafter set forth, the County and the Authority **DO HEREBY AGREE**, as follows:

1.

This Contract shall become effective upon the date of issuance and delivery of the first series of Certificates secured hereby and shall continue in effect until the principal and the interest on the Certificates shall have been fully paid or shall be deemed to have been fully paid pursuant to the provisions of the Indenture. In no event shall the term of this Contract extend for more than 40 years from its effective date.

2.

The Authority agrees as follows:

(a) In order to (i) refund the outstanding Series 2015 Certificates, (ii) finance or refinance the cost of the New Money Projects, and (iii) pay all or a portion of the costs of issuance of the

Certificates, the Authority will issue the Certificates from time to time in one or more series in the aggregate principal amount of not to exceed \$215,000,000, bearing interest at interest rates per annum not greater than 6.00 percent per annum and maturing or subject to redemption not later than July 1, 2055; provided further than the maximum annual debt service due on the Certificates in any year shall not exceed \$227,900,000. The aggregate principal amount, maturity (or sinking fund redemption) schedule, specific interest rate or rates on each maturity, and the mandatory or optional redemption provisions applicable to each series of the Certificates and other terms shall be determined by the Authority prior to the issuance thereof, and the Authority and the County agree to enter into supplements to this Contract to reflect such terms as to any series of the Certificates. Upon receipt of the proceeds from the sale of any series of the Certificates, the Authority shall deposit such proceeds in accordance with the provisions of the Indenture as the same may be supplemented from time to time by the Authority and the Trustee in connection with the issuance of each series of the Certificates.

(b) At all times thereafter during the term of this Contract the Authority shall maintain and have available, or will cause TMC to maintain and make available, services and facilities to accommodate the indigent sick persons of the County requiring Medical Care and Hospitalization (as defined in paragraph 4(c) hereof). The Medical Care and Hospitalization which the Authority shall provide to such indigent sick persons shall be provided without cost to the County except for the payments which the County has agreed to make pursuant to the provisions of paragraph 3 of this Contract in support of its ongoing responsibility to provide Medical Care and Hospitalization to the indigent sick of the County and otherwise to provide for the public health and welfare needs of the County and except as otherwise may be required by law.

(c) During the term of this Contract the determination of whether a person is indigent and the admission of indigent sick persons to the Carroll Medical Centers shall be accomplished in accordance with procedures set forth in paragraph 4(e) of this Contract. This Contract shall not be construed as prohibiting the Authority or TMC from (i) accepting any voluntary payments which any such indigent sick person receiving Medical Care or Hospitalization in the Carroll Medical Centers may wish to make on his or her own behalf, (ii) collecting the proceeds of any hospitalization, accident or health insurance or other type of insurance with respect to which such indigent sick person may be a beneficiary, (iii) collecting any health care benefit relating to such indigent sick person under any governmental program or (iv) asserting its statutory hospital lien against any recovery relating to Medical Care and Hospitalization administered at the Carroll Medical Centers to which such indigent sick person may be entitled; and provided, further, that nothing herein shall prevent the Authority or TMC from making charges for its services and facilities where the same are rendered to persons who are not certified as indigent.

(d) The Authority shall, or shall cause TMC to, operate, maintain and repair the Carroll Medical Centers as economically as possible consistent (in the judgment of TMC so long as TMC is responsible for the operation of the Carroll Medical Centers) with good business practice in similar hospitals, and all moneys, revenues and receipts arising out of or in connection with its ownership and operation of the Carroll Medical Centers shall be held and applied in the manner and order specified in the Master Trust Indenture, dated as of December 1, 1998, as amended, restated and supplemented from time to time or as the same may be replaced (as amended and restated in its entirety, the "**Master Indenture**"), between TMC and The Bank of New York Mellon Trust Company, N.A., as Master Trustee.

(e) The Authority shall, or cause TMC to, maintain or cause to be maintained complete and accurate records, concerning not only the Medical Care and Hospitalization of patients, but also the administrative, clerical and financial affairs of the Carroll Medical Centers, and any information contained in such records reflecting upon the financial responsibility and eligibility of patients for assistance in any form from the County or from any public or private agency, shall be made available upon request to the County or such public agency (to the extent such information is not otherwise privileged or protected) and may be made available to such private agency upon reasonable and proper request therefor being made by or on behalf of the patient in question.

(f) During the term of this Contract, on the 10<sup>th</sup> business day prior to any interest payment date or optional payment date, or on or prior to such day as may be provided in any supplement to this

Contract, the Authority shall, or shall cause TMC to, determine (i) the aggregate amount of principal and interest becoming due and payable on the applicable interest payment date or optional redemption date with respect to the Certificates, and (ii) the amount of money then on hand in the fund created pursuant to the Indenture and designated "The Carroll City-County Hospital Authority - Tanner Medical Center Sinking Fund" (the "*Sinking Fund*") and available for the payment of such principal and interest becoming due and payable on such interest payment date or optional payment date. If the County is required to make payments under this Contract, the Authority shall, or shall cause TMC to, mail to the County on or prior to the fifth business day prior to the applicable interest payment date or optional payment date (or such other date as may be provided in a supplement to this Contract), a notice which shall state the amount required to be on deposit in each account of the Sinking Fund as of such date, and the amount actually on deposit in such account on such date.

(g) All moneys received by the Trustee from the County pursuant to the provisions of paragraph 3(b) hereof shall immediately be deposited in the Sinking Fund, and such moneys shall be used only for the payment of debt service on the Certificates.

(h) The Authority shall not issue any other obligations of any kind payable from or enjoying lien on the moneys required to be appropriated and paid by the County hereunder prior or superior to the lien for the payment of the Certificates created under the Indenture. Nothing contained herein, however, shall restrict the issuance by the Authority of additional obligations from time to time for the benefit of TMC payable from the moneys, revenues and receipts arising out of or in connection with the ownership or operation of the Carroll Medical Centers in accordance with the provisions of the Master Indenture. The Authority and the County agree that the obligations of the County under the Prior Contracts as to any certificates secured thereby, under this Contract and under any future contracts relating to the issuance of certificates by the Authority shall rank as to lien on the moneys received from the imposition of the tax of not exceeding seven mills required to be levied hereunder on a parity with each other.

(i) The Authority shall file with the County Clerk its proposed budget, or, so long as the Lease is in effect, the Authority shall cause TMC to file its proposed budget prior to the beginning of each fiscal year and, if requested by the County, will meet with the representatives of the County to discuss with or hear from such representatives with respect to matters covered in the budget.

3.

The County agrees as follows:

(a) All of the indigent sick persons residing in the County entitled to receive Medical Care and Hospitalization may be treated at the Carroll Medical Centers pursuant to the terms hereof.

(b) The County shall pay to the Authority for such Medical Care and Hospitalization, and to support the other public health and welfare needs being met by the Authority, moneys sufficient to provide for the payment of the principal of and the interest on the Certificates as the same become due and payable but only to the extent payments under the promissory note issued by TMC are insufficient for such purpose and *subject to the limitation set forth in this Contract relating to the amounts generated by the levy of seven mills on the then current tax digest*, as follows:

1. During the term of this Contract, on or before the fifth business day prior to an interest payment date or an optional payment date, or on or prior to any other day as may be provided in any supplement to this Contract, the County shall pay directly to the Trustee an amount of money equal to the amount of principal and interest which will become due and payable with respect to the Certificates on the applicable interest payment date or optional payment date, less any money on hand in and having been deposited to the Sinking Fund by the Authority and available for the payment of such principal and interest coming due and payable on such interest payment date or optional payment date.



2. If, on any such business day on which a payment is due hereunder prior to an interest payment date or optional payment date, payment of the amount required pursuant to the provisions of this paragraph 3(b) shall not be paid by the County for any reason, any deficiency shall constitute a continuing obligation of the County and if not paid prior to the next succeeding interest payment date or optional payment date, it shall be added to any amount of money otherwise required to be paid pursuant to the provisions of this paragraph 3(b) on such next succeeding interest payment date or optional payment date.

Notwithstanding anything herein to the contrary, the County's obligation to pay the principal of and interest on the Certificates shall not exceed the amount which would be generated by the levy of a tax of seven mills on the then current tax digest.

3. The County and the Authority further agree as follows:
  - a. the aggregate principal amount of Certificates with respect to which the County shall be obligated under this Contract (not including the Prior Contracts or any future contracts) shall not be greater than \$215,000,000, and
  - b. as of the date of sale of any Certificates to be secured hereunder, the maximum annual debt service on (A) the then outstanding Certificates secured under this Contract, (B) the then outstanding Certificates secured under Prior Contracts, and (C) the Certificates being sold, *shall not exceed the amount which would be generated by the levy of a tax of seven mills on the then current tax digest as described in Section 3(d) below.*

(c) Subject to paragraph (d) below, the County agrees that its obligation to make the payments required pursuant to the provisions of paragraph 3(b) hereof shall constitute a general obligation for which its full faith and credit is pledged subject to the seven mill limit now prescribed by the Hospital Authorities Law, or at such higher rate or rates as may hereafter be provided by the Hospital Authorities Law or other law. The parties hereto acknowledge and intend that this Contract shall constitute security for the Certificates, and the County agrees that its obligation to make the payments required by paragraph 3(b) shall be absolute and unconditional so long as any of the Certificates remain outstanding and unpaid and such payments shall not be abated or reduced because of damage to or destruction of the Carroll Medical Centers, inability or failure of the Authority to complete or operate the Carroll Medical Centers, failure of consideration, or for any reason whatsoever. Furthermore, the County shall not exercise any right of set-off or any similar right with respect to such payments, nor will it withhold any such payments because of any claimed breach of this Contract by the Authority, the Trustee, the Master Trustee or any other person or entity or the claimed breach of any other obligation of the Authority to the County. The foregoing provisions relating to the absolute and unconditional nature of such obligation to pay is incorporated herein for the benefit of the owners of the Certificates and shall not affect the obligation of the Authority to perform its obligations under this Contract or otherwise, nor shall such provision otherwise affect any remedies available to the County on account of any claimed breach by the Authority. The County consents to the assignment by the Authority of its right to receive payments relating to the Certificates to the Trustee.

(d) Pursuant to the Hospital Authorities Law and the County's constitutional power to levy taxes to provide public health facilities and services generally and to provide medical or other care and hospitalization for the indigent sick, the County agrees that it shall levy an annual tax, within the seven mill limit now prescribed by the Hospital Authorities Law, or at such higher rate or rates as may hereafter be prescribed by the Hospital Authorities Law or other law, on all taxable property located within its boundaries as and when the same may be necessary to provide the County with sufficient moneys to make all of the payments called for by this Contract and under the Prior Contracts, and if future contracts are entered into, under such future contracts. Nothing herein contained, however, shall be construed as limiting the right of the County to make the payments called for by this Contract or the Prior Contracts out of its general funds or from other monies available to the County therefor.

(e) The aggregate amount of any anticipated payments hereunder by the County in any year shall, to the extent practicable, be determined in advance by the parties hereto in conjunction with the

preparation of the budget of TMC for each succeeding fiscal year, but failure to anticipate any such payment shall not relieve the County from its obligations under Section 3(b) hereof.

(f) In order to assure that the payments required pursuant to the provisions of paragraph 3(b) hereof are made in a timely manner and without diminution, there shall be and there is hereby created a first and prior lien on any and all moneys realized by the County under and pursuant to the annual tax levied in accordance with the provisions of paragraph 3(d) hereof which lien shall secure, on an equal and pro rata basis, the obligations of the County under this Contract and the Prior Contracts and any similar future contracts relating to certificates issued by the Authority, which lien shall be superior to any lien that can hereafter be created thereon.

4.

The Authority and the County further agree as follows:

(a) After the issuance of the Certificates, the Authority may, for the benefit of TMC and without the consent of the County, issue from time to time additional obligations in accordance with the terms of the Master Indenture ranking as to the lien on the Gross Revenues or Gross Receivables created by the Master Indenture on a parity with the lien of the other obligations issued thereunder. The County may agree to secure any future certificates issued by the Authority (the "**Contract Backed Indebtedness**") under a supplement to this Contract or a new contract similar to this Contract, so long as the Authority delivers to the County on or before the issuance of the Contract Backed Indebtedness an opinion of any independent certified public accountant or firm of such accountants selected by the Authority setting forth the latest taxable digest of property located in Carroll County, Georgia and subject to taxation for purposes of the Hospital Authorities Law and the maximum Principal and Interest Requirements (as defined in the Master Indenture\_ on the proposed Contract Backed Indebtedness for any succeeding Fiscal Year (as defined in the Master Indenture), which shows the levy on such digest of the maximum annual tax then permitted by the Hospital Authorities Law (seven mills as of the date hereof) will produce at least 1.3 times the maximum Principal and Interest Requirements on the proposed Contract Backed Indebtedness.

(b) The Authority shall pay the principal of and the interest on the Certificates from the payments made by TMC or from the payments made hereunder as the same become due and payable.

(c) The term "indigent sick" as used herein means such persons residing in the County as shall be certified in accordance with procedures set forth in paragraph 4(e) of this Contract as being entitled to Medical Care and Hospitalization at the Carroll Medical Centers. The term "Medical Care and Hospitalization" as used herein means the usual care rendered to patients in the Carroll Medical Centers, such as food, nursing care and supervision, use of operating room and facilities, use of x-ray facilities, use of the usual and customary out-patient clinical services and facilities, medicine and drugs. All other services, facilities, and materials not specifically enumerated or excepted above shall constitute extras and shall be accounted for accordingly by the user thereof. It is understood and agreed that certain charges for services shall be excluded from coverage under this Contract. These services are as follows: (1) private room unless medically necessary; (2) television; (3) private duty nurses; (4) cot rental; and (5) cosmetic surgery.

(d) This Contract is entered into under and pursuant to the Hospital Authorities Law and the provisions of Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia. The parties agree that the issuance of the Certificates for the purposes described herein is in the best interest of the Authority and the County and will promote the public health and welfare of the citizens of the County.

(e) The parties hereto agree as follows with respect to indigent health care:

(i) Hospital Service. The Authority hereby agrees to render in-patient and out-patient hospital services to all patients qualifying as indigent in accordance with the eligibility requirements, limitations and all other conditions of this Contract. The Authority retains the right to reject patients for elective treatment whose accounts are delinquent.

(ii) Eligibility Determination. The Authority shall have the responsibility of gathering appropriate data on all patients applying for assistance and making determinations as to the eligibility of those patients for such assistance, and the County shall have the right to review such determinations of eligibility at any time subject to any applicable privacy laws, rules or regulations. Eligibility under this program shall be restricted to residents of Carroll County, Georgia.

(iii) Standard Charges and Records. All services provided by the Authority or TMC to indigent patients shall be charged through the books and records of the Authority or TMC and at the Authority's or TMC's standard rate for such services rendered, and accurate and detailed records of such services will be maintained by the Authority or TMC.

(iv) Utilization of Services. All services to patients eligible for the indigent care shall be evaluated for utilization of services within the Authority's normal utilization review system to insure their adequacy, indication and quality. This review shall follow the same guidelines which are required by other third-party payors through the mechanisms of medical audit and utilization review committees.

(v) Contract Renewal. The parties to this Contract agree that at least 120 days prior to the termination hereof, negotiations between the parties shall commence to determine continuance or revision of this contractual arrangement or to develop an alternative method of providing indigent care funding.

(vi) Audit. Not later than the last day of the ninth month after the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 2025, the Authority will, or will cause TMC to, furnish the County with a copy of the annual financial audit of the entity operating the Carroll Medical Centers certified by an independent auditor or firm of auditors as to the accuracy of the indigent care statements rendered during the fiscal year; and the County shall have the right and option to have its independent auditor review the appropriate books and records of the Authority or the Carroll Medical Centers subject to any applicable privacy laws, rules or regulations provided the County expresses its desire in advance and provided such audit is conducted during the regular business hours between 8:00 a.m. and 5:00 p.m., Monday through Friday, excepting holidays.

(f) Should the County be required, pursuant to this Contract, to levy a tax, the Board of Commissioners of the County shall have the right to jointly meet with the Authority and Hospital Administrator or equivalent to coordinate the operation of the Carroll Medical Centers in order that the Carroll Medical Centers are operated in a businesslike manner, and in accordance with businesslike practices, and to jointly do anything necessary to accomplish the above.

(g) While nominally this Contract is between the County and the Authority, it is acknowledged by the parties hereto that the owners of the Certificates secured hereby have an interest herein, and the parties hereto understand, covenant and agree that this Contract shall not be modified or amended in any particular which would in any respect adversely affect the rights of any of such owners. No modifications or amendments to this Contract other than supplements identifying each series of Certificates secured hereunder as described in paragraph 4(k) below, shall be made without the prior written consent of the Trustee.

(h) Should any phrase, clause, sentence or paragraph herein contained be held invalid or unconstitutional, it shall in no way affect the remaining provisions of this Contract, which provisions shall remain in full force and effect.

(i) This Contract may be executed in several counterparts, each of which shall be an original but all of which shall constitute but one and the same instrument.

(j) This Contract shall be construed and enforced in accordance with the laws of the State of Georgia.

(k) The parties to this Contract acknowledge and agree that this Contract will be supplemented and amended from time to time in order to reflect among other things, (i) the specific terms (amounts, maturity dates, interest rates, redemption or tender provisions, annual debt service, and other similar matters) of each series of the Certificates covered by payments under this Contract, and (ii) the dates and times on which notices and payments are due, and other similar provisions. The parties agree to cooperate from time to time with each other with respect to the execution and delivery of such amendments and supplements so as to not unreasonably delay the issuance of Certificates by the Authority. The County acknowledges and agrees that the County will be listed as a party defendant and will participate in the validation of the Certificates, and that information about the County, its demographics, financial statements, tax digest and other similar materials will be a material part of the information needed in connection with the issuance and sale from time to time of each series of the Certificates secured by this Contract and will be part of the information required to be updated periodically under the continuing disclosure undertaking to be entered into relating to the Certificates. The County agrees to provide such information from time to time as reasonably requested by the Authority; provided, however, that any expenses of auditors, counsel to the County or other similar costs incurred by the County in connection with providing such information or participating in such validation shall be paid (or reimbursed to the County) by the Authority from the proceeds of such Certificates or other funds available to the Authority from TMC. The County further agrees in connection with the issuance and sale of such Certificates to provide such comfort letters, legal opinions concerning the validity or enforceability of this Contract (as amended or supplemented) and such other certificates, continuing disclosure agreements, representations and other materials as may be reasonably required from the County in connection with the transactions contemplated by this Contract; provided, however, that any expenses of auditors, counsel to the County or other similar costs incurred by the County in connection with providing such materials shall be paid (or reimbursed to the County) by the Authority from the proceeds of such Certificates or other funds available to the Authority from TMC.

(Signatures begin on next page)

IN WITNESS WHEREOF, the parties hereto, acting by and through their duly authorized officers, have cause this Contract to be executed in multiple counterparts under seals as of the day and year first above written.

**CARROLL COUNTY, GEORGIA**

By: \_\_\_\_\_  
Michelle Morgan  
Chairman, Board of Commissioners

(SEAL)

Attest:

\_\_\_\_\_  
Lynda Bingham  
County Clerk

**THE CARROLL CITY-COUNTY HOSPITAL  
AUTHORITY**

By: \_\_\_\_\_  
Chairman

(SEAL)

Attest:

\_\_\_\_\_  
Secretary



STATE OF GEORGIA            )  
  )  
COUNTY OF CARROLL        )

**FIRST SUPPLEMENT TO CONTRACT**

THIS FIRST SUPPLEMENT TO CONTRACT, made and entered into as of [Date of Pricing] (“*this First Supplement*”), between CARROLL COUNTY, GEORGIA, a political subdivision of the State of Georgia (the “*County*”), and THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY (the “*Authority*”).

**WHEREAS**, pursuant to a resolution of the Authority adopted on January 23, 2025 (the “*Bond Resolution*”), the Authority has authorized the issuance of The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project) from time to time in one or more series in the aggregate principal amount outstanding at any time of not to exceed \$215,000,000 (the “*Certificates*”); and

**WHEREAS**, the County and the Authority have previously entered into a Contract, dated February 4, 2025 (the “*Original Contract*” and as supplemented by this First Supplement, the “*Contract*”), pursuant to which the Authority has agreed to provide, or cause to be provided, certain indigent care and medical services to the County, and the County has agreed, subject to the terms of the Original Contract, to pay amounts to the Authority or its assignee which will be sufficient, together with other moneys available to the Authority from Tanner Medical Center, Inc., a Georgia nonprofit corporation (“*TMC*”), to pay amounts due on, the Certificates, and which contract payments from the County will be pledged to secure the payment of the Certificates; and

**WHEREAS**, pursuant to a supplemental resolution of the Authority adopted on [Date of Pricing] (the “*Supplemental Resolution*”), the Authority has determined to issue the Certificates in the form of a single series of Certificates to be designated as “The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2025” (the “*Series 2025 Certificates*”) in the aggregate principal amount of \$[\_\_\_\_\_] for the purpose of (a) financing, or reimbursing TMC for, in whole or in part, the cost of the acquisition, construction, installation and equipping of certain healthcare facilities, equipment and improvements owned or operated by the Authority or TMC or one of its affiliates, located in Carroll County, Georgia (“*Carroll County*”) in the City of Carrollton, Georgia, known as “*Tanner Medical Center-Carrollton*” and in the City of Villa Rica, Georgia, known as “*Tanner Medical Center-Villa Rica*” (together with the Tanner Medical Center-Carrollton, the “*Carroll Medical Centers*”) (collectively, the “*Project*”); (b) refunding [all or a portion of] the outstanding The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2015 (the “*Series 2015 Certificates*”) that were issued to finance or refinance certain healthcare facilities, equipment and improvements owned or operated by the Authority or TMC or one of its affiliates at the Carroll Medical Centers; and (c) paying all or a portion of the costs of issuance of the Series 2025 Certificates; and

**WHEREAS**, the Series 2025 Certificates shall be issued under a Trust Indenture, dated as of April 1, 2025 (the “*Certificate Indenture*”), between the Authority and Regions Bank, as trustee (in such capacity, the “*Certificate Trustee*”); and

**WHEREAS**, the proceeds of the Series 2025 Certificates shall be loaned to TMC pursuant to a Loan Agreement, dated as of April 1, 2025 (the “*Agreement*”), for the purposes described above; and

**WHEREAS**, the County and the Authority propose to enter into this First Supplement to identify the Series 2025 Certificates as secured by the Original Contract with all the rights, benefits and securities granted thereunder and to provide for other related matters;



**NOW THEREFORE**, in consideration of the premises and the undertakings set forth in this First Supplement, the parties hereto agree as follows:

1.

Defined terms used herein that are not otherwise defined herein shall have the meaning given to them in the Original Contract.

2.

This First Supplement shall become effective upon the date of issuance of the Series 2025 Certificates and shall continue in effect until the date when the principal of and the interest on all of the Series 2025 Certificates identified hereunder shall have been fully paid or shall be deemed to have been fully paid (within the meaning of the Certificate Indenture); but in no event shall the term of the Original Contract, as supplemented by this First Supplement, extend for more than 40 years past the effective date of the Contract.

3.

The Series 2025 Certificates are hereby identified as Certificates secured by the Original Contract and shall have, and be entitled to, all the rights, benefits and securities granted thereunder. The Series 2025 Certificates shall mature and be subject to mandatory sinking fund redemption, and shall bear interest and shall be sold at the respective issue prices as set forth on **Exhibit A** attached hereto and made a part hereof.

4.

On or before the 10<sup>th</sup> Business Day (as defined in the Certificate Indenture) prior to each Interest Payment Date (as defined in the Certificate Indenture) or optional payment date, the Authority shall deposit, or shall cause to be deposited with the Certificate Trustee a sum that will equal the principal (if any) and interest on the Series 2025 Certificates (as defined herein) that will become due on the next succeeding Interest Payment Date or optional redemption date with respect to the Series 2025 Certificates. Should the Authority fail to make such deposit or fail to cause such deposit to be made, the Authority shall provide, or shall cause to be provided, to the County written notice of such failure to deposit no later than the fifth Business Day prior to such Interest Payment Date or optional payment date and any other notice as set forth in the Original Contract.

On or before the fifth Business Day prior to an Interest Payment Date or an optional payment date, the County shall pay directly to the Certificate Trustee an amount of money equal to the amount of principal (if any) and interest which will become due and payable with respect to the Series 2025 Certificates on the applicable Interest Payment Date or optional payment date, less any money on hand in and having been deposited to the Sinking Fund by or on behalf of the Authority and available for the payment of such principal (if any) and interest coming due and payable on such Interest Payment Date or optional payment date.

If on any such fifth Business Day prior to an Interest Payment Date or optional payment date, payment in the amount required pursuant to the provisions of this Section 4 shall not be paid by the County for any reason, any deficiency shall constitute a continuing obligation of the County and if not paid prior to the next succeeding interest payment date, it shall be added to any amount of money otherwise required to be paid pursuant to the provisions of this Section 4 on such next succeeding Interest Payment Date or optional payment date.

5.

Amounts required to be paid under Section 4 of this First Supplement may be paid from any funds lawfully available to the County for such purpose. The County has agreed in the Original Contract to levy a tax pursuant to the Original Contract (and subject to the limit therein) to the extent required to provide funds to make such payments and the payments required under other agreements, similar to the Original Contract, between the County and the Authority.

6.

The Authority hereby agrees that it shall not consent to any amendment of the Certificate Indenture which reduces the length of time between any date on which a payment of principal, redemption premium or interest on the Series 2025 Certificates is due and the date on which the County is required to deposit any amounts pursuant to the Contract.

7.

The parties hereto agree that this First Supplement may not be amended or modified except in writing by the parties hereto, and except in accordance with the provisions of the Certificate Indenture relating to amendments to the Contract.

8.

Except to the extent expressly modified or supplemented by this First Supplement, the terms and provisions of the Original Contract are hereby ratified and reaffirmed, and the Original Contract, as supplemented by this First Supplement, shall be taken and construed as one and the same instrument.

9.

This First Supplement may be executed in multiple counterparts, each of which shall be an original and all of which shall be regarded as a single agreement.

**IN WITNESS WHEREOF**, the parties hereto, acting by and through their duly authorized officers, have cause this First Supplement to Contract to be executed as of the day and year first above written.

**CARROLL COUNTY, GEORGIA**

By: \_\_\_\_\_  
Michelle Morgan, Chairman, Board of  
Commissioners

(SEAL)

Attest:

\_\_\_\_\_  
County Clerk

**THE CARROLL CITY-COUNTY HOSPITAL  
AUTHORITY**

By: \_\_\_\_\_  
Chairman

(SEAL)

Attest:

\_\_\_\_\_  
Secretary

Exhibit A

**Series 2025 Certificates**

(Final Number Run Attached Hereto)

**Optional Redemption**

The Series 2025 Certificates maturing on or after July 1, 20\_\_ may be redeemed prior to their respective maturities at the option of TMC, either in whole or in part at any time (in such order of maturities as may be specified by TMC) on or after July 1, 20\_\_ in the manner and subject to the provisions of the Indenture, at a redemption price of par, together with accrued interest to the redemption date.

**Mandatory Sinking Fund Redemption**

The Series 2025 Certificates maturing on July 1, 20[\_\_\_] are subject to mandatory sinking fund redemption on July 1, 20[\_\_\_\_\_] and on each July 1 thereafter, in accordance with the table below, at a redemption price equal to the principal amount of each Series 2025 Certificate (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the July 1, 20[\_\_\_] amount to be paid rather than redeemed):

<u>July 1 of the Year</u>	<u>Principal Amount</u>
---------------------------	-------------------------

The Series 2025 Certificates maturing on July 1, 20[\_\_\_] are subject to mandatory sinking fund redemption on July 1, 20[\_\_\_\_\_] and on each July 1 thereafter, in accordance with the table below, at a redemption price equal to the principal amount of each Series 2025 Certificate (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the July 1, 20[\_\_\_] amount to be paid rather than redeemed):

<u>July 1 of the Year</u>	<u>Principal Amount</u>
---------------------------	-------------------------



---

**LOAN AGREEMENT**

*Between*

**THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY**

*And*

**TANNER MEDICAL CENTER, INC.**

---

*Dated as of April 1, 2025*

---

*Relating to*

**[\$[Par Amount]  
The Carroll City-County Hospital Authority  
Revenue Anticipation Certificates  
(Tanner Medical Center, Inc. Project),  
Series 2025**

---

*This instrument was prepared by:*

**MURRAY BARNES FINISTER LLP**  
3525 Piedmont Road NE  
Suite 515  
Atlanta, GA 30305  
(678) 999-0350

**THIS LOAN AGREEMENT AND AN EXECUTED MASTER INDENTURE OBLIGATION REFERRED TO HEREIN HAVE BEEN ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF, REGIONS BANK, AS CERTIFICATE TRUSTEE UNDER A TRUST INDENTURE DATED AS OF APRIL 1, 2025 FROM THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY, AND AS AMENDED OR FURTHER SUPPLEMENTED FROM TIME TO TIME. INFORMATION CONCERNING SUCH SECURITY INTEREST MAY BE OBTAINED FROM THE CERTIFICATE TRUSTEE AT ITS DESIGNATED OFFICE**

LOAN AGREEMENT

TABLE OF CONTENTS

ARTICLE I DEFINITIONS ..... 4

    Section 1.01.    Incorporation of Definitions. .... 4

ARTICLE II REPRESENTATIONS AND WARRANTIES ..... 5

    Section 2.01.    Representations and Warranties of TMC..... 5

    Section 2.02.    Representations and Warranties of Authority..... 6

ARTICLE III USE OF SERIES 2025 CERTIFICATE PROCEEDS; TERM..... 7

    Section 3.01.    Issuance of the Series 2025 Certificates and Loan..... 7

    Section 3.02.    Disbursements From Construction Fund. .... 7

    Section 3.03.    Establishment of Completion Date. .... 8

    Section 3.04.    TMC Required to Pay in Event Series 2025 Certificate Proceeds Insufficient..... 8

    Section 3.05.    Assignment of Authority’s Rights. .... 8

    Section 3.06.    Loan Term. .... 8

    Section 3.07.    Amendment of Project. .... 9

ARTICLE IV COVENANTS OF TMC ..... 10

    Section 4.01.    Master Indenture Covenants. .... 10

    Section 4.02.    Covenants Relating to the Tax Status of the Series 2025 Certificates. .... 10

    Section 4.03.    Compensation and Indemnity. .... 11

    Section 4.04.    Encumbrance, Sale, Lease or Disposition of Facilities Financed or Refinanced  
with the Proceeds of the Series 2025 Certificates. .... 12

    Section 4.05.    Maintenance and Operation of Property. .... 12

    Section 4.06.    Insurance..... 12

    Section 4.07.    Additions, Modifications and Improvements..... 13

    Section 4.08.    Operating Contracts. .... 13

    Section 4.09.    No Warranty of Condition or Suitability by Authority..... 13

    Section 4.10.    Limitation of Liability of Members of Authority. .... 13

    Section 4.11.    Contract Obligation ..... 13

ARTICLE V LOAN PAYMENTS; ISSUANCE OF THE NOTE ..... 14

    Section 5.01.    Provision for Payment of Loan Payments..... 14

    Section 5.02.    Credits for Payments under the 2025-1 Master Indenture Obligation. .... 14

    Section 5.03.    Obligations Unconditional..... 14

ARTICLE VI OPTION TO PREPAY ..... 16

    Section 6.01.    Prepayment of Loan Obligation and 2025-1 Master Indenture Obligation..... 16

ARTICLE VII ASSIGNMENT ..... 17

    Section 7.01.    Assignment by Authority or Trustee..... 17

ARTICLE VIII LOAN DEFAULTS AND REMEDIES..... 18

    Section 8.01.    Loan Defaults Defined..... 18

    Section 8.02.    Notice of Default. .... 19

    Section 8.03.    Remedies. .... 19

    Section 8.04.    Attorney’s Fees and Other Expenses. .... 19

    Section 8.05.    Application of Moneys. .... 19

    Section 8.06.    No Remedy Exclusive; Waiver; Notice..... 19

ARTICLE IX MISCELLANEOUS ..... 20



Section 9.01.	Notices.....	20
Section 9.02.	Binding Effect.....	20
Section 9.03.	Severability.....	20
Section 9.04.	Amendments, Changes and Modifications.....	21
Section 9.05.	Counterparts.....	21
Section 9.06.	Applicable Law.....	21
Section 9.07.	Consents and Approvals.....	21
Section 9.08.	Captions.....	21
Section 9.09.	No Pecuniary Liability of Authority.....	21
Section 9.10.	Payments Due on Holidays.....	21
Section 9.11.	Certificateholders' Benefit; Right of Others To Perform TMC's Covenants.....	21
Section 9.12.	Reliance by Authority.....	22
Section 9.13.	Disclaimer of Representations.....	22
Section 9.14.	Authority's Obligation Following Termination of Carroll Lease.....	22

EXHIBIT A – DESCRIPTION OF PROJECT

EXHIBIT B – FORM OF REQUISITION

EXHIBIT C – FORM OF COMPLETION CERTIFICATE

## LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of April 1, 2025 (as amended, restated or supplemented from time to time, this “*Loan Agreement*”), between THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY (the “*Authority*”), a public body corporate and politic organized and existing pursuant to the Hospital Authorities Law of the State of Georgia (O.C.G.A. Section 31-7-70, *et seq.*) (the “*Act*”), and TANNER MEDICAL CENTER, INC. (“*TMC*”), a nonprofit corporation organized and existing under the laws of the State of Georgia;

### WITNESSETH:

WHEREAS, the Authority is a public body corporate and politic existing under the Hospital Authorities Law of the State of Georgia (O.C.G.A. Section 31-7-70 *et seq.*, as amended (the “*Act*”)) and by joint resolutions of the Board of Commissioners of Carroll County and the Mayor and Council of the City of Carrollton adopted on November 11, 1946; and

WHEREAS, pursuant to the Act, the Authority is empowered to issue its revenue anticipation certificates and to make loans for the purpose of (a) paying all or any part of the cost of acquisition, construction, alteration, repair, modernization, and other charges incident thereto in connection with any facilities or “project” (as defined in the Act), (b) paying all or any part of the cost of paying off or refinancing any outstanding debt or obligation of any nature owed by the Authority or by persons in furtherance of the Authority’s public purposes, and (c) refunding outstanding revenue anticipation certificates or other obligations; and

WHEREAS, in furtherance of the public purpose for which the Authority was created, the Authority proposes to issue its \$[Par Amount] in aggregate principal amount The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2025 (the “*Series 2025 Certificates*”) pursuant to the Trust Indenture, dated as of April 1, 2025 (the “*Certificate Indenture*”), between the Authority and Regions Bank, as certificate trustee (the “*Certificate Trustee*”), for the purpose of lending the proceeds of the sale of the Series 2025 Certificates to TMC pursuant to this Loan Agreement for the purpose of (a) financing, or reimbursing TMC for, in whole or in part, the cost of the acquisition, construction, installation and equipping of certain healthcare facilities, equipment and improvements owned or operated by the Authority or TMC or one of its affiliates, located in Carroll County, Georgia (“*Carroll County*”) in the City of Carrollton, Georgia, known as “*Tanner Medical Center-Carrollton*” and in the City of Villa Rica, Georgia, known as “*Tanner Medical Center-Villa Rica*” (together with the Tanner Medical Center-Carrollton, the “*Carroll Medical Centers*”) (collectively, the “*Project*”); (b) refunding [all or a portion of] the outstanding The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2015 (the “*Series 2015 Certificates*”) that were issued to finance or refinance certain healthcare facilities, equipment and improvements owned or operated by the Authority or TMC or one of its affiliates at the Carroll Medical Centers; and (c) paying all or a portion of the costs of issuance of the Series 2025 Certificates; and

WHEREAS, in order to provide for the repayment of such loan, TMC has agreed to execute and deliver to the Certificate Trustee a 2025-1 Master Indenture Obligation, dated the date of issuance of the Series 2025 Certificates (the “*2025-1 Master Indenture Obligation*”), pursuant to the Master Trust Indenture, dated as of December 1, 1998 (the “*1998 Master Indenture*”), between the Obligated Issuers (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “*Master Trustee*”), as supplemented and amended by various supplemental master trust indentures, including the Twelfth Supplemental Master Trust Indenture, dated as of April 1, 2025 (the “*Twelfth Supplemental Master Indenture*”), between the Obligated Issuers and the Master Trustee (the 1998 Master Indenture, as amended and supplemented, the “*Original Master Indenture*”); and

WHEREAS, pursuant to Section 9.2 of the Original Master Indenture, with the consent of the Holders of not less than a majority in aggregate principal amount of “Obligations” (as defined in the Original Master Indenture) then Outstanding (as defined in the Original Master Indenture), the Obligated Group Members and the Master Trustee may enter into amendments, supplements and restatements to the Original Master Indenture; and

WHEREAS, upon the receipt of the requisite consent required by Section 9.2 of the Original Master

Indenture, the Original Master Indenture will be amended and restated by the Amended and Restated Master Trust Indenture, dated [Closing Date] (as may be further amended and supplemented from time to time, the “**Restated Master Indenture**”), by and between TMC and the Master Trustee, which such Restated Master Indenture will be effective, following the issuance of the Series 2025 Certificates, on the date of issuance of the Series 2025 Certificates (the “**Closing Date**”); and

WHEREAS, the Holders, by purchasing the Series 2025 Certificates, will be deemed to have irrevocably consented to the amendment, restatement and replacement of the Original Master Indenture with the Restated Master Indenture and such Holders will be deemed to have irrevocably directed the Certificate Trustee, as Holder of the 2025-1 Master Indenture Obligation, to consent to the amendment, restatement and replacement of the Original Master Indenture with the Restated Master Indenture; and

WHEREAS, on the Closing Date, the following Obligations are currently outstanding under the Original Master Indenture (collectively, the “**Prior Outstanding Master Indenture Obligations**”): [(i) the Series 2015-1 Master Note (the “**Series 2015-1 Master Note**”) in the outstanding aggregate principal amount of \$[\_\_\_\_\_] securing payments to be made on the outstanding Series 2015 Certificates]; (ii) the Series 2016-1 Master Note (the “**Series 2016-1 Master Note**”) in the outstanding aggregate principal amount of \$20,525,000 securing payments to be made on The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2016A (the “**Series 2016A Certificates**”); (iii) the Series 2016-2 Master Note (the “**Series 2016-2 Master Note**”) in the outstanding aggregate principal amount of \$31,150,000 securing payments to be made on The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2016B (the “**Series 2016B Certificates**”); and (iv) the Series 2020-1 Master Note (the “**Series 2020-1 Master Note**”) in the outstanding aggregate principal amount of \$37,185,000 securing payments to be made on The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2020 (the “**Series 2020 Certificates**”); and

WHEREAS, the aggregate principal amount of the Prior Outstanding Master Indenture Obligations and the 2025-1 Master Indenture Obligation is \$[\_\_\_\_\_] which means that in order to obtain the consent required by Section 9.2 of the Original Master Indenture (the consent of the Holders of not less than a majority in aggregate principal amount of “Obligations” under the Original Master Indenture), the aggregate principal amount of \$[\_\_\_\_\_] is required to amend, restate and replace the Original Master Indenture; and

WHEREAS, the aggregate principal amount of the 2025-1 Master Indenture Obligation is \$[\_\_\_\_\_] which constitutes more than a majority of the aggregate principal amount of “Obligations” Outstanding under the Original Master Indenture, and accordingly, the amendment, restatement and replacement of the Original Master Indenture with the Restated Master Indenture shall be effective following the issuance of the Series 2025 Certificates, on the Closing Date; and

WHEREAS, as additional security for the Series 2025 Certificates, Carroll County, Georgia (the “**County**”) and the Authority have entered into a Contract, dated February 4, 2025 (the “**Original Contract**”), as supplemented by the First Supplement to Contract, dated [Date of Pricing] (the “**First Supplemental Contract**” and the Original Contract, as supplemented, the “**Contract**”), under which the Authority has agreed to provide, or cause to be provided, certain indigent care and medical services to the County, and the County has agreed, subject to the terms of the Contract, to pay amounts to the Authority or its assignee which will be sufficient, together with other moneys available to the Authority from TMC, to pay amounts due on, among other obligations, the Series 2025 Certificates, and which amounts, as they relate to the Series 2025 Certificates, will be pledged pursuant to this Certificate Indenture to secure the payment of the Series 2025 Certificates; and

WHEREAS, the Series 2025 Certificates shall be secured by a pledge by the Authority to the Certificate Trustee of the Trust Estate (as defined in the Certificate Indenture), including the payments to be paid by TMC pursuant to the 2025-1 Master Indenture Obligation and the payments to be received pursuant to the Contract relating to the Series 2025 Certificates;

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto DO HEREBY AGREE as follows:

## **ARTICLE I**

### **DEFINITIONS**

#### **Section 1.01. Incorporation of Definitions.**

The terms used in this Loan Agreement, unless the context requires otherwise, shall have the same meanings as set forth in the Certificate Indenture or in the Master Indenture, as the case may be. All accounting terms not otherwise defined in the Master Indenture or the Certificate Indenture or herein shall have the meanings assigned to them in accordance with generally accepted accounting principles in the United States.

All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

#### Section 2.01. Representations and Warranties of TMC.

TMC represents and warrants for the benefit of the Authority, the Certificate Trustee and the owners of the Series 2025 Certificates as follows:

(a) TMC has been duly incorporated and is validly existing as a domestic nonprofit corporation in good standing under the laws of the State, and has all requisite power and authority and all necessary licenses and permits to own, lease and operate its properties, to carry on its activities as now conducted and as presently proposed to be conducted, to enter into this Loan Agreement, the Twelfth Supplemental Master Indenture, the Restated Master Indenture, and the 2025-1 Master Indenture Obligation (the “*TMC Execution Documents*”), and to carry out and consummate all transactions contemplated by this Loan Agreement, the Master Indenture, the Carroll Lease, the Restated Master Indenture, and the 2025-1 Master Indenture Obligation (the “*TMC Loan Documents*”).

(b) The execution and delivery of the TMC Execution Documents and the performance by TMC of its obligations under the TMC Loan Documents (i) have been duly and effectively authorized by all necessary corporate action on the part of TMC, (ii) do not conflict with or result in any breach of any of the material terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any material lien, charge or encumbrance upon any property or assets of TMC pursuant to any indenture, loan agreement or other agreement or instrument (other than the Master Indenture, this Loan Agreement and the 2025-1 Master Indenture Obligation) to which TMC is a party or by which TMC, its properties or operations may be bound, and (iii) will not result in any material violation of the provisions of the articles of incorporation or by-laws or similar incorporating or governing documents of TMC or any material laws, ordinances, governmental rules or regulations or court or other governmental orders to which TMC, its properties or operations is subject.

(c) No event has occurred and no condition exists that, upon execution of this Loan Agreement, would constitute a Loan Default hereunder. To the knowledge of TMC, no event of default exists under the Carroll Lease and no event has occurred which with the passage of time or notice would become an event of default under the Carroll Lease.

(d) No event of default has occurred, and no event which, with the passage of time or the giving of notice, or both, would constitute such an event of default, has occurred and is continuing under the Master Indenture.

(e) There is no proceeding pending, and to the best knowledge of TMC, threatened, nor, to the best knowledge of TMC, is there any reasonable basis therefore, challenging the status of TMC as an entity described in Section 501(c)(3) of the Code.

(f) The TMC Execution Documents have been duly authorized, executed and delivered by TMC, and the TMC Loan Documents are legal, valid and binding obligations of TMC.

(g) There is no consent, approval or authorization of, or filing, registration or qualification with, any governmental authority (other than those, if any, already obtained) required on the part of TMC as a condition, to the execution and delivery of the TMC Execution Documents, or the consummation on the part of TMC of any transaction contemplated herein or therein.

(h) To the best knowledge of TMC, there is no event of default or event, which, with the lapse of time or the giving of notice or both would constitute an event of default with respect to the Series 2015 Certificates or under the Series 2015 Loan Agreement.

(i) TMC has not received any notice from the Authority, the Certificate Trustee for the Series 2015 Certificates, any owner of a Series 2015 Certificate, the Internal Revenue Service or the Department of

Treasury of any examination or inquiry challenging or questioning in any way the exclusion from gross income for federal income tax purposes of the interest on the Series 2015 Certificates.

**Section 2.02. Representations and Warranties of Authority.**

The Authority represents and warrants for the benefit of TMC, the Certificate Trustee and the owners of the Series 2025 Certificates as follows:

(a) The Authority has been duly created and is validly existing as a public body corporate and politic under the laws of the State, and has all requisite power and authority to enter into this Loan Agreement, the Contract, and the Certificate Indenture (the “*Authority Execution Documents*”), and to carry out and consummate all transactions contemplated on the part of the Authority by this Loan Agreement, the Carroll Lease, the Contract, and the Certificate Indenture (the “*Authority Loan Documents*”).

(b) The execution and delivery of the Authority Execution Documents, and the performance by the Authority of its obligations under the Authority Loan Documents, have been duly and effectively authorized by all necessary corporate action on the part of the Authority, including the adoption of an appropriate approving resolution of its governing board, and do not and will not conflict with or result in any breach of any of the material terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any material lien, charge or encumbrance upon any property or assets of the Authority pursuant to any indenture, loan agreement or other agreement or instrument (other than the Certificate Indenture, this Loan Agreement and the Lease) or of any material restriction to which the Authority is a party or by which the Authority, its properties or operations may be bound, and such action will not result in any material violation of the provisions of its by-laws or similar governing documents of the Authority or any material laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Authority, its properties or operations is subject.

(c) The Authority Execution Documents have been duly authorized, executed and delivered by the Authority, and the Authority Loan Documents are legal, valid and binding obligations of the Authority.

(d) To the knowledge of the Authority, no event has occurred and no condition exists that, upon execution of this Loan Agreement, would constitute a Default or Loan Default hereunder. To the knowledge of the Authority, no event of default exists under the Carroll Lease, and no event has occurred which with the passage of time or notice would become an event of default under the Carroll Lease.

(e) No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority (other than those, if any, already obtained) is required on the part of the Authority as a condition to the execution and delivery of the Authority Execution Documents, or the consummation of any transaction herein or therein contemplated on the part of the Authority.

(f) To the best knowledge of the Authority, there is no event of default or event, which, with the lapse of time or the giving of notice or both would constitute an event of default with respect to the Series 2015 Certificates or under the Series 2015 Loan Agreement or under the Series 2015 Trust Indenture.

(g) The Authority has not received any notice from the trustee for the Series 2015 Certificates, any owner of a Series 2015 Certificate, the Internal Revenue Service or the Department of Treasury of any examination or inquiry challenging or questioning in any way the exclusion from gross income for federal income tax purposes of the interest on the Series 2015 Certificates.

## ARTICLE III

### USE OF SERIES 2025 CERTIFICATE PROCEEDS; TERM

#### **Section 3.01. Issuance of the Series 2025 Certificates and Loan.**

(a) The Authority hereby undertakes to issue the Series 2025 Certificates in accordance with the Certificate Indenture. Upon the issuance and delivery thereof, an amount equal to the proceeds of the sale of such Series 2025 Certificates shall be loaned to TMC by disbursing such amounts in accordance with the provisions of the Certificate Indenture.

(b) Unless and until so disbursed, moneys or investments in any fund established under the Certificate Indenture shall be trust funds pledged to and held solely for the security and benefit of the owners of the Series 2025 Certificates, subject to the provisions hereof and of the Certificate Indenture permitting the investment or use of such moneys.

#### **Section 3.02. Disbursements From Construction Fund.**

In the Certificate Indenture, the Authority has authorized and directed the Certificate Trustee to make disbursements from the Construction Fund to pay the Costs of the Project, including Costs of Issuance, or to reimburse TMC for any Cost of the Project paid by TMC. The Certificate Trustee shall not make any disbursement from the Construction Fund until TMC shall have provided the Certificate Trustee with a requisition in substantially the form attached hereto as **Exhibit B** and shall have delivered such requisition in accordance with Section 402 of the Certificate Indenture and which shall state:

(i) in reasonable detail, the purpose for which such requisition is made, together with the name and address of the person to whom each payment is due and owing and the amount of each payment requested in such requisition;

(ii) that, except to the extent such requisition relates to payment of interest on the Series 2025 Certificates, bills, statements of account, invoices or other evidence of the payment obligation or obligations to which such requisition relates are on file at the office of TMC;

(iii) that each such obligation is a proper charge against the Construction Fund and has not been the basis of any previous requisition from the Construction Fund;

(iv) that no portion of such requisition requests payment for materials not yet incorporated in the Project or delivered to the site of the Project or for services which have not yet been performed;

(v) if such requisition requests payment for any Costs of Issuance of the Series 2025 Certificates, that the amount requested for disbursement in such requisition for such purpose, together with the amount or amounts previously disbursed from the Construction Fund for Costs of Issuance of the Series 2025 Certificates, does not result in more than two percent of the sale proceeds of the Series 2025 Certificates being applied to pay Costs of Issuance of the Series 2025 Certificates.

In the case of any requisition relating to payment of interest on the Series 2025 Certificates, TMC may direct the Certificate Trustee to transfer moneys for the payment of interest directly from the Construction Fund to the Sinking Fund.

(b) Upon an Event of Default and an acceleration of the 2025-1 Master Indenture Obligation, all moneys in the Construction Fund shall be transferred without any further authorization or direction to the Sinking Fund.



**Section 3.03. Establishment of Completion Date.**

The completion date of the Project shall be evidenced to the Authority and the Certificate Trustee by the Completion Certificate signed by an Authorized TMC Representative in the form attached hereto as **Exhibit C**, stating that, except for amounts retained by the Certificate Trustee at TMC's direction to pay any Cost of the Project not then due and payable, (i) construction and installation of the Project has been completed and all costs of labor, services, materials and supplies used in such construction and installation have been paid, (ii) all equipment for the Project has been installed, such equipment so installed is suitable and sufficient for the operation of the Project, and all costs and expenses incurred in the acquisition and installation of such equipment have been paid, and (iii) all other facilities necessary in connection with the Project have been acquired, constructed, improved, and equipped and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Forthwith upon completion of the acquisition, construction, improving, and equipping of the Project, TMC agrees to cause such certificate to be furnished to the Authority and the Certificate Trustee. Upon receipt of such certificate, the Certificate Trustee shall retain in the Construction Fund a sum equal to the amounts necessary for payment of any Costs of the Project not then due and payable according to such certificate.

Any amount not to be retained in the Construction Fund for payment of the Costs of the Project, and all amounts so retained but not subsequently used, shall be transferred by the Certificate Trustee into the Sinking Fund and used by the Certificate Trustee at the direction of an Authorized TMC Representative (a) to redeem, or to cause the redemption of, Series 2025 Certificates on the earliest redemption date permitted by the Certificate Indenture, (b) to purchase Series 2025 Certificates on the open market prior to such redemption date at prices not in excess of 100% of the principal amount of such Series 2025 Certificates for cancellation, or (c) for any other purpose directed by an Authorized TMC Representative provided that the Certificate Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Act and will not cause interest on the Series 2025 Certificates to be included in gross income for federal income tax purposes. Until used for one or more of the foregoing purposes, such amount shall be invested at a yield not in excess of the yield on the Series 2025 Certificates unless, prior to any such investment, the Certificate Trustee is provided with an opinion of Bond Counsel to the effect that investment at a higher yield will not cause interest on the Series 2025 Certificates to be included in gross income for federal income tax purposes.

**Section 3.04. TMC Required to Pay in Event Series 2025 Certificate Proceeds Insufficient.**

In the event the moneys in the Construction Fund available for payment of the Costs of the Project should not be sufficient to pay the Cost of the Project in full, TMC agrees to complete the Project and to pay that portion of the Cost of the Project in excess of the moneys available therefore in the Construction Fund. The Authority does not make any warranty, either express or implied, that the moneys paid in to the Construction Fund and available for payment of the Costs of the Project will be sufficient to pay all Costs of the Project. TMC agrees that if after exhaustion of the moneys in the Project Fund, TMC should pay any portion of the Costs of the Project pursuant to the provisions of this Section, TMC shall not be entitled to any reimbursement therefor from the Authority, the Certificate Trustee or the Certificateholders, nor shall TMC be entitled to any diminution of the amounts payable under the 2025-1 Master Indenture Obligation.

**Section 3.05. Assignment of Authority's Rights.**

As a source of payment for the Series 2025 Certificates, the Authority, pursuant to the Certificate Indenture, will assign to the Certificate Trustee pursuant to the Certificate Indenture all the Authority's rights in this Loan Agreement (except the Authority's rights to indemnity or payment under Sections 4.03 and 8.04 hereof). TMC consents to such assignment and agrees to make payment of all sums assigned by the Authority directly to the Certificate Trustee without defense or set-offs by reason of any dispute between TMC and the Authority.

**Section 3.06. Loan Term.**

TMC's obligations under this Loan Agreement shall commence on the date of the execution and delivery hereof and shall terminate after payment in full of the Loan and all other amounts due under this Loan

Agreement or the 2025-1 Master Indenture Obligation; provided, however, that the covenants and obligations provided in Sections 4.02, 4.03 and 8.04 shall survive the termination of this Loan Agreement and the payment in full of the amounts due hereunder and under the 2025-1 Master Indenture Obligation.

**Section 3.07. Amendment of Project.**

The Project is more fully described as set forth on Exhibit "A." In order to amend the description of the Project, TMC shall provide the Certificate Trustee with (i) an amended Exhibit "A" and (ii) an opinion of Bond Counsel stating that such amendment to the Project will not adversely affect the tax-exempt status of the Series 2025 Certificates.

## ARTICLE IV

### COVENANTS OF TMC

#### **Section 4.01. Master Indenture Covenants.**

TMC shall perform, and cause any other Obligated Group Members to perform, its covenants under the Master Indenture or any successor agreement thereto while the Master Indenture or any successor agreement are in effect.

#### **Section 4.02. Covenants Relating to the Tax Status of the Series 2025 Certificates.**

(a) TMC covenants that it will not take (or fail to take) any action or permit (or fail to permit) any action to be taken on its behalf, or cause or permit any circumstance within its control to arise or continue, if such action or circumstance, or its reasonable expectation on the date of issuance of the Series 2025 Certificates, would cause the interest on the Series 2025 Certificates to be includable in the gross income of owners thereof for federal income tax purposes.

(b) Without limiting the foregoing, TMC covenants that, notwithstanding any other provision of this Loan Agreement or any other instrument, it will neither make nor cause to be made, or permit any investment or other use of the proceeds of the Series 2025 Certificates or any property or investment property financed or refinanced thereby, which use would cause any of the Series 2025 Certificates to be an “arbitrage bond” under Section 148(a) of the Code, bonds described in paragraphs (2), (3) or (4) of Section 149(d) of the Code relating to restrictions on advance refundings, “hedge bonds” under Section 149(g) of the Code or “private activity bonds” under Section 141 of the Code (other than obligations described in Section 145 of the Code), and that it will comply with the requirements of such Sections, including, without limitation, the requirement to make arbitrage rebate payments pursuant to Section 148(f) of the Code to the extent required therein.

(c) Without limiting the generality of the foregoing, TMC and the Authority hereby agree for the benefit of the owners of the Series 2025 Certificates as follows:

(i) that, during the term of this Loan Agreement, and for such period thereafter as may be required by applicable law, TMC will fully comply with all effective rules, rulings and regulations promulgated by the Department of the Treasury or the Internal Revenue Service which are applicable to the Series 2025 Certificates or the proceeds thereof;

(ii) that TMC shall take all action required from time to time to comply with the rebate requirements of Section 148(f) of the Code, including the payment of any fees related thereto. TMC agrees to provide the Certificate Trustee and the Authority with a copy of any reports or returns filed with the Internal Revenue Service or the Department of the Treasury pursuant to Section 148(f) of the Code relating to the Series 2025 Certificates upon request;

(iii) all property acquired or refinanced with the proceeds of the Series 2025 Certificates or any income from the investment thereof will be owned by a 501(c)(3) organization as defined in Section 150(a)(4) of the Code or a “governmental unit” within the meaning of Section 150(a)(2);

(iv) the proceeds of the Series 2025 Certificates and the income from the investment thereof will be applied such that the Series 2025 Certificates would not be “private activity bonds” within the meaning of Section 141 of the Code if (A) organizations described in Section 501(c)(3) of the Code were treated as governmental units with respect to their activities which do not constitute unrelated trades or business, determined by applying Section 513(a) of the Code, and (B) paragraphs (1) and (2) of Section 141(b) of the Code were applied by substituting five percent for ten percent each place it appears and substituting “net proceeds” for “proceeds” each place it appears;

(v) the amount of the Costs of Issuance of the Series 2025 Certificates financed from proceeds of the Series 2025 Certificates will not exceed two percent of the sale proceeds of the Series 2025 Certificates;

(vi) the proceeds of the Series 2025 Certificates will be applied to the payment of the cost of the facilities financed or refinanced with the proceeds of the Series 2025 Certificates so that the average maturity of the Series 2025 Certificates will not exceed 120% of the weighted average reasonably expected economic life of the facilities financed or refinanced with the proceeds of the Series 2025 Certificates (determined in the manner provided in Section 147(b) of the Code);

(vii) none of the proceeds of the Series 2025 Certificates will be used to provide any airplane, skybox or other private luxury box, facility primarily used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off-premises; and

(viii) TMC will not enter into, or permit any other entity to enter into any lease, management agreement, use agreement, hospital-based physician contract or other similar agreement relating to any facilities refinanced with the proceeds of the Series 2025 Certificates unless (i) such agreement complies with the terms of Rev. Proc. 2017-13 (as the same may be modified, amplified, or superseded from time to time and applicable to the Series 2025 Certificates), or (ii) TMC receives an opinion of counsel experienced in matters relating to Section 103 of the Code to the effect that entering into such agreement will not, by itself, adversely affect the exclusion from gross income of interest on the Series 2025 Certificates for federal income tax purposes.

#### **Section 4.03. Compensation and Indemnity.**

(a) TMC hereby covenants to pay the Certificate Trustee from time to time, and the Certificate Trustee shall be entitled to, reasonable compensation for all services rendered by it in the execution of the trusts created herein or in the Certificate Indenture and in the exercise and performance of any of the powers and duties hereunder of the Certificate Trustee, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and TMC hereby covenants to pay or reimburse the Certificate Trustee upon its request for all expenses, disbursements and advances incurred without limitation or made by or on behalf of the Certificate Trustee in accordance with any of the provisions of this Loan Agreement, including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ, except any such expense, disbursement or advance as may arise from its gross negligence or willful misconduct. The Certificate Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction, shall be entitled (but not obligated) to make advances for the purpose of preserving property of TMC or the Authority.

(b) TMC releases the Authority and the Certificate Trustee from, agrees that the Authority and the Certificate Trustee shall not be liable for, and agrees to indemnify, defend and hold the Authority and the Certificate Trustee harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the facilities financed or refinanced with the proceeds of the Series 2025 Certificates or the use thereof. TMC shall indemnify and hold harmless the Authority and the Certificate Trustee from and against all causes of action, legal or equitable, arising by reason of any act of TMC or the failure of TMC or any of its agents or employees to fulfill any duty toward the Authority or the Certificate Trustee or toward the public or toward any person or persons whomsoever TMC or the Authority or the Certificate Trustee may owe in connection with the facilities financed or refinanced with the proceeds of the Series 2025 Certificates. TMC shall at its own cost and expense defend any such actions which may be brought against the Authority or the Certificate Trustee as aforementioned, whether or not such actions have any basis in law or in fact, and shall pay all amounts which may be recovered therein against the Authority or the Certificate Trustee. TMC agrees to indemnify and hold harmless the Authority and the Certificate Trustee against any and all losses, claims, damages, expenses (including without limitation reasonable counsel fees and expenses) and liabilities arising from, in connection with, or as a result of the issuance of the Series 2025 Certificates, the execution and delivery of this Loan Agreement, the Master Indenture and all related documents (including the 2025-1 Master Indenture Obligation) or the performance and observance by or on behalf of TMC of those things on the part of TMC agreed to be performed or observed hereunder and thereunder. For the purposes of this Section 4.03, "Authority" and

“Trustee” shall mean the Authority and the Certificate Trustee, their Board members, officers, directors, agents, servants, assignees and employees. No member of the board of directors, officer, director, agent, servant, assignee or employee of TMC shall be personally liable for the obligations of TMC created hereunder.

(c) If any action shall be brought against the Authority or the Certificate Trustee in respect of which indemnity may be sought under the foregoing provisions of this Section 4.03 against TMC, the Authority or the Certificate Trustee, as the case may be, shall promptly notify TMC in writing, and TMC shall assume the defense thereof, including the employment of counsel and the payment of all expenses. In any such action, the Authority and the Certificate Trustee shall have the right to employ separate counsel, but the fees and expenses of such counsel shall be at the expense of the Authority or the Certificate Trustee, as the case may be, unless TMC and the Authority or the Certificate Trustee shall have mutually agreed to the employment of such counsel to represent both TMC and the Authority or the Certificate Trustee; provided, however, that the Authority or the Certificate Trustee shall be entitled to employ separate counsel and the fees and expenses of such counsel shall be paid by TMC if the Authority or the Certificate Trustee believes in good faith that there are defenses available to TMC which are not available to them or vice versa, or that a conflict of interest exists between TMC and the Authority or the Certificate Trustee, as applicable. TMC shall not be liable for any settlement of such action effected without its written consent, but if settled with the written consent of TMC or if there shall be a final judgment for the plaintiff in any action, TMC agrees to indemnify and hold harmless the Authority and the Certificate Trustee from and against any loss or liability by reason of such settlement or judgment. The obligations of TMC under this Section 4.03 shall survive the termination of this Loan Agreement.

(d) Nothing contained in this Section 4.03 shall be construed to provide for indemnification of, or payment of expenses to, the Authority or Trustee as a result of the Authority’s or the Certificate Trustee’s gross negligence or willful misconduct.

(e) Failure by TMC to make payments required under this Section 4.03 shall not constitute an Event of Default under Section 8.01(a) hereof.

**Section 4.04. Encumbrance, Sale, Lease or Disposition of Facilities Financed or Refinanced with the Proceeds of the Series 2025 Certificates.**

TMC may encumber, sell, lease and dispose of the facilities financed or refinanced with the proceeds of the Series 2025 Certificates, in whole or in part, without the prior written consent of the Authority or the Certificate Trustee, provided that in connection with any such encumbrance, sale, lease or disposition of the facilities financed or refinanced with the proceeds of the Series 2025 Certificates, in whole or in part, other than in the ordinary course of business, TMC shall provide the Certificate Trustee with (i) a certificate to the effect that such encumbrance, sale, lease or disposition will not result in any event of default, or event which, with the passage of time or the giving of notice or both would constitute such event of default under the Master Indenture and (ii) an opinion of Bond Counsel to the effect that such encumbrance, sale, lease or disposition is authorized or permitted under the terms of the Act and will not, by itself, result in the interest on the Series 2025 Certificates becoming includable in gross income for federal income tax purposes. No such encumbrance, sale, lease or disposition shall relieve TMC from its obligations hereunder or under the 2025-1 Master Indenture Obligation.

**Section 4.05. Maintenance and Operation of Property.**

TMC shall be responsible for operating the facilities financed or refinanced with the proceeds of the Series 2025 Certificates and maintaining the facilities financed or refinanced with the proceeds of the Series 2025 Certificates in good working order; provided, however, that nothing in this Section 4.05 shall require TMC to operate or maintain the facilities financed or refinanced with the proceeds of the Series 2025 Certificates or any part thereof if it determines that it is not in its best interests to do so.

**Section 4.06. Insurance.**

Unless the Carroll Lease is terminated, the Authority shall not have any obligation to keep or maintain or cause to be kept or maintained the facilities financed or refinanced with the proceeds of the Series 2025

Certificates or a portion thereof insured. TMC shall be responsible for maintaining, or causing to be kept and maintained, insurance in accordance with the provisions of Article V of the Master Indenture.

**Section 4.07. Additions, Modifications and Improvements.**

TMC may remodel, renovate, or improve all or any portion of the facilities financed or refinanced with the proceeds of the Series 2025 Certificates or any of its other properties or make additions, modifications or improvements thereon or thereto as it, in its discretion, may deem desirable for its purposes and uses.

**Section 4.08. Operating Contracts.**

TMC may contract for the performance by others of all or substantially all of the operations or services at or in connection with the facilities financed or refinanced with the proceeds of the Series 2025 Certificates or any portion of its facilities provided that no such contract shall (i) result in an event of default or an event which, with the lapse of time or the giving of notice would constitute such an event of default under the terms of the Master Indenture or (ii) adversely affect the exclusion of interest on the Series 2025 Certificates from gross income for federal income tax purposes.

**Section 4.09. No Warranty of Condition or Suitability by Authority.**

THE AUTHORITY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CARROLL MEDICAL CENTERS OR THE CONDITION THEREOF, OR THAT THE CARROLL MEDICAL CENTERS WILL BE SUITABLE FOR THE PURPOSES OR NEEDS OF TMC. THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, THAT TMC WILL HAVE QUIET AND PEACEFUL POSSESSION OF THE CARROLL MEDICAL CENTERS. THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE CARROLL MEDICAL CENTERS OR ITS SUITABILITY FOR TMC'S PURPOSES.

**Section 4.10. Limitation of Liability of Members of Authority.**

No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any member, officer, employee or agent of Authority in his or her individual capacity, and neither the members of the Authority nor any officer thereof executing the Series 2025 Certificates shall be liable personally on the Series 2025 Certificates or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, employee or agent of Authority shall incur any personal liability with respect to any other action taken by him or her pursuant to this Loan Agreement or the Certificate Indenture, provided such member, officer, employee or agent acts in good faith.

**Section 4.11. Contract Obligation**

TMC acknowledges that the Authority has certain obligations under the Contract regarding the operation of the Carroll Medical Centers. TMC agrees to carry out all of the Authority's obligations under the Contract regarding the operation of the Carroll Medical Centers.

## ARTICLE V

### LOAN PAYMENTS; ISSUANCE OF THE NOTE

#### **Section 5.01. Provision for Payment of Loan Payments.**

TMC shall provide for the repayment of the Loan by issuing to the Certificate Trustee, pursuant to the Master Indenture, the 2025-1 Master Indenture Obligation. Notwithstanding any provision of the 2025-1 Master Indenture Obligation to the contrary, TMC hereby agrees to pay all amounts due on the Series 2025 Certificates.

#### **Section 5.02. Credits for Payments under the 2025-1 Master Indenture Obligation.**

TMC shall receive credit for payments under the 2025-1 Master Indenture Obligation, in addition to any credits resulting from payment or prepayment from other sources as follows:

(a) on the interest portion of its payments under the 2025-1 Master Indenture Obligation in an amount equal to the moneys on deposit in the Interest Account in the Sinking Fund which amounts are available to pay interest on the Series 2025 Certificates to the extent such interest amounts have not previously been credited against payments under the 2025-1 Master Indenture Obligation;

(b) on the principal portion of its payments under the 2025-1 Master Indenture Obligation in an amount equal to the moneys on deposit in the Principal Account or Redemption Account of the Sinking Fund which amounts are available to pay principal of the Series 2025 Certificates to the extent such principal amounts have not previously been credited against payments under the 2025-1 Master Indenture Obligation;

(c) on installments of principal and interest portions, respectively, of its payments under the 2025-1 Master Indenture Obligation, in an amount equal to the principal and interest of Series 2025 Certificates which have been called by the Certificate Trustee for redemption prior to maturity and for the redemption of which sufficient amounts are on deposit in the Redemption Account in the Sinking Fund to the extent such amounts have not previously been credited against such portions of payments under the 2025-1 Master Indenture Obligation, and interest on such Series 2025 Certificates from and after the Redemption Date. Such credits shall be made against principal and interest portions of payments under the 2025-1 Master Indenture Obligation which would be used, but for such call for redemption, to pay principal and interest of such Series 2025 Certificates when due at maturity or upon mandatory sinking fund redemption pursuant to Article III of the Certificate Indenture for the Series 2025 Certificates; and

(d) on installments of principal and interest portions, respectively, of its payments under the 2025-1 Master Indenture Obligation, in an amount equal to the principal amount of Series 2025 Certificates acquired by TMC and delivered to the Certificate Trustee for cancellation or purchased by the Certificate Trustee and cancelled, and interest on such Series 2025 Certificates from and after the date interest thereon has been paid prior to cancellation. Such credits shall be made against principal and interest portions of payments under the 2025-1 Master Indenture Obligation which would be used, but for such cancellation, to pay principal and interest on the Series 2025 Certificates when due, and with respect to mandatory sinking fund requirements for the Series 2025 Certificates so cancelled against principal installments which would be used to pay Series 2025 Certificates in order of such mandatory sinking fund requirements.

#### **Section 5.03. Obligations Unconditional.**

TMC's obligations under this Loan Agreement and the 2025-1 Master Indenture Obligation are continuing, unconditional and absolute, and are independent of and separate from any obligations of the Authority, and shall not be diminished or deferred for any reason whatsoever, irrespective of the doing of any act or the omission thereof by the Authority or the Certificate Trustee, irrespective of the existence of any other circumstances which might otherwise constitute a legal or equitable defense or discharge of the obligations of TMC hereunder, including without limitation (i) any matters of abatement, setoff, counterclaim, recoupment, defense or other right TMC may have against the Authority or the Certificate Trustee, suppliers of any portion of the Carroll Medical

Centers or anyone for any reason whatsoever; (ii) compliance with specifications, conditions, design, operation, disrepair or fitness for use of, or any damage to or loss or destruction of any portion of the Carroll Medical Centers, any condemnation or sale in anticipation of condemnation of all or any portion of the Carroll Medical Centers, or any interruption or cessation in the use or possession thereof by TMC, for any reason whatsoever; (iii) any insolvency, bankruptcy, reorganization or similar proceedings by or against TMC; (iv) any failure of any supplier to deliver any portion of the facilities financed or refinanced with the proceeds of the Series 2025 Certificates for any reason whatsoever except as otherwise provided herein; (v) any acts or circumstances that may constitute failure of consideration, sale, loss, destruction or condemnation of or damage to the Carroll Medical Centers; or (vi) any change in the tax or other laws of the United States of America or of the State of Georgia or any political subdivision of either or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Loan Agreement. Nothing contained in this Section shall be construed to release the Authority from the performance of any of the agreements on its part contained herein; and in the event the Authority should fail to perform any such agreement on its part, TMC may institute such action against the Authority as TMC may deem necessary to compel such performance so long as such action shall not constitute a violation of the Loan Agreement on the part of TMC contained in the preceding sentence. TMC hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Loan Agreement except in accordance with the express terms hereof. The parties to this Loan Agreement intend that the payments made pursuant to the 2025-1 Master Indenture Obligation shall be paid to the Certificate Trustee on behalf of the Authority without diminution of any kind.



## ARTICLE VI

### OPTION TO PREPAY

#### **Section 6.01. Prepayment of Loan Obligation and 2025-1 Master Indenture Obligation.**

(a) At the option of TMC and after giving at least 45 days written notice by certified or registered mail to the Authority and the Certificate Trustee (or such lesser period of notice as may be acceptable to the Certificate Trustee), TMC may prepay all or a portion of its Loan Obligation (and the 2025-1 Master Indenture Obligation) by paying to the Certificate Trustee the then applicable optional redemption price as applicable under Article III of the Certificate Indenture pertaining to the Series 2025 Certificates to which such prepayment applies or by paying to the Certificate Trustee an amount (or securities meeting the requirements of Article IX of the Certificate Indenture) sufficient to defease all or any portion of the Series 2025 Certificates under the provisions of Article IX of the Certificate Indenture or to redeem any certificates otherwise subject to redemption under the Certificate Indenture. TMC shall give the Certificate Trustee not less than 45 days written notice of any such prepayment (or such lesser period of notice as may be acceptable to the Certificate Trustee), and if any Series 2025 Certificates are to be called for redemption in connection therewith, irrevocable written instructions to the Certificate Trustee to call such Series 2025 Certificates for redemption.

(b) Upon prepayment of the full amount of the Loan Obligation and the 2025-1 Master Indenture Obligation as provided for in this Section 6.01, this Loan Agreement shall terminate, except for the obligations and covenants provided in Sections 4.02, 4.03, and 8.04 (which will continue in perpetuity) of this Loan Agreement.

## ARTICLE VII

### ASSIGNMENT

#### **Section 7.01. Assignment by Authority or Trustee.**

This Agreement and the 2025-1 Master Indenture Obligation, including the right to receive payments required to be made by TMC hereunder and under the 2025-1 Master Indenture Obligation, and to compel or otherwise enforce performance by TMC, may be assigned in whole or in part to one or more assignees or subassignees by the Authority or the Certificate Trustee at any time subsequent to its execution without the necessity of obtaining the consent of TMC. TMC expressly acknowledges that all right, title and interest of the Authority in and to this Loan Agreement and the 2025-1 Master Indenture Obligation (excluding the Authority's right to indemnification, fees and expenses) has been assigned to the Certificate Trustee, as security for the Series 2025 Certificates as provided in the Certificate Indenture, and that if any Event of Default shall occur, the Certificate Trustee shall be entitled to act hereunder in the place and stead of the Authority (other than with respect to matters to which the Authority is entitled to consent) and may sell or otherwise realize value on the Trust Estate held to secure payment of the Series 2025 Certificates.

TMC hereby consents to such assignment and agrees to make the payments due under the 2025-1 Master Indenture Obligation directly to the Certificate Trustee or its agent and agrees that, as to the Certificate Trustee, its obligation to make the payments required by the 2025-1 Master Indenture Obligation and to observe and perform all other covenants, conditions and agreements hereunder shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, the Certificate Trustee, or any manufacturer or supplier of any portion of the facilities financed or refinanced with the proceeds of the Series 2025 Certificates. Prior to prepayment in full of the 2025-1 Master Indenture Obligation, TMC will not suspend or discontinue any such payment or fail to observe and perform any of its other covenants, conditions and agreements hereunder, and will not terminate this Loan Agreement for any cause, including, without limitation, failure of TMC to complete the acquisition, construction and installation of the facilities financed or refinanced with the proceeds of the Series 2025 Certificates, failure of consideration, failure of title to any part or all of the facilities financed or refinanced with the proceeds of the Series 2025 Certificates, or commercial frustration of purpose, or any damage to or destruction or condemnation of all or any part of the facilities financed or refinanced with the proceeds of the Series 2025 Certificates, or any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, or any failure of the Authority to observe and perform any covenants, conditions and agreements, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Loan Agreement or the Certificate Indenture. TMC may, however, after giving to the Authority and the Certificate Trustee ten-days notice of its intention to do so, at its own expense and in its own name, or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons which TMC deems necessary or desirable in order to secure or protect any of its rights hereunder. Upon receipt by the Authority and the Certificate Trustee of an indemnity or indemnities from TMC satisfactory in all respects to the Authority and the Certificate Trustee, the Authority and the Certificate Trustee shall reasonably cooperate with TMC and will take all reasonable and necessary action, at TMC's sole cost and expense, to effect the substitution of TMC for the Authority or the Certificate Trustee in any such action or proceeding if TMC shall so request. TMC hereby approves the Certificate Indenture and consents to said assignment and appointment.

## ARTICLE VIII

### LOAN DEFAULTS AND REMEDIES

#### Section 8.01. Loan Defaults Defined.

If any of the following events occurs, it is hereby defined as and declared to be and to constitute a “Loan Default”:

(a) failure by TMC to pay any Loan Payment or other payment required to be paid hereunder or under the 2025-1 Master Indenture Obligation on or before the date on which such Loan Payment is due and payable;

(b) failure by TMC to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Loan Agreement other than the failure referred to in Section 8.01(a) hereof for a period of 30 days after written notice specifying such failure and requesting that it be remedied, is given to TMC by the Authority or the Certificate Trustee, unless the Authority and the Certificate Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice is correctable but cannot be corrected within the applicable period, the Authority and the Certificate Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by TMC within the applicable period and diligently pursued until such failure is corrected;

(c) the filing by TMC of a petition seeking relief for itself under Title 11 of the United States Code, as now constituted or hereafter amended, or the filing by TMC of an answer consenting to, admitting the material allegations of or otherwise not controverting, or the failure of TMC to timely controvert, a petition filed against it seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or the filing of such petition or answer by TMC or the failure of TMC to timely controvert such a petition, with respect to relief under the provisions of any other now existing or future applicable bankruptcy, insolvency or other similar law of the United States of America or any state thereof;

(d) the entry of an order for relief, which is not stayed, against TMC under Title 11 of the United States Code, as now constituted or hereafter amended, or the entry of an order, judgment or decree by operation of law or by a court having jurisdiction, which is not stayed, adjudging TMC a bankrupt or insolvent under, or ordering relief against TMC under, or approving as properly filed a petition seeking relief against TMC under, the provisions of any other now existing or future applicable bankruptcy or insolvency or other similar law of the United States of America or any state thereof, or appointing a receiver, liquidator, assignee, sequestrator, trustee or custodian of TMC or all or any of substantial portion of the property of TMC, or ordering the reorganization, winding up or liquidation of the affairs of TMC, or the expiration of 60 days after the filing of any involuntary petition against TMC seeking any of the relief specified in this Section without the petition being dismissed prior to that time;

(e) an event of default shall occur under the Certificate Indenture; or

(f) an event of default shall occur under the Carroll Lease.

The foregoing provision (b) of this Section 8.01 is subject to the following limitation: if by reason of force majeure, TMC is unable in whole or in part to carry out the agreements on its part herein contained, TMC shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; or breakage or accident to machinery, transmission pipes or canals.

**Section 8.02. Notice of Default.**

TMC agrees to give the Certificate Trustee, the Master Trustee and the Authority, promptly upon its becoming aware of the existence thereof, written notice of (i) any action referred to in Section 8.01(c) or 8.01(d) filed by or against TMC or (ii) the occurrence of any other event or condition which constitutes, or that with the giving of notice or the passage of time or both will constitute a Loan Default.

**Section 8.03. Remedies.**

Whenever any Loan Default shall have occurred and be continuing, the Authority and the Certificate Trustee shall, in addition to any other remedies provided herein or by law, have the right, at its or their option without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) declare all amounts due under the 2025-1 Master Indenture Obligation to be immediately due and payable, and upon written notice to TMC the same shall become immediately due and payable without further notice or demand; or
- (b) take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other rights of the Certificate Trustee or the Authority hereunder or as the owner of the 2025-1 Master Indenture Obligation issued under the Master Indenture.

Notwithstanding the foregoing, any declaration of acceleration pursuant to (a) above shall be rescinded upon rescission of any declaration of acceleration of the 2025-1 Master Indenture Obligation pursuant to Section 601 of the Certificate Indenture.

**Section 8.04. Attorney's Fees and Other Expenses.**

TMC on demand shall pay to the Authority or the Certificate Trustee the reasonable fees and expenses of attorneys and other reasonable expenses incurred by either of them in connection with any Loan Default, including, without limitation, fees and expenses incurred in the collection of amounts due under the 2025-1 Master Indenture Obligation or any other sum due or the enforcement of performance of any other obligations of TMC under this Loan Agreement.

**Section 8.05. Application of Moneys.**

Any moneys collected by the Authority or the Certificate Trustee pursuant to Section 8.03 hereof shall be applied in accordance with Section 609 of the Certificate Indenture.

**Section 8.06. No Remedy Exclusive; Waiver; Notice.**

No remedy herein conferred upon or reserved to the Authority or the Certificate Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Loan Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Certificate Trustee to exercise any remedy reserved to it or them in this Article VIII, neither the Certificate Trustee nor the Authority shall be required to give any notice, other than such notice as may be expressly required in this Article VIII.

**ARTICLE IX**

**MISCELLANEOUS**

**Section 9.01. Notices.**

Unless otherwise specifically provided herein, any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when the same is: (i) deposited in the United States mail and sent by first class mail, postage prepaid; (ii) delivered by facsimile to the address below; (iii) emailed or other electronic means to the e-mail address below; or (iv) delivered, in each case to the parties at the addresses set forth below or at such other address as a party may designate by notice to the other parties. The Authority, TMC, the Certificate Trustee, and the Master Trustee may, by written notice given by each to the others, designate any telephone number(s), e-mail address, facsimile, address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Loan Agreement. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be delivered as follows:

TMC:	Tanner Medical Center, Inc. Attention: Chief Financial Officer 705 Dixie Street Carrollton, Georgia 30117 Email: ccrews@tanner.org
Authority:	The Carroll City-County Hospital Authority c/o Tisinger Vance, P.C. 100 Wagon Yard Plaza Carrollton, Georgia 30117 Email: sblackmon@tisingervance.com
Certificate Trustee:	Regions Bank 1180 West Peachtree Street Suite 1200 Atlanta, Georgia 30309 Attention: Corporate Trust Department Email: gregory.pulley@regions.com
Master Trustee:	The Bank of New York Mellon Trust Company, N.A. 10161 Centurion Parkway Jacksonville, Florida 32256 Attention: Corporate Trust Department Email:

Any of the parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

**Section 9.02. Binding Effect.**

This Agreement shall inure to the benefit of and shall be binding upon the Authority and TMC and their respective successors and assigns.

**Section 9.03. Severability.**

If any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 9.04. Amendments, Changes and Modifications.**

This Agreement may not be amended by the Authority and TMC unless such amendment shall have been consented to in writing by the Certificate Trustee and all requirements of Article X of the Certificate Indenture have been complied with.

**Section 9.05. Counterparts.**

This Agreement may be simultaneously executed in several counterparts, each of which shall be an original but all of which shall constitute but one and the same instrument.

**Section 9.06. Applicable Law.**

This Agreement shall be governed by and construed in accordance with the laws of the State.

**Section 9.07. Consents and Approvals.**

Whenever the written consent or approval of the Authority shall be required under the provisions of this Loan Agreement, such consent or approval may be given by the Chairman or Vice-Chairman of the Authority unless otherwise provided by law or by rules or regulations of the Authority.

**Section 9.08. Captions.**

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

**Section 9.09. No Pecuniary Liability of Authority.**

No provision, covenant, or agreement contained in this Loan Agreement, or any obligation herein imposed upon the Authority, or the breach thereof, shall constitute an indebtedness or liability of the State or any political subdivision of the State or any public corporation or governmental agency existing under the laws thereof, including, without limitation, the Authority. In making the agreements, provisions and covenants set forth in this Loan Agreement, the Authority has not obligated itself except with respect to the application of the revenues, income and other property as derived herefrom, as hereinabove provided (other than the fees and expenses of the Authority and amounts derived from the indemnity provided pursuant to Section 4.03).

**Section 9.10. Payments Due on Holidays.**

If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Loan Agreement, shall not be a Business Day, such payments may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Loan Agreement.

**Section 9.11. Certificateholders' Benefit; Right of Others To Perform TMC's Covenants.**

All covenants, agreements and representations on the part of TMC and the Authority, as set forth in this Loan Agreement, are hereby declared to be for the benefit of the registered owners from time to time of the Series 2025 Certificates, the Certificate Trustee, Carroll County, Georgia and the indemnified parties listed in Section 4.03 hereof to the extent expressly provided herein, each and all of whom are intended to be third-party beneficiaries of this Loan Agreement. TMC covenants and agrees to do all things within its power in order to comply with and to enable the Authority to comply with all requirements and to fulfill and to enable the Authority to fulfill all covenants of the Certificate Indenture.

If TMC shall fail to make any payment or perform any act required to be performed hereunder, then and in each such case the Authority or the Certificate Trustee may (but shall not be obligated to) remedy such

default for the account of TMC and make advances for that purpose. No such performance or advance shall operate to refinance the obligations of TMC and any sums so advanced by the Authority or the Certificate Trustee shall be immediately due from TMC to the party advancing the same (who may immediately take any action available at law or in equity to enforce repayment of the same) and shall bear interest at the Certificate Trustee's designated "prime rate" plus 2% from the date of the advance until repaid. The Authority or the Certificate Trustee shall have the right to enter the Carroll Medical Centers in order to effectuate the purposes of this Section.

**Section 9.12. Reliance by Authority.**

Anything in this Loan Agreement to the contrary notwithstanding, TMC agrees that the Authority and the Certificate Trustee may rely conclusively on the truth and accuracy of any certificate, opinion, notice, representation or instrument made or provided by TMC in order to establish the existence of any fact or statement of affairs solely within the knowledge of TMC, and which is required to be noticed, represented or certified by the Authority or the Certificate Trustee hereunder or under the Certificate Indenture or in connection with any filings, representations or certifications required to be made by the Authority or the Certificate Trustee in connection with the issuance and delivery of the Series 2025 Certificates.

**Section 9.13. Disclaimer of Representations.**

Neither the Certificate Trustee nor the Authority makes any representation as to the financial position or business condition of TMC and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by TMC in connection with the sale of the Series 2025 Certificates, or as to the correctness, completeness or accuracy of such statements. Furthermore, neither the Certificate Trustee nor the Authority makes any representation or warranty, either express or implied with respect to the merchantability, condition or workmanship of any part of the facilities financed or refinanced with the proceeds of the Series 2025 Certificates or its suitability for TMC's purposes.

**Section 9.14. Authority's Obligation Following Termination of Carroll Lease.**

In the event the Carroll Lease is terminated for any reason whatsoever, the Authority will assume all of TMC's obligations hereunder.

IN WITNESS WHEREOF, the Authority has executed this Loan Agreement with its seal hereunto affixed and attested by its duly authorized officers and TMC has caused this Loan Agreement to be executed in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY

(SEAL)

Attest:

By: \_\_\_\_\_  
Chairman

By: \_\_\_\_\_  
Secretary



TANNER MEDICAL CENTER, INC.

(SEAL)

Attest:

By: \_\_\_\_\_  
Chief Financial Officer

By: \_\_\_\_\_  
Secretary

**EXHIBIT A**

**DESCRIPTION OF PROJECT**

The Project comprises of the financing, or reimbursing TMC for, the cost of the acquisition, construction, renovation, equipping and installing of certain additions, extensions and improvements and related equipment to Tanner Medical Center-Carrollton operated by TMC in the City of Carrollton and Tanner Medical Center-Villa Rica operated by TMC in the City of Villa Rica.

**EXHIBIT B**

**FORM OF REQUISITION**

REQUISITION NO. \_\_\_\_

Regions Bank, as trustee  
Attention: Corporate Trust Department  
Atlanta, Georgia

Re:     \$[\_\_\_\_\_] The Carroll City-County Hospital Authority Revenue Anticipation  
          Certificates (Tanner Medical Center, Inc. Project), Series 2025

To the Addressee:

The undersigned Tanner Medical Center, Inc. ("**TMC**") hereby submits this requisition for payment from the Construction Fund established under the Trust Indenture, dated as of April 1, 2025 (the "**Certificate Indenture**"), between The Carroll City-County Hospital Authority (the "**Authority**") and you, as trustee, relating to the obligations in caption (the "**Series 2025 Certificates**"). All capitalized terms used herein and not defined herein shall have the meaning ascribed thereto in the Certificate Indenture.

Amount Requested: \_\_\_\_\_

Total Disbursements to Date:

1. Each obligation for which a disbursement is hereby requested is described in reasonable detail in Schedule I hereto together with the name and address of the person, firm or corporation to whom payment is due.
2. The bills, invoices or statements of account for each obligation referenced in Schedule I are on file with TMC.
3. TMC hereby certifies that:
  - (a) the obligation to make such payment was incurred by the Authority or TMC in connection with the issuance of the Series 2025 Certificates (as defined in the Loan Agreement, of even date with the Certificate Indenture, between the Authority and TMC, hereinafter referred to as the "**Loan Agreement**"), is a proper charge against the Construction Fund (as defined in the Loan Agreement), and has not been the basis for any prior requisition;
  - (b) neither TMC nor, to the best of TMC's knowledge, the Authority has received written notice of any lien, right to lien or attachment upon, or claim affecting the right of such payee to receive payment of, any of the money payable under this requisition to any of the persons, firms or corporations named herein, or if any notice of any such lien, attachment or claim has been received such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of this requisition;
  - (c) this requisition contains no items representing payment on account of any retained percentages which the Authority or TMC is entitled to retain at this date;
  - (d) to the extent the expenditures of the amount requested under this Requisition represent Costs of Issuance, such expenditures, when added to all disbursements for Costs of Issuance under previous requisitions, will result in no more than two percent of the issue price of the Series 2025 Certificates being used for payment of costs of issuance of the Series 2025 Certificates (including any underwriter's discount); and

(e) no "Loan Default" (as defined in the Loan Agreement), or event which after notice or lapse of time or both would constitute such a "Loan Default" has occurred and not been waived.

This \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

TANNER MEDICAL CENTER, INC.

By: \_\_\_\_\_  
Authorized TMC Representative

**EXHIBIT C**

**FORM OF COMPLETION CERTIFICATE**

The Carroll City-County Hospital Authority  
c/o Tisinger Vance, P.C.  
100 Wagon Yard Plaza  
Carrollton, Georgia 30117

Regions Bank  
1180 West Peachtree Street  
Suite 1200  
Atlanta, Georgia 30309  
Attention: Corporate Trust Department

To the Addressees:

This certificate is delivered to you solely for the purposes of Section 303 of the Loan Agreement, dated as of April 1, 2025 (the "***Loan Agreement***"), between The Carroll City-County Hospital Authority (the "***Authority***") and Tanner Medical Center, Inc. ("***TMC***"). The undersigned hereby notifies you that, except for amounts retained by the Certificate Trustee at TMC's direction to pay any Cost of the Project not then due and payable, (i) construction and installation of the Project has been completed and all costs of labor, services, materials and supplies used in such construction and installation have been paid, (ii) all equipment for the Project has been installed, such equipment so installed is suitable and sufficient for the operation of the Project, and all costs and expenses incurred in the acquisition and installation of such equipment have been paid, and (iii) all other facilities necessary in connection with the Project have been acquired, constructed, improved, and equipped and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, this certificate is being given without prejudice to any rights against third parties which exist at the date of this certificate or which may subsequently come into being. Capitalized terms used herein but not defined shall have the meanings ascribed to them in the Loan Agreement.

This \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

TANNER MEDICAL CENTER, INC.

By: \_\_\_\_\_  
Authorized TMC Representative

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX F**

**FORM OF AMENDED AND RESTATED MASTER TRUST INDENTURE**

[THIS PAGE INTENTIONALLY LEFT BLANK]



---

---

**AMENDED AND RESTATED  
MASTER TRUST INDENTURE**

---

**TANNER MEDICAL CENTER, INC.,**  
*as Obligated Group Member*

*and*

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**  
*as Master Trustee*

*Dated [Closing Date]*

*Amending and Restating the Master Trust Indenture, dated as of December 1, 1998  
And effective as described herein*

---

---

This document was prepared by:  
Murray Barnes Finister LLP  
Building 5, Suite 515  
3525 Piedmont Road NE  
Atlanta, GA 30305  
(678) 999-0350

[THIS PAGE INTENTIONALLY LEFT BLANK]

**TABLE OF CONTENTS**

**Page**

**ARTICLE I DEFINITIONS AND INTERPRETATION**

Section 1.01. Definitions .....	2
Section 1.02. Interpretation.....	21
Section 1.03. References to Master Indenture .....	21
Section 1.04. Contents of Certificates and Opinions .....	213
Section 1.05. Accounting Principles .....	27

**ARTICLE II AUTHORIZATION AND ISSUANCE OF MASTER INDENTURE OBLIGATIONS**

Section 2.01. Authorization of Master Indenture Obligations .....	27
Section 2.02. Issuance of Master Indenture Obligations.....	27
Section 2.03. Appointment of Credit Group Representative .....	28
Section 2.04. Execution and Authentication of Master Indenture Obligations .....	29
Section 2.05. Conditions to the Issuance of Master Indenture Obligations .....	30

**ARTICLE III PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS;  
DESIGNATED AFFILIATES; CREDIT GROUP COVENANTS**

Section 3.01. Payment of Required Payments .....	31
Section 3.02. Transfers from Designated Affiliates.....	32
Section 3.03. Membership in Obligated Group .....	32
Section 3.04. Withdrawal from Obligated Group .....	33
Section 3.05. Designation of Designated Affiliates .....	34
Section 3.06. Covenants of Corporate Existence, Maintenance of Properties, Etc.....	35
Section 3.07. Gross Receivables Pledge .....	36
Section 3.08. Limitation on Encumbrances .....	37
Section 3.09. Debt Service Coverage.....	38
Section 3.10. Merger, Consolidation, Sale or Conveyance.....	39
Section 3.11. Limitation on Disposition of Assets.....	40
Section 3.12. Limitation on Indebtedness.....	42
Section 3.13. Filing of Financial Statements, Certificate of No Default, Other Information.....	44
Section 3.14. Insurance.....	45
Section 3.15 Calculation of Debt Service and Debt Service Coverage.....	46

**ARTICLE IV DEFAULTS**

Section 4.01. Events of Default .....	50
Section 4.02. Acceleration; Annulment of Acceleration.....	51
Section 4.03. Additional Remedies and Enforcement of Remedies.....	52
Section 4.04. Application of Moneys After Default .....	53
Section 4.05. Remedies Not Exclusive .....	54
Section 4.06. Remedies Vested in the Master Trustee.....	54
Section 4.07. Master Trustee to Represent Holders .....	55
Section 4.08. Holders' Control of Proceedings.....	55
Section 4.09. Termination of Proceedings .....	55
Section 4.10. Waiver of Event of Default.....	55
Section 4.11. Appointment of Receiver .....	56
Section 4.12. Remedies Subject to Provisions of Law.....	56
Section 4.13. Notice of Default.....	56

**ARTICLE V THE MASTER TRUSTEE**

Section 5.01. Certain Duties and Responsibilities .....	57
Section 5.02. Certain Rights of Master Trustee .....	58
Section 5.03. Right to Deal in Master Indenture Obligations and Related Bonds .....	60
Section 5.04. Removal and Resignation of the Master Trustee .....	61

Section 5.05. Compensation and Reimbursement.....	61
Section 5.06. Recitals and Representations.....	62
Section 5.07. Separate or Co-Master Trustee.....	62
Section 5.08. Merger or Consolidation .....	64

**ARTICLE VI SUPPLEMENTS AND AMENDMENTS**

Section 6.01. Supplements Not Requiring Consent of Holders .....	64
Section 6.02. Supplements Requiring Consent of Holders .....	65
Section 6.03. Execution and Effect of Supplements .....	66
Section 6.04. Amendment of Related Supplements .....	67

**ARTICLE VII SATISFACTION AND DISCHARGE**

Section 7.01. Satisfaction and Discharge of Master Indenture .....	67
Section 7.02. Payment of Master Indenture Obligations After Discharge of Lien .....	68
Section 7.03. Replacement Master Indenture .....	68

**ARTICLE VIII MISCELLANEOUS PROVISIONS**

Section 8.01. Limitation of Rights .....	70
Section 8.02. Severability .....	70
Section 8.03. Holidays .....	70
Section 8.04. Credit Enhancer Deemed Holder of Master Indenture Obligation.....	71
Section 8.05. Governing Law .....	71
Section 8.06. Counterparts .....	71
Section 8.07. Immunity of Individuals.....	71
Section 8.08. Binding Effect.....	71
Section 8.09. Notices .....	71
Section 8.10. Determining Consent; Revolving Line of Credit; Commitment Indebtedness .....	72
Section 8.11. U.S.A. Patriot Act .....	72

APPENDIX A – EXCLUDED PROPERTY

APPENDIX B - EXISTING PERMITTED LIENS

SCHEDULE “1” TO MASTER INDENTURE – SCHEDULE OF EXISTING MASTER INDENTURE OBLIGATIONS

## AMENDED AND RESTATED MASTER TRUST INDENTURE

**THIS AMENDED AND RESTATED MASTER TRUST INDENTURE**, dated [Closing Date] (this “*Master Indenture*”), by and among **TANNER MEDICAL CENTER, INC.**, a nonprofit corporation duly organized and existing under the laws of the State of Georgia (“*TMC*” and the “*Initial Obligated Group*”), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association duly organized and existing under the laws of the United States of America and being qualified to accept and administer the trusts hereby created (as more specifically defined herein, the “*Master Trustee*”),

### WITNESSETH:

**WHEREAS**, TMC and the Master Trustee are parties to a Master Trust Indenture, dated as of December 1, 1998 (as amended and supplemented, the “*Prior Master Indenture*”) under which certain notes and other obligations have been issued and secured (the “*Existing Master Indenture Obligations*”); and

**WHEREAS**, the Existing Master Indenture Obligations are described on **Schedule “1”** to this Master Indenture; and

**WHEREAS**, after careful consideration, the Initial Obligated Group has determined to make certain amendments to the Prior Master Indenture as reflected in this Master Indenture; and

**WHEREAS**, Section 9.2 of the Prior Master Indenture permits the amendment thereof in certain circumstances, including upon receipt of consents to such amendment from the holders of not less than a majority in outstanding principal amount of the obligations outstanding thereunder; and

**WHEREAS**, on the date hereof, the consent of the holders of not less than a majority of the outstanding amount of the obligations issued under the Prior Master Indenture have consented to the execution of this Master Indenture (the “*Effective Date*”), accordingly, this Master Indenture is effective as of the date hereof, and the Prior Master Indenture is deemed to have been amended and restated as provided herein; and

**WHEREAS**, upon the Effective Date of this Master Indenture as described herein, all Existing Master Indenture Obligations that were previously secured under the Prior Master Indenture will be deemed to be obligations secured under this Master Indenture; and

**WHEREAS**, the Members of the Initial Obligated Group are authorized and deem it necessary and desirable to enter into this Master Indenture for the purpose of providing for the issuance from time to time of obligations hereunder to provide for the financing or refinancing of the acquisition, construction, equipping or improvement of health care or other facilities, or for other lawful and proper corporate purposes; and

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

**NOW, THEREFORE**, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of the obligations issued hereunder by the holders thereof, and for the purpose of fixing and declaring the terms and conditions upon which such obligations are to be issued, authenticated, delivered and accepted by all persons who shall from time to time be or become holders thereof, the Members of the Initial Obligated Group each covenants and agrees with the Master Trustee for the equal and proportionate benefit of the respective holders from time to time of obligations issued hereunder, as follows:

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Master Indenture and of any supplemental indenture issued hereafter and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, equally applicable to both singular and plural forms of any of the terms herein defined.

#### **Accountant**

“Accountant” means any independent certified public accountant or firm of such accountants selected by the Credit Group Representative.

#### **Affiliate**

“Affiliate” of any specified Person shall mean any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, (i) “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, membership or otherwise; and (ii) the terms “controlling” and “controlled” have meanings correlative to the foregoing; provided that no director, officer or employee of an entity shall be deemed to be an Affiliate of such entity merely by reason of voting power absent equity ownership of a majority of the outstanding equity in the subject entity.

#### **Authorized Representative**

“Authorized Representative” means, with respect to each Credit Group Member, its chairman or vice chairman of the board, president, chief executive officer, chief financial officer, or any other person designated as an Authorized Representative of such Credit Group Member by a Certificate of that Credit Group Member signed by its chairman or vice chairman of the board, president, chief executive officer, or chief financial officer and filed with the Master Trustee.

#### **Balloon Indebtedness**

“Balloon Indebtedness” means Long-Term Indebtedness, 20% or more of the principal of which (calculated as of the date of issuance) becomes due during any period of 12 consecutive months absent acceleration if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption prior to such 12-month period.

#### **Bond Index**

“Bond Index” means, at the option of the Credit Group Representative (as set forth in an Officer’s Certificate) (a) the 30-year Revenue Bond Index published most recently by *The Bond Buyer*, or a comparable index if such Revenue Bond Index is not so published, (b) the SIFMA Swap Index, (c) the weighted average coupon of all then-Outstanding Long-Term Indebtedness secured by Master Indenture Obligations, as such average is certified by the Credit Group Representative in the Officer’s Certificate, or (d) such other interest rate or interest index as may be certified by the Credit Group Representative in writing to the Master Trustee as appropriate to the situation. The Credit Group Representative may designate a different Bond Index for each series or type of Long-Term Indebtedness.

#### **Book Value**

“Book Value” means, when used in connection with Property, Plant and Equipment or other Property of any Credit Group Member, the value of such property, net of accumulated depreciation, as it is carried on the books

of the Credit Group Member in conformity with GAAP, and when used in connection with Property, Plant and Equipment or other Property of the Credit Group, means the aggregate of the values so determined with respect to such Property of each Credit Group Member determined in such a way that no portion of such value of Property of any Credit Group Member is included more than once.

### **Capitalized Rentals**

“Capitalized Rentals” means, as of the date of determination, the amount at which the aggregate Net Rentals due and to become due under a Finance Lease under which a Person is a lessee would be reflected as a liability on a balance sheet of such Person.

### **Certificate, Statement, Request, Consent or Order**

“Certificate”, “Statement”, “Request”, “Consent” or “Order” of any Credit Group Member or of the Master Trustee means, respectively, a written certificate, statement, request, consent or order signed in the name of such Credit Group Member by its Authorized Representative or in the name of the Master Trustee by its Responsible Officer. Any such instrument and supporting opinions or certificates, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or certificate and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.04 hereof, each such instrument shall include the statements provided for in Section 1.04.

### **Code**

“Code” means the Internal Revenue Code of 1986 and the regulations promulgated thereunder.

### **Commitment Indebtedness**

“Commitment Indebtedness” means any Master Indenture Obligation issued for the purposes specified in Section 3.12(i).

### **Completion Indebtedness**

“Completion Indebtedness” means any Long-Term Indebtedness incurred for the purpose of financing the completion of construction or equipping of any project for which Long-Term Indebtedness or Interim Indebtedness has theretofore been incurred in accordance with the provisions hereof, to the extent necessary to provide a completed and fully equipped facility of the type and scope contemplated at the time such Long-Term Indebtedness or Interim Indebtedness was incurred, in accordance with the general plans and specifications for such facility as originally prepared in connection with such Long-Term Indebtedness or Interim Indebtedness as such plans and specifications may be modified to deal with exigencies (if any) not anticipated at commencement of construction (or matters encountered beyond budgeted-for contingencies) as certified by an Officer’s Certificate.

### **Contract Backed Indebtedness**

“Contract Backed Indebtedness” means Indebtedness secured by a contract with the County pursuant to which the County agrees to make debt service payments on such Indebtedness to the extent that the Gross Receivables are insufficient for such purpose.

### **Controlling Member**

“Controlling Member” means the Obligated Group Member designated by the Credit Group Representative to establish and maintain control over a Designated Affiliate.

## **Corporate Trust Office**

“Corporate Trust Office” means the office of the Master Trustee at which its corporate trust business is conducted, which at the date hereof is located at One Pershing Plaza, 95 Christopher Columbus Drive, Jersey City, New Jersey 07399.

## **County**

“County” means Carroll County, Georgia.

## **Credit Group or Credit Group Members**

“Credit Group” or “Credit Group Members” means all Obligated Group Members and Designated Affiliates.

## **Credit Group Financial Statements**

“Credit Group Financial Statements” means the financial statements delivered pursuant to Section 3.13(b).

## **Credit Group Representative**

“Credit Group Representative” means initially TMC, or such other Obligated Group Member (or Obligated Group Members acting jointly) as may have been designated pursuant to written notice to the Master Trustee executed by TMC or a successor Credit Group Representative.

## **Days Cash on Hand**

“Days Cash on Hand” means, as of any date, the product of 365 times (i) the unrestricted cash and cash equivalents plus unrestricted securities and other unrestricted investments as reflected in the Credit Group Financial Statements for the most recent Fiscal Year, plus board and management designated assets and interest funds in any trustee funds which are to be applied to the current Fiscal Year’s interest expense, divided by (ii) the operating expenses as reflected in the Credit Group Financial Statements for the most recent Fiscal Year, excluding from such expenses: (a) depreciation and amortization of debt and bond issuance costs and intangible assets, (b) any amount included in the operating expenses representing bad debt expense, and (c) any extraordinary or non-recurring item.

## **Debt Service Requirements**

“Debt Service Requirements” means for any specified period, (a) the amounts payable as Capitalized Rentals in respect of any Finance Leases, (b) the amounts payable to the Holders of Master Indenture Obligations (or to the trustee for such Holders) in respect of the principal of any or all Master Indenture Obligations issued as Long-Term Indebtedness under this Master Indenture (including scheduled mandatory redemptions of principal) and the interest on such Master Indenture Obligations, and (c) the amounts payable to any or all holders of Long-Term Indebtedness other than Finance Leases and Master Indenture Obligations under this Master Indenture (or to any trustee or paying agent for such holders) in respect of the principal of such Long-Term Indebtedness (including mandatory redemptions or prepayments of principal) and the interest on such Long-Term Indebtedness. Notwithstanding the foregoing, the amounts deemed payable in respect of any Long-Term Indebtedness shall not include interest which is funded from the proceeds thereof or any amounts payable from funds available (without reinvestment) in an irrevocable escrow and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay such principal and such amounts so required to be applied are sufficient to pay such principal (other than amounts so payable solely by reason of a Member’s failure to make payments from other sources). Non-scheduled termination or similar payments on Financial Product Agreements, payments due on optional redemptions, payments due on tenders of Indebtedness for purchase or retirement (other than scheduled mandatory sinking fund payments), payments due as a result of acceleration following default and similar, non-scheduled payments which come due or may become due on any Indebtedness and payments of principal on Balloon Indebtedness shall not be treated as Debt Service Requirements. In addition,



calculations of Debt Service Requirements shall be subject to adjustment as and to the extent permitted or required by Section 3.15, provided, however, that in connection with the calculation of “Debt Service Requirement,” in no event shall any payments to be made in respect of principal and/or interest on any Outstanding Long-Term Indebtedness of the Credit Group during such period be counted more than once.

### **Default**

“Default” means an event that, with the passage of time or the giving of notice or both, would become an Event of Default.

### **Designated Affiliate**

“Designated Affiliate” means any Person which has been so designated by the Credit Group Representative in accordance with Section 3.05 so long as such Person has not been further designated by the Credit Group Representative as no longer being a Designated Affiliate in accordance with Section 3.05.

### **Disposition**

“Disposition” means a conveyance, gift, transfer, sale, lease or other disposition of assets.

### **Electronic Mail**

“Electronic Mail” means a notice, request or other communication sent by email; provided that for purpose of this Master Indenture, an e mail does not constitute a notice, request or other communication hereunder, but rather the portable document format or similar attachment to such e mail shall constitute a notice, request or other communication hereunder.

### **Electronic Means**

“Electronic Means” means telecopy, Electronic Mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Master Trustee, or another method or system specified by the Master Trustee as available for use in connection with its services hereunder.

### **Event of Default**

“Event of Default” means any of the events specified in Section 4.01 hereof.

### **Excluded Property**

“Excluded Property” means the property identified in **Appendix A** to this Master Indenture.

### **Existing Master Indenture Obligations**

“Existing Master Indenture Obligations” means the Outstanding notes and other obligations listed on **Schedule “1.”**

### **Fair Market Value**

“Fair Market Value,” when used in connection with Property, means the fair market value of such Property as determined by either:

(a) an appraisal of the portion of such Property which is real property and the permanent improvements thereof made within five years of the date of determination by a “Member of the Appraisal Institute” and by an appraisal of any material portion of such Property which is not real property made within five years of the date of determination by any expert qualified in relation to the subject matter, provided that any such appraisal shall

be performed by an Independent Consultant, adjusted for the period, not in excess of five years, from the date of the last such appraisal for changes in the implicit price deflator for the gross national product as reported by the United States Department of Commerce or its successor agency, or if such index is no longer published, such other index certified to be comparable and appropriate in an Officer's Certificate delivered to the Master Trustee;

(b) a bona fide offer for the purchase of such Property made on an arm's-length basis within six months of the date of determination, as established by an Officer's Certificate; or

(c) if the Fair Market Value of such Property is less than or equal to the greater of \$10,000,000 or 5% of cash and equivalents as shown on the Credit Group Financial Statements, then an Authorized Representative of the Credit Group Representative (whose determination shall be made in good faith and set forth in an Officer's Certificate filed with the Master Trustee).

### **Finance Lease**

"Finance Lease" means any lease of real or personal property that, in accordance with GAAP, is classified as a "finance lease" under Financial Accounting Standards Board Accounting Standards Codification Topic 842, Leases, or any successor guidance, and which is not classified as an Operating Lease.

### **Financial Product Agreement**

"Financial Product Agreement" means any interest rate exchange agreement, hedge or similar arrangement, including, *inter alia*, an interest rate swap, asset swap, a constant maturity swap, a forward or futures contract, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, direct funding transaction or other derivative, including any option to enter into the foregoing, however denominated and whether entered into on a current or forward basis, excluding however commodity (including power) forward purchase agreements.

### **Financial Product Extraordinary Payments**

"Financial Product Extraordinary Payments" means any payments required to be paid to a counterparty by a Credit Group Member pursuant to a Financial Product Agreement in connection with the termination thereof, tax gross-up payments, expenses, default interest, and any other payments or indemnification obligations to be paid to a counterparty by a Credit Group Member under a Financial Product Agreement, which payments are not Financial Product Payments.

### **Financial Product Payments**

"Financial Product Payments" means regularly scheduled payments required to be paid to a counterparty by a Credit Group Member pursuant to a Financial Product Agreement and excluding Financial Product Extraordinary Payments.

### **Financial Product Receipts**

"Financial Product Receipts" means regularly scheduled payments required to be paid to a Credit Group Member by a counterparty pursuant to a Financial Product Agreement.

### **Fiscal Year**

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter designated by the Credit Group Representative as the fiscal year of the Credit Group.

## **Force Majeure Event**

“Force Majeure Event” means any acts of God; industrial disturbances; acts of public enemies; acts or orders of any kind of the government of the United States of America, or of any state or locality thereof or any of their departments, agencies, or officials, or of any civil or military authority that materially restrict the ability of any Credit Group Member to operate its facilities as intended; terrorist acts; insurrections; riots; epidemics; pandemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraining of government and people; civil disturbances; explosions; nuclear accidents; wars; breakage of or accidents impacting machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause not reasonably within the control of the Credit Group Members.

## **GAAP**

“GAAP” means accounting principles generally accepted in the United States of America as they exist on the date of applicability and applied on a consistent basis.

## **Governing Body**

“Governing Body” means, when used with respect to any Credit Group Member, its board of directors, board of trustees or other board or group of individuals in which all of the powers of such Credit Group Member are vested, except for those powers reserved to the corporate membership of such Credit Group Member by the articles of incorporation or bylaws of such Credit Group Member.

## **Government Issuer**

“Government Issuer” means any municipal corporation, political subdivision, state, territory or possession of the United States, or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which obligations would constitute Related Bonds hereunder.

## **Government Obligations**

“Government Obligations” means: (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America; (2) obligations issued or guaranteed by any agency, department or instrumentality of the United States of America if the obligations issued or guaranteed by such entity are rated in one of the two highest Rating Categories of a Rating Agency; (3) certificates which evidence ownership of the right to the payment of the principal of and interest on obligations described in clauses (1) or (2), provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; and (4) obligations the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, and the timely payment of the principal of and interest on which is fully provided for by the deposit in trust of cash or obligations described in clauses (1), (2) or (3).

## **Government or Industry Restrictions**

“Government or Industry Restrictions” means any federal, state or other applicable governmental law or regulations (including income tax limitations which must be respected to preserve the exempt status of the applicable Person, eligibility of a Person for benefits under any state, local or federal subsidy or exemption program, or conditions imposed specifically on the Credit Group Members of the Credit Group Members’ facilities), or any general industry standards or general industry conditions affecting any Credit Group Member and its health care or research facilities or other licensed facilities placing restrictions and limitations on the (i) rates, fees, research funding and charges to be fixed, charged or collected by any Credit Group Member, (ii) rates, fees, research funding and charges to be fixed, charged and collected by the Credit Group Members, or (iii) the amount or timing of the receipt of such revenues.

## **Gross Receivables**

“Gross Receivables” means all of the accounts, chattel paper, instruments and payment intangibles (all as defined in the UCC) of each Obligated Group Member, as are now in existence or as may be hereafter acquired and the proceeds thereof; excluding, however, (1) all Restricted Moneys, and (2) all accounts or payment intangibles consisting of or arising from patents and royalties or which are subject to (but only to the extent legally limited or prohibited by) applicable Government or Industry Restrictions.

## **Guaranty**

“Guaranty” means any obligation of any Credit Group Member guaranteeing, directly or indirectly, any obligation of any other Person which would, if such other Person were a Credit Group Member, constitute Indebtedness.

## **Historical Debt Service Coverage Ratio**

“Historical Debt Service Coverage Ratio” means, for any period of time, the ratio determined by dividing Income Available for Debt Service by Debt Service Requirements.

## **Holder**

“Holder” means the registered owner of any Master Indenture Obligation in registered form or the bearer of any Master Indenture Obligation in coupon form which is not registered or is registered to bearer or the party or parties to any contractual obligation designated to be a Master Indenture Obligation set forth in a Related Supplement and identified therein as the party to whom payment is due thereunder or the “holder” thereof. For the purpose of determining consents, approvals, providing directions to the Master Trustee or other such actions under this Master Indenture, Section 8.10 hereof shall apply in the case of Commitment Indebtedness.

## **Identified Financial Product Agreement**

“Identified Financial Product Agreement” means a Financial Product Agreement identified to the Master Trustee in a Certificate of the Credit Group Representative as having been entered into by a Credit Group Member with a Qualified Provider with respect to Indebtedness (which is either then-Outstanding or to be issued after the date of such Certificate) identified in such Certificate, with a notional amount not in excess of the principal amount of such Indebtedness.

## **Immaterial Affiliates**

“Immaterial Affiliates” means Persons that are not Members of the Credit Group and whose combined total unrestricted net assets, as shown on their financial statements for their most recently completed fiscal year, aggregated less than 15% of the combined or consolidated unrestricted net assets of the Credit Group as shown on the Credit Group Financial Statements, plus the unrestricted net assets of such Persons as if they were Members of the Credit Group for such period, for the most recently completed Fiscal Year of the Credit Group.

## **Income Available for Debt Service**

“Income Available for Debt Service” means, unless the context provides otherwise, with respect to the Credit Group as to any period of time, net income, or excess of revenues over expenses (excluding income from all Irrevocable Deposits) before depreciation, amortization, and interest expense (including Financial Product Payments and Financial Product Receipts on Identified Financial Product Agreements), as determined in accordance with GAAP and as shown on the Credit Group Financial Statements; provided, that no determination thereof shall take into account:

- (a) gifts, grants, bequests, donations or contributions, to the extent (i) temporarily restricted by the donor specifically for capital purposes or (ii) permanently restricted by the donor

specifically to a particular purpose other than (1) payment of principal of, redemption premium and interest on Indebtedness, (2) release into funds without donor restrictions, or (3) payment of operating expenses;

(b) the net proceeds of casualty insurance (other than business interruption insurance) and condemnation awards;

(c) any gain or loss resulting from the extinguishment of Indebtedness;

(d) any gain or loss resulting from the sale, exchange or other disposition of assets not in the ordinary course of business;

(e) any gain or loss resulting from any discontinued operations;

(f) any gain or loss resulting from pension terminations, settlements or curtailments;

(g) any unusual charges for employee severance;

(h) non-cash adjustments to the value of assets or liabilities resulting from changes in GAAP;

(i) unrealized gains or losses on investments, including "other than temporary" declines in Book Value;

(j) gains or losses resulting from changes in valuation of any hedging, derivative, interest rate exchange or similar contract (including Financial Product Agreements);

(k) any Financial Product Extraordinary Payments or similar payments on any hedging, derivative, interest rate exchange or similar contract that does not constitute a Financial Product Agreement;

(l) unrealized gains or losses from the write-down, reappraisal or revaluation of assets;

(m) other nonrecurring items of any extraordinary nature which do not involve the receipt, expenditure or transfer of assets;

(n) any significant, unusual, extraordinary or infrequently occurring losses or expenses, as determined in good faith by the Credit Group Representative; or

(o) any gains or losses or revenues or expenses attributable to transactions between any Credit Group Member or any other Credit Group Member;

provided, however, that net realized gains and losses from the sale of investments may, at the election of the Credit Group Representative, be included in the computation of Income Available for Debt Service on the basis of the average annual amount of those gains and losses for the three Fiscal Years immediately preceding the computation date (rather than including the actual amount of net realized gains and losses from the sale of investments for the period for which a computation is being made).

## **Indebtedness**

"Indebtedness" means any Guaranty (other than any Guaranty by any Credit Group Member of Indebtedness of any other Credit Group Member) and any obligation of any Credit Group Member (a) for repayment of borrowed money, (b) with respect to Finance Leases or (c) under installment sale agreements; provided, however, that if more than one Credit Group Member shall have incurred or assumed a Guaranty of a Person other than a

Credit Group Member, or if more than one Credit Group Member shall be obligated to pay any obligation, for purposes of any computations or calculations under this Master Indenture such Guaranty or obligation shall be included only one time. Financial Product Agreements, trade payables, accrued expenses in the normal course of business, physician income guaranties or other credit/funding extension, any obligation to reimburse a bond insurer, financial institution or other Person which has guaranteed or otherwise assured the performance of a Member's obligations under a Financial Products Agreement, or any obligation to repay moneys deposited by patients or others with a Obligated Group Member as security for or as prepayment of the cost of patient care, or any rights of residents of life care, elderly housing or similar facilities to endowment or similar funds deposited by or on behalf of such residents, shall not constitute Indebtedness.

### **Independent Consultant**

“Independent Consultant” means a firm (but not an individual) selected by a Credit Group Member which (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in any Credit Group Member (other than the agreement pursuant to which such firm is retained), (3) is not connected with any Credit Group Member as an officer, employee, promoter, trustee, partner, director or person performing similar functions and (4) in the good faith opinion of the Credit Group Member making such selection is qualified to pass upon questions relating to the financial affairs of organizations similar to the Credit Group or facilities of the type or types operated by the Credit Group and having the skill and experience necessary to render the particular opinion or report required by the provision hereof in which such requirement appears.

### **Initial Obligated Group**

“Initial Obligated Group” means TMC.

### **Interim Indebtedness**

“Interim Indebtedness” means Indebtedness with an original maturity not in excess of five years, the proceeds of which are to be used to provide interim financing for capital improvements in anticipation of the issuance of Long-Term Indebtedness.

### **Irrevocable Deposit**

“Irrevocable Deposit” means the irrevocable deposit in trust of cash in an amount, or Government Obligations, or other securities permitted for such purpose pursuant to the terms of the documents governing the payment of or discharge of Indebtedness, the principal of and interest on which will be an amount, and under terms sufficient to pay all or a portion of the principal of, premium, if any, and interest on, as the same shall become due, any such Indebtedness which would otherwise be considered Outstanding. The trustee of such deposit may be the Master Trustee, a Related Bond Trustee or any other trustee or escrow agent authorized to act in such capacity.

### **Lien**

“Lien” means any mortgage or pledge of, or security interest in, or lien or encumbrance on, any Property of a Credit Group Member (i) which secures any Indebtedness or any other obligation of such Credit Group Member or (ii) which secures any obligation of any Person other than a Credit Group Member, and excluding liens applicable to Property in which a Credit Group Member has only a leasehold interest unless the lien secures Indebtedness of that Credit Group Member.

### **Long-Term Indebtedness**

“Long-Term Indebtedness” means Indebtedness having an original stated maturity of greater than one year (for avoidance of doubt, classification of Indebtedness under GAAP shall not be controlling for purposes of determining whether Indebtedness is Long-Term Indebtedness).

### **MADS Debt Service Coverage Ratio**

“MADS Debt Service Coverage Ratio” means the ratio determined by dividing Income Available for Debt Service by Maximum Annual Debt Service.

### **Master Indenture**

“Master Indenture” means this Amended and Restated Master Indenture, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms hereof.

### **Master Indenture Obligation**

“Master Indenture Obligation” means each of the Existing Master Indenture Obligations and any obligation of the Obligated Group issued pursuant to Section 2.02 hereunder, as a joint and several obligation of each Obligated Group Member, which may be in any form set forth in a Related Supplement, including, but not limited to, bonds, notes, obligations, debentures, reimbursement agreements, loan agreements, Financial Product Agreements or leases. Reference to a Series of Master Indenture Obligations or to Master Indenture Obligations of a Series means Master Indenture Obligations or Series of Master Indenture Obligations issued pursuant to a single Related Supplement.

### **Master Trustee**

“Master Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States of America, and, subject to the limitations contained in Section 5.07, any other corporation or association that may be co-trustee with the Master Trustee, and any successor or successors to said trustee or co-trustee in the trusts created hereunder.

### **Material Credit Group Members**

“Material Credit Group Members” means the Credit Group Members whose combined or consolidated unrestricted net assets, as shown on their financial statements for their most recently completed fiscal year, were equal to or greater than 85% of the combined or consolidated unrestricted net assets of the entire Credit Group as shown on the Credit Group Financial Statements for the most recently completed Fiscal Year of the Credit Group.

### **Maximum Annual Debt Service**

“Maximum Annual Debt Service” means, for any period of time, the highest Debt Service Requirements.

### **Merger Transaction**

“Merger Transaction” has the meaning set forth in Section 3.10.

### **Net Rentals**

“Net Rentals” means all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the Property other than upon termination of the lease for a default thereunder) payable under a lease or sublease of real or personal Property excluding any amounts required to be paid by the lessee (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Net Rentals for any future period under any so called “percentage lease” shall be computed on the basis of the amount reasonably estimated to be payable thereunder for such period, but in any event not less than the amount paid or payable thereunder during the immediately preceding period of the same duration as such future period; provided that the amount estimated to be payable under any such percentage lease shall in all cases recognize any change in the applicable percentage called for by the terms of such lease.

## **New Obligated Group**

“New Obligated Group” means such Persons who agree to (i) become jointly and severally obligated under a Replacement Master Indenture for any obligations thereunder, and (ii) otherwise comply with the provisions of such Replacement Master Indenture.

## **Nonrecourse Indebtedness**

“Nonrecourse Indebtedness” means any Indebtedness which is not a general obligation of the obligor of such Indebtedness and which is secured by a Lien on Property, Plant and Equipment acquired or constructed with the proceeds of such Indebtedness, liability for which is effectively limited to the Property, Plant and Equipment subject to such Lien with no recourse, directly or indirectly, to any other Property of any Credit Group Member absent extraordinary events such as fraud, insolvency or waste.

## **Obligated Group**

“Obligated Group” means all Obligated Group Members.

## **Obligated Group Member or Member**

“Obligated Group Member” or “Member” means each Person that is obligated hereunder from and after the date upon which such Person joins the Obligated Group, but excluding any Person which withdraws from the Obligated Group to the extent and in accordance with the provisions of Section 3.04 hereof, from and after the date of such withdrawal. As of the date of execution of this Master Indenture, the Obligated Group Members include the Initial Obligated Group.

## **Officer’s Certificate**

“Officer’s Certificate” means a certificate signed by an Authorized Representative of the Credit Group Representative.

## **Operating Lease**

“Operating Lease” means any lease of real or personal property that is classified as an “operating lease” under Financial Accounting Standards Board Accounting Standards Codification Topic 842, Leases.

## **Opinion of Bond Counsel**

“Opinion of Bond Counsel” means a written opinion signed by a reputable and qualified attorney or firm of attorneys who may be counsel for (including the internal legal department of) the Credit Group Representative or any Member of the Credit Group.

## **Opinion of Counsel**

“Opinion of Counsel” means a written opinion signed by a reputable and qualified attorney or firm of attorneys who may be counsel for the Credit Group Representative or any Member of the Obligated Group.

## **Outstanding**

“Outstanding,” when used with reference to Indebtedness or Master Indenture Obligations, means, as of any date of determination, all Indebtedness or Master Indenture Obligations theretofore issued or incurred and not paid and discharged other than (1) Master Indenture Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation or otherwise deemed paid in accordance with the terms hereof, (2) Master Indenture Obligations in lieu of which other Master Indenture Obligations have been authenticated and delivered or which have been paid pursuant to the provisions of a Related Supplement regarding mutilated,



destroyed, lost or stolen Master Indenture Obligations unless proof satisfactory to the Master Trustee has been received that any such Master Indenture Obligation is held by a bona fide purchaser, (3) any Master Indenture Obligation held by any Credit Group Member and (4) Indebtedness deemed paid and no longer outstanding pursuant to the terms thereof; provided, however, that if two or more obligations which constitute Indebtedness represent the same underlying obligation (as when a Master Indenture Obligation secures an issue of Related Bonds and another Master Indenture Obligation secures repayment obligations to a bank under a letter of credit which secures such Related Bonds) for purposes of calculating compliance with the various financial covenants contained herein, but only for such purposes, only one of such Master Indenture Obligations shall be deemed Outstanding and the Master Indenture Obligation so deemed to be Outstanding shall be that Master Indenture Obligation which produces the greatest amount of Debt Service Requirements to be included in the calculation of such covenants.

### **Parity Financial Product Extraordinary Payments**

“Parity Financial Product Extraordinary Payments” means Financial Product Extraordinary Payments that (1) are with respect to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation and (2) have been specified to be payable on a parity with Financial Product Payments in the Related Supplement authorizing the issuance of such Master Indenture Obligation.

### **Permitted Liens**

“Permitted Liens” means and include:

(a) Any judgment lien or notice of pending action against any Credit Group Member so long as the judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(b) (i) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such Property or materially and adversely affect the Value thereof, or (B) purchase, condemn, appropriate or recapture, or designate a purchase of, such Property; (ii) any liens on any Property for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not delinquent, or the amount or validity of which are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due and payable or which are not delinquent, or the amount or validity of which, are being contested or, with respect to liens of mechanics, materialmen and laborers, have been due for less than 60 days, or the amount or validity of which are being contested; (iii) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the Value thereof; (iv) easements, exceptions or reservations for the purpose of ingress and egress, parking, pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage, sewerage, dikes, canals, laterals, ditches, removal of oil, gas, coal or other minerals, and other similar matters, including joint use agreements, which do not materially interfere with the use or operation of the subject Property for its intended purpose; and (v) rights reserved to or vested in any municipality or public authority to control or regulate any Property or to use such Property in any manner, which rights do not materially impair the use of such Property in any manner, or materially and adversely affect the Value thereof;

(c) Any Lien described in **Appendix B** to this Master Indenture which is existing on the date of execution hereof or as **Appendix B** may be supplemented upon addition of a Credit Group Member with respect to Liens existing on the Property of such additional Credit Group Member, provided that no such Lien (or the amount of Indebtedness or other obligations secured thereby) may be increased, extended, renewed or modified to apply to any Property of any Credit Group Member not subject to such Lien on such date, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien;

(d) Any Lien in favor of the Master Trustee securing all Outstanding Master Indenture Obligations equally and ratably;

(e) Liens arising by reason of good faith deposits with any Credit Group Member in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Credit Group Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(f) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Credit Group Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements;

(g) Any Lien arising by reason of any escrow or reserve fund established to pay debt service or the redemption price or purchase price of Indebtedness;

(h) Any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds;

(i) Any security interest in any debt service or interest reserve, debt service fund or any similar fund established pursuant to the terms of any Related Supplement or Related Bond Indenture in favor of the Master Trustee, a Related Bond Trustee, a Related Bond Issuer or the holder of the Indebtedness issued pursuant to such Related Supplement or Related Bond Indenture or the financial institution committed to provide funds in connection with any related Commitment Indebtedness or any security interest in any rebate or similar fund created pursuant to any agreement entered into in connection with any Related Bond;

(j) Any Lien on any Related Bond or any evidence of Indebtedness of any Credit Group Member acquired by or on behalf of any Credit Group Member which secures Commitment Indebtedness and only Commitment Indebtedness;

(k) Any Lien arising in the ordinary course of a Credit Group Member's security lending activities and in accordance with such Credit Group Member's investment policies;

(l) Liens on moneys deposited by patients or others with any Credit Group Member as security for or as prepayment for the cost of patient care;

(m) Liens on Property received by any Credit Group Member through gifts, grants, bequests or research grants, such Liens being due to restrictions or rights reserved on such gifts, grants, bequests or research grants or the income thereon, up to the Fair Market Value of such Property;

(n) Rights of the United States of America, including, without limitation, the Federal Emergency Management Agency ("*FEMA*"), or the State of Georgia or the State of Tennessee, including without limitation the Georgia Emergency Management Agency and the Tennessee Emergency Management Agency, by reason of FEMA and other federal and State of Georgia or State of Tennessee funds made available to any Credit Group Member under federal, State of Georgia or State of Tennessee statutes;

(o) Liens on Property securing Indebtedness incurred to refinance Indebtedness previously secured by a Lien on such Property, provided that (i) the amount of such new Indebtedness does not exceed the amount of such refinanced Indebtedness or the Debt Service Requirements on such new

Indebtedness does not exceed the Debt Service Requirements on the refinanced Indebtedness, (ii) the Property securing such Indebtedness is not materially increased, and (iii) the obligor with respect to such Indebtedness, whether direct or contingent, is not changed;

- (p) Liens granted by a Credit Group Member to another Credit Group Member;
- (q) Liens securing Nonrecourse Indebtedness incurred pursuant to the provisions hereof;
- (r) Liens consisting of purchase money security interests (as defined in the UCC) and lessors' interest in Finance Leases or Capitalized Rentals;
- (s) Liens on the Credit Group Members' accounts receivable securing Indebtedness in an amount not to exceed 30% of the Credit Group Members' aggregate net patient accounts receivable and grant and other receivables, as shown on the Credit Group Financial Statements for the most recent year for which such financial statements are available immediately prior to the incurrence of such Indebtedness;
- (t) Liens on revenues constituting rentals in connection with any other Lien permitted hereunder on the Property from which such rentals are derived;
- (u) The lease or license of the use of a part of the Credit Group Members' facilities for use in performing professional or other services necessary for the proper and economical operation of such facilities in accordance with customary business practices in the industry;
- (v) Liens created on amounts deposited by a Credit Group Member pursuant to a security annex or similar document to collateralize obligations of such Member under a Financial Product Agreement;
- (w) Liens junior to Liens in favor of the Master Trustee;
- (x) Liens in favor of banking or other depository institutions arising as a matter of law encumbering the deposits of any Member held in the ordinary course of business by such banking institution (including any right of setoff or statutory bankers' liens) so long as such deposit account is not established or maintained for the purpose of providing such Lien, right of setoff or bankers' lien;
- (y) UCC financing statements filed with the Secretary of State of the State (or such other office maintaining such records) in connection with an Operating Lease entered into by any Member in the ordinary course of business so long as such financing statement does not evidence the grant of any other Lien other than a Permitted Lien;
- (z) Rights of tenants under leases or rental agreements pertaining to Property, Plant and Equipment owned by any Member so long as the lease arrangement is in the ordinary course of business of the Member;
- (aa) Deposits of Property by any Member to meet regulatory requirements for a governmental workers' compensation, unemployment insurance or social security program, including any Lien imposed by ERISA;
- (bb) Deposits to secure the performance of another party with respect to a bid, trade contract, statutory obligation, surety bond, appeal bond, performance bond or lease, and other similar obligations incurred in the ordinary course of business of a Member;
- (cc) Liens resulting from deposits to secure bids from or the performance of another party with respect to contracts incurred in the ordinary course of business of a Member (other than

contracts creating or evidencing an extension of credit to the depositor or otherwise for the payment of Indebtedness);

(dd) Present or future zoning laws, ordinances or other laws or regulations restricting the occupancy, use or enjoyment of Property, Plant and Equipment of any Member which, in the aggregate, are not substantial in amount, and which do not in any case materially impair the Fair Market Value or use of such Property, Plant and Equipment for the purposes for which it is used or could reasonably be expected to be held or used;

(ee) Any Lien on Property due to the rights of third-party payors for recoupment of amounts paid to any Credit Group Member;

(ff) Any Lien existing for not more than 10 days after the Credit Group Member shall have received notice thereof, unless the Credit Group Member is contesting such Lien in good faith;

(gg) Any other Lien on Property provided that the Value of all Property encumbered by all Liens permitted as described in this clause (gg) does not exceed 30% of the sum of the Value of all Property of the Credit Group Members, calculated by the Credit Group Representative at the time of creation of such Lien; and

(hh) Restrictions imposed in connection with the incurrence of Indebtedness permitted under this Master Indenture required to be imposed under applicable law in connection with such Indebtedness such as regulatory agreements required under the Code for multifamily rental bonds or required in connection with mortgage insurance provided by state or federal governmental entities.

#### **Person**

“Person” means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

## **Principal and Interest Requirements**

"Principal and Interest Requirements" shall mean for any Fiscal Year or other applicable period, the total principal, interest and redemption premium (if any) then coming due.

## **Projected Rate**

"Projected Rate" means (a) in the case of an obligation the interest on which is entitled to the exemption from federal income tax afforded by Section 103(a) of the Code or any successor thereto: (i) if the obligation with respect to which such Projected Rate is being determined bears interest at a fixed rate until maturity, such fixed rate, or (ii) if the obligation with respect to which such Projected Rate is being determined bears interest at a variable rate, a formula rate or a fixed rate per annum based on a varying index, the most recently available SIFMA Swap Index as published in *The Bond Buyer* (or such comparable index selected by the Credit Group Representative if the SIFMA Swap Index is no longer published) or the average of the SIFMA Swap Index during the 12 calendar months immediately preceding the date of calculation, in each case, at the option of the Credit Group Representative, as specified in either an Officer's Certificate of the Credit Group Representative; and (b) in the case of an obligation the interest on which is not entitled to the exemption from federal income tax afforded by Section 103(a) of the Code or any successor thereto: (i) if the obligation with respect to which such Projected Rate is being determined bears interest at a fixed rate until maturity, such fixed rate, or (ii) if the obligation with respect to which such Projected Rate is being determined bears interest at a variable rate, such other interest rate or interest index as may be certified by the Credit Group Representative in writing to the Master Trustee as appropriate to the situation.

## **Property**

"Property" means any and all rights, titles and interests in and to any and all assets of any Credit Group Member, whether real or personal, tangible or intangible and wherever situated, other than donor restricted funds as determined in accordance with GAAP. For purposes of performing certain calculations under this Master Indenture, the Credit Group Representative may treat "total assets" as shown on the Credit Group's audited financial statements as the Book Value of the Credit Group's Property.

## **Property, Plant and Equipment**

"Property, Plant and Equipment" means all Property of any Credit Group Member which is considered property, plant and equipment of such Credit Group Member under GAAP.

## **Put Date**

"Put Date" means (i) any date on which an owner of Put Indebtedness may elect to have such Put Indebtedness paid, purchased or redeemed by or on behalf of the underlying obligor prior to its stated maturity date, or (ii) any date on which Put Indebtedness is required to be paid, purchased or redeemed from the owner by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund or other than by reason of acceleration upon the occurrence of an event of default.

## **Put Indebtedness**

"Put Indebtedness" means Indebtedness which is (i) payable or required to be purchased or redeemed by or on behalf of the underlying obligor, at the option of the owner thereof, prior to its stated maturity date, or (ii) payable or required to be purchased or redeemed from the owner by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund or other than by reason of acceleration upon the occurrence of an event of default.

## **Qualified Provider**

“Qualified Provider” means any financial institution or insurance company or corporation which is a party to a Financial Product Agreement if (i) the unsecured long-term debt obligations of such provider (or of the parent or a subsidiary of such provider if such parent or subsidiary guarantees or otherwise assures the performance of such provider under such Financial Product Agreement), or (ii) obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such provider (or such guarantor or assuring parent or subsidiary), are rated in one of the three highest Rating Categories of a Rating Agency at the time of the execution and delivery of the Financial Product Agreement.

## **Rating Agency**

“Rating Agency” means Fitch Inc., Moody’s Investors Service, Inc., S&P Global Ratings, and any other rating agency of national recognition then rating Master Indenture Obligations or Related Bonds.

## **Rating Category**

“Rating Category” means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier, outlook or otherwise.

## **Related Bond Indenture**

“Related Bond Indenture” means any indenture, bond resolution, trust agreement or other comparable instrument pursuant to which a series of Related Bonds are issued.

## **Related Bond Issuer**

“Related Bond Issuer” means the Government Issuer of any issue of Related Bonds.

## **Related Bonds**

“Related Bonds” means the revenue bonds, revenue anticipation certificates, notes or other obligations (including, without limitation, installment sale or lease obligations evidenced by certificates of participation) issued by any Government Issuer, the proceeds of which are loaned or otherwise made available to a Credit Group Member in consideration of the execution, authentication and delivery of a Master Indenture Obligation or Master Indenture Obligations to or for the order of such Government Issuer. Without limiting the foregoing, “Related Bonds” includes revenue bonds, revenue anticipation certificates, notes or other obligations (including, without limitation, installment sale or lease obligations evidenced by certificates of participation) issued by any Government Issuer, which are secured by the Existing Master Indenture Obligations.

## **Related Bond Trustee**

“Related Bond Trustee” means the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, means the Related Bond Issuer.

## **Related Supplement**

“Related Supplement” means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture.

## **Replacement Master Indenture**

“Replacement Master Indenture” means a master trust indenture entered into by a New Obligated Group and a master trustee that, *inter alia*, (i) provides that all Outstanding Master Indenture Obligations shall be deemed to be a note or obligation issued under and entitled to the security and benefits of such Replacement Master

Indenture, without the necessity of any amendment, exchange or replacement of such obligation(s); or (ii) provides for the exchange or replacement of all Outstanding Master Indenture Obligations with notes or obligations issued under and entitled to the benefits of such Replacement Master Indenture.

### **Required Payment**

“Required Payment” means any payment, whether at maturity, by acceleration, upon proceeding for redemption or otherwise, including without limitation, Financial Product Payments, Financial Product Extraordinary Payments and the purchase price of Related Bonds tendered or deemed tendered for purchase pursuant to the terms of a Related Bond Indenture, required to be made by any Obligated Group Member pursuant to any Related Supplement or any Master Indenture Obligation.

### **Responsible Officer**

“Responsible Officer” means, with respect to the Master Trustee, any managing director, any vice president, any assistant vice president, any assistant secretary, any assistant treasurer or any other officer of the Master Trustee customarily performing functions similar to those performed by the persons above designated or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Master Indenture.

### **Restricted Moneys**

“Restricted Moneys” means the proceeds of any grant (including without limitation any governmental grant), gift, bequest, contribution or other donation (and, to the extent subject to the applicable restrictions, the investment income derived from the investment of such proceeds) specifically restricted by the donor or grantor to an object or purpose inconsistent with their use for the payment of Required Payments and having direct responsibility for the administration of this Master Indenture.

### **Short-Term Indebtedness**

“Short-Term Indebtedness” means all (i) Indebtedness having an original maturity less than or equal to one year and not renewable at the option of a Credit Group Member for a term greater than one year from the date of original incurrence or issuance, or (ii) Indebtedness with a maturity greater than one year or renewable at the option of a Credit Group Member for a term greater than one year, if by the terms of such Indebtedness, such Indebtedness shall satisfy the requirements in Section 3.12(e) hereof. For purposes of this definition, (i) only the stated maturity of Indebtedness (and not any tender or put right of the holder of such Indebtedness) shall be taken into account in determining if such Indebtedness constitutes Short-Term Indebtedness hereunder and (ii) classification of Indebtedness as current or short-term under GAAP shall not be controlling. Interim Indebtedness shall not constitute Short-Term Indebtedness for any purpose under this Master Indenture.

### **SIFMA Swap Index**

“SIFMA Swap Index” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or any Person acting in cooperation with or under the sponsorship of SIFMA or if such index is no longer available “SIFMA Swap Index” shall refer to an index selected by the Credit Group Representative, with the advice of an investment banking or financial services firm knowledgeable in health care matters.

### **State**

“State” means the State of Georgia.

### **Subordinated Indebtedness**

“Subordinated Indebtedness” means Long-Term Indebtedness specifically subordinated as to payment and security to the payment of all Required Payments and other obligations of the Credit Group Members under this Master Indenture.

### **Surviving Entity**

“Surviving Entity” has the meaning set forth in Section 3.10.

### **Tax-Exempt Organization**

“Tax Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code (other than the tax on unrelated business income under Section 511 of the Code), or corresponding provisions of federal income tax laws from time to time in effect.

### **TMC**

“TMC” means Tanner Medical Center, Inc., a nonprofit corporation duly organized and existing under the laws of the State of Georgia, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under this Master Indenture.

### **Total Revenues**

“Total Revenues” means, for the period of calculation in question, the sum of operating revenue (including net patient service revenue, premium revenue and other revenue and non-operating gains/losses), but excluding realized and unrealized gains on investments), as shown on the Credit Group Financial Statements for the most recent Fiscal Year.

### **Transaction Test**

“Transaction Test” means, with respect to any specified transaction, that (i) no Event of Default or Default then exists and (ii) if such transaction had occurred as of the first day of the first full Fiscal Year preceding such transaction for which Credit Group Financial Statements are available, the Credit Group would be able to satisfy the conditions for the issuance of \$1.00 of additional Long-Term Indebtedness set forth in Section 3.12(a) as of the date of such transaction.

### **UCC**

“UCC” means the Uniform Commercial Code of the State, as amended from time to time, and to the extent that the operations of any Obligated Group Member are located outside of the State, then the Uniform Commercial Code of such jurisdiction.

### **Value**

“Value,” when used with respect to Property, means the aggregate value of all such Property, with each component of such Property valued, at the option of the Credit Group Representative, at either its Fair Market Value or its Book Value.

### **Variable Rate Indebtedness**

“Variable Rate Indebtedness” means any portion of Indebtedness the interest rate on which has not been established at a fixed or constant rate to maturity.



Section 1.02. Interpretation.

(a) Any reference herein to any officer of an Obligated Group Member shall include those succeeding to the functions, duties or responsibilities of such officer pursuant to or by operation of law or who are lawfully performing the functions of such officer.

(b) Unless the context otherwise indicates, words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The singular shall include the plural and vice versa.

(c) Headings of Articles and Sections herein and the table of contents hereto are solely for convenience of reference, and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

Section 1.03. References to Master Indenture. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, used in this Master Indenture refer to this Master Indenture.

Section 1.04. Contents of Certificates and Opinions. Any such Certificate or opinion made or given by an officer of a Credit Group Member or the Master Trustee may be based on such officer’s knowledge and, insofar as it relates to legal, accounting or health care matters, upon a Certificate or opinion or representation of counsel, an accountant or Independent Consultant unless such officer knows, or in the exercise of reasonable care should have known, that the Certificate, opinion or representation with respect to the matters upon which such Certificate or opinion may be based, as aforesaid, is erroneous. Any such Certificate, opinion or representation made or given by counsel, an accountant or an Independent Consultant, may be based, insofar as it relates to factual matters (with respect to which information is in the possession of any Credit Group Member) upon the Certificate or opinion of, or representation by an officer of any Credit Group Member unless such counsel, accountant or Independent Consultant knows that the Certificate, opinion of or representation by such officer, with respect to the factual matters upon which such Person’s Certificate or opinion may be based, is erroneous. The same officer of any Credit Group Member or the same counsel or accountant or Independent Consultant, as the case may be, need not certify as to all the matters required to be certified under any provision hereof, but different officers, counsel, accountants or Independent Consultants may certify as to different matters.

Section 1.05. Accounting Principles. Unless stated otherwise, where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, such determination or computation shall be done in accordance with GAAP in effect on, at the sole option of the Credit Group Representative, (i) the date such determination or computation is made for any purpose of this Master Indenture or (ii) the Effective Date if the Credit Group Representative delivers an Officer’s Certificate to the Master Trustee describing why then current GAAP is inconsistent with the intent of the parties on the Effective Date; provided that the requirements set forth herein shall prevail if inconsistent with GAAP. In all cases, intercompany balances and liabilities among the Credit Group Members shall be disregarded. For avoidance of doubt, it is the intent of the parties on the Effective Date that any Operating Lease, as defined by the Financial Accounting Standards Board on the date of execution and delivery of this Master Indenture, and any renewal of such Operating Lease, shall be governed in accordance with GAAP in effect on the Effective Date and shall not be treated as the incurrence of Indebtedness or the disposition of Property, unless otherwise elected by the Credit Group Representative.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF MASTER INDENTURE OBLIGATIONS

Section 2.01. Authorization of Master Indenture Obligations. Each Obligated Group Member hereby authorizes to be issued from time to time Master Indenture Obligations or Series of Master Indenture Obligations, without limitation as to amount, except as provided herein or as may be limited by law, and subject to the terms, conditions and limitations established herein and in any Related Supplement. Each Obligated Group Member

further acknowledges the existence of, and their obligations with respect to, the Existing Master Indenture Obligations.

Section 2.02. Issuance of Master Indenture Obligations. From time to time when authorized by this Master Indenture and subject to the terms, limitations and conditions established in this Master Indenture or in a Related Supplement, the Credit Group Representative may authorize the issuance of a Master Indenture Obligation or a Series of Master Indenture Obligations by entering into a Related Supplement. The Master Indenture Obligation or the Master Indenture Obligations of any such Series may be issued and delivered to the Master Trustee for authentication upon compliance with the provisions hereof and of any Related Supplement.

Each Related Supplement authorizing the issuance of a Master Indenture Obligation or a Series of Master Indenture Obligations shall specify the purposes for which such Master Indenture Obligation or Series of Master Indenture Obligations are being issued; the form, title, designation, manner of numbering or denominations, if applicable, of such Master Indenture Obligations; the date or dates of maturity or other final expiration of the term of such Master Indenture Obligations; the date of issuance of such Master Indenture Obligations; and any other provisions deemed advisable or necessary by the Credit Group Representative. Each Related Supplement authorizing the issuance of a Master Indenture Obligation shall also specify and determine (i) the principal amount of such Master Indenture Obligation (if any) for purposes of calculating the percentage of Holders of Master Indenture Obligations required to take actions or give consents pursuant to this Master Indenture (which, if such Master Indenture Obligation does not evidence or secure Indebtedness, shall be equal to zero, except with respect to Article IV or any action which requires the consent of all of the Holders of Master Indenture Obligations), and (ii) whether, and to what extent and in what manner, the provider of a credit facility or other Person shall be deemed the Holder of the related Master Indenture Obligation pursuant to Section 8.04. The designation of zero as a principal amount of a Master Indenture Obligation shall not in any manner affect the obligation of the Members to make Required Payments with respect to such Master Indenture Obligation. Without limiting the foregoing, a Master Indenture Obligation may be issued for the purpose of securing Financial Product Payments, but any obligation to pay Financial Product Extraordinary Payments shall be subordinate to the payment of other non-subordinated payments on Master Indenture Obligations.

Each of the Existing Master Indenture Obligations shall be treated, for all purposes of this Master Indenture, as if it were a Master Indenture Obligation issued after the Effective Date and shall have the same rights under this Master Indenture in terms of voting, consents, or taking other actions as if it were issued under this Master Indenture for the same purpose for which it was originally issued.

Section 2.03. Appointment of Credit Group Representative. Each Obligated Group Member, by becoming an Obligated Group Member, hereby irrevocably appoints the Credit Group Representative as its agent and true and lawful attorney-in-fact and grants to the Credit Group Representative full and exclusive power on behalf of such Obligated Group Member: (i) to authorize, negotiate and determine and bind such Obligated Group Member to the terms of, and execute and deliver, Related Supplements authorizing the issuance of Master Indenture Obligations on behalf of such Obligated Group Member; (ii) as applicable, to negotiate and determine the terms of, approve, execute, deliver, perform, amend, waive provisions of, grant consents related to, extend and terminate: loan agreements, bond indentures, bond purchase agreements, agreements related to credit, liquidity or insurance, disclosures, continuing disclosure agreements, mortgages, deeds of trust, securities agreements, use agreements, guaranties, financing statements, and all such other agreements and instruments as are reasonably related to entering into and managing the specific transactions represented by such Related Supplements and/or Master Indenture Obligations; (iii) to negotiate and determine the terms of, approve, execute, deliver, perform, amend, waive provisions of, grant consents related to, extend and terminate certificates and other undertakings as are reasonably necessary or appropriate to enter into and managing the specific transactions represented by such Related Supplements and/or Master Indenture Obligations; (iv) to manage, oversee, direct, authorize, control, and implement all Outstanding Indebtedness and financial relationships related in any manner to such Indebtedness, including, but not limited to: Financial Products Agreements, credit support and liquidity facilities; related insurance products and policies; debt management policy setting and determinations such as the mix of fixed and variable debt and similar determinations; allocation, calculations, accounting for, collections from Obligated Group Members, and payment of debt service, discounts, premiums, costs of issuance and other costs and fees related to Indebtedness, including termination, amendment and similar fees; (v) to plan, authorize and implement conversions, refundings, defeasances and other debt management or modification activities; (vi) approve, execute and amend all waivers,

consents or amendments to any document or agreement, directly or indirectly, related to one or more of the Master Indenture Obligations, this Master Indenture and any Related Supplements, including but not limited to any of the types of documents or agreements mentioned in subsections (ii) and (iii) above and this subsection (vi); (vii) a Replacement Master Indenture in accordance with Section 7.03 hereof without further action by the Governing Body of the other Members of the Obligated Group and (viii) to direct agents and control, direct and manage third party relationships (such as trustees, issuing authorities, underwriters, advisors, dissemination agents, and counsel) related to Indebtedness and/or Master Indenture Obligations. The authority granted in this Section shall be and remain irrevocable until and unless any Obligated Group Member withdraws from the Obligated Group in accordance with the terms hereof.

Section 2.04. Execution and Authentication of Master Indenture Obligations.

(a) All Master Indenture Obligations (other than Existing Master Indenture Obligations) shall be executed by an Authorized Representative of the Credit Group Representative for and on behalf of the Credit Group as provided in the Related Supplement authorizing such Master Indenture Obligation. The signatures of such Authorized Representative may be mechanically or photographically reproduced on the Master Indenture Obligations. If any Authorized Representative whose signature appears on any Master Indenture Obligation ceases to be such Authorized Representative before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such Authorized Representative had remained in office until such delivery. Each Master Indenture Obligation (other than Existing Master Indenture Obligations) shall be manually authenticated by an authorized signatory of the Master Trustee, and no Master Indenture Obligation shall be entitled to the benefits hereof without such authentication.

(b) The form of Certificate of Authentication to be printed on each Master Indenture Obligation (other than Existing Master Indenture Obligations) and manually executed by an authorized signatory of the Master Trustee shall be as follows:

[FORM OF MASTER TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

The undersigned Master Trustee hereby certifies that this Master Indenture Obligation No. \_\_\_\_ is one of the Master Indenture Obligations described in the within mentioned Master Indenture.

Dated: \_\_\_\_\_

[Name of Master Trustee],  
as Master Trustee

By \_\_\_\_\_  
Authorized Signatory

Section 2.05. Conditions to the Issuance of Master Indenture Obligations. The issuance, authentication and delivery of any Master Indenture Obligation or Series of Master Indenture Obligations after the Effective Date shall be subject to the following specific conditions:

(a) The Credit Group Representative and the Master Trustee shall have entered into a Related Supplement providing for the terms and conditions of such Master Indenture Obligations and the repayment thereof; and

(b) The Master Trustee receives an Officer's Certificate to the effect that:

(i) each Obligated Group Member is in full compliance with all warranties, covenants and agreements set forth in this Master Indenture and in any Related Supplement; and

(ii) neither an Event of Default nor any event which with the passage of time or the giving of notice or both would become an Event of Default has occurred and is continuing or would occur upon issuance of such Master Indenture Obligations under this Master Indenture or any Related Supplement; and

(iii) all requirements and conditions, if any, to the issuance of such Master Indenture Obligations set forth in the Related Supplement have been satisfied; and

(c) The Master Trustee receives an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that:

(i) such Master Indenture Obligations and Related Supplement have been duly authorized, executed and delivered by the Credit Group Representative on behalf of the Obligated Group and constitute valid and binding obligations of the Obligated Group, enforceable in accordance with their terms; and

(ii) such Master Indenture Obligations (or the placement thereof) are not subject to registration under federal securities laws and such Related Supplement is not subject to registration under the Trust Indenture Act of 1939, as amended (or that such registration, if required, has occurred);

(d) The Credit Group Representative shall have delivered or caused to be delivered to the Master Trustee such opinions, certificates, proceedings, instruments and other documents as the Master Trustee may (but is not obligated to) reasonably request; and

(e) If such Master Indenture Obligation constitutes or secures Indebtedness, the requirements of Section 3.12 are satisfied.

### ARTICLE III

#### PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; DESIGNATED AFFILIATES; CREDIT GROUP COVENANTS

##### Section 3.01. Payment of Required Payments.

(a) Each Obligated Group Member jointly and severally covenants to promptly pay, or cause to be paid, all Required Payments at the place, on or before the dates and in the manner provided herein or in any Related Supplement or Master Indenture Obligation (including, without limitation, all Existing Master Indenture Obligations). Each Obligated Group Member acknowledges that the time of such payment and performance is of the essence of the Master Indenture Obligations hereunder. Each Obligated Group Member further covenants to faithfully observe and perform all of the conditions, covenants and requirements of this Master Indenture, any Related Supplement and any Master Indenture Obligation.

The obligation of each Obligated Group Member with respect to Required Payments shall not be abrogated, prejudiced or affected by:

(i) the granting of any extension, waiver or other concession given to any Obligated Group Member by the Master Trustee or any Holder or by any compromise, release, abandonment, variation, relinquishment or renewal of any of the rights of the Master Trustee or any Holder or anything done or omitted or neglected to be done by the Master Trustee or any Holder in exercise of the authority, power and discretion vested in them by this Master Indenture, or by any other dealing or thing which, but for this provision, might operate to abrogate, prejudice or affect such obligation; or

(ii) the liability of any other Obligated Group Member under this Master Indenture ceasing for any cause whatsoever, including the release of any other Obligated Group Member pursuant to the provisions of this Master Indenture or any Related Supplement; or

(iii) any Obligated Group Member's failing to become liable as, or losing eligibility to become, an Obligated Group Member with respect to a Master Indenture Obligation whether before or after the incurrence of a Master Indenture Obligation for the benefit of such Obligated Group Member; or

(iv) the validity or sufficiency (or any contest with respect thereto) of the consideration given to support the obligations of the Obligated Group Members under this Master Indenture.

Subject to the provisions of Section 3.04 hereof permitting withdrawal from the Obligated Group, the obligation of each Obligated Group Member to make Required Payments is a continuing obligation and is to remain in effect until all Required Payments have been paid or deemed paid in full in accordance with Article VII hereof. All moneys from time to time received by the Credit Group Representative or the Master Trustee to reduce liability on Master Indenture Obligations, whether from or on account of the Obligated Group Members or otherwise, shall be regarded as payments in gross without any right on the part of any one or more of the Obligated Group Members to claim the benefit of any moneys so received until the whole of the amounts owing on Master Indenture Obligations has been paid or satisfied and so that in the event of any such Obligated Group Member's filing bankruptcy, the Credit Group Representative or the Master Trustee shall be entitled to prove up the total indebtedness or other liability on Master Indenture Obligations Outstanding as to which the liability of such Obligated Group Member has become fixed.

Each Master Indenture Obligation shall be a primary obligation of the Obligated Group Members and shall not be treated as ancillary to or collateral with any other obligation and shall be independent of any other security so that the covenants and agreements of each Obligated Group Member hereunder shall be enforceable without first having recourse to any such security or source of payment and without first taking any steps or proceedings against any other Person. The Credit Group Representative and the Master Trustee are each empowered to enforce each covenant and agreement of each Obligated Group Member hereunder and to enforce the making of Required Payments. Each Obligated Group Member hereby authorizes each of the Credit Group Representative and the Master Trustee to enforce or refrain from enforcing any covenant or agreement of the Obligated Group Members hereunder and to make any arrangement or compromise with any Obligated Group Member or Obligated Group Members as the Credit Group Representative or the Master Trustee may deem appropriate, consistent with this Master Indenture and any Related Supplement. Each Obligated Group Member hereby waives in favor of the Credit Group Representative and the Master Trustee all rights against the Credit Group Representative, the Master Trustee and any other Obligated Group Member, insofar as is necessary to give effect to any of the provisions of this Section.

Section 3.02. Transfers from Designated Affiliates. Each Controlling Member hereby covenants and agrees that it shall cause each of its Designated Affiliates to pay, loan or otherwise transfer to the Credit Group Representative such amounts as are necessary to enable the Obligated Group Members to comply with the provisions of this Master Indenture including without limitation the provisions of Section 3.01; provided, however, that nothing herein shall be construed to require any Controlling Member to cause its Designated Affiliate to pay, loan or otherwise transfer to the Credit Group Representative any amounts that constitute Restricted Moneys.

Section 3.03. Membership in Obligated Group. Additional Obligated Group Members may be added to the Obligated Group from time to time, provided that prior to such addition the Master Trustee receives:

(a) a copy of a resolution of the Governing Body of the proposed new Obligated Group Member which authorizes the execution and delivery of a Related Supplement and compliance with the terms of this Master Indenture; and

(b) a Related Supplement executed by the Credit Group Representative, the new Obligated Group Member and the Master Trustee pursuant to which the proposed new Obligated Group Member

- (i) agrees to become an Obligated Group Member, and
- (ii) agrees to be bound by the terms of this Master Indenture, the Related Supplements and the Master Indenture Obligations, and
- (iii) irrevocably appoints the Credit Group Representative as its agent and attorney-in-fact and grants to the Credit Group Representative the requisite power and authority to execute Related Supplements authorizing the issuance of Master Indenture Obligations or Series of Master Indenture Obligations and to execute and deliver Master Indenture Obligations, and

(c) an Opinion of Counsel to the effect that (i) the proposed new Obligated Group Member has taken all necessary action to become an Obligated Group Member, and upon execution of the Related Supplement, such proposed new Obligated Group Member will be bound by the terms of this Master Indenture, (ii) the addition of such Obligated Group Member would not adversely affect the validity of any Master Indenture Obligation then Outstanding and (iii) the addition of such Obligated Group Member will not cause the Master Indenture or any Master Indenture Obligations then Outstanding to be subject to registration under federal securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred); and

(d) an Officer's Certificate to the effect that immediately after the addition of the proposed new Obligated Group Member, the Transaction Test would be satisfied; and

(e) so long as any Related Bonds that are tax-exempt obligations are Outstanding, an Opinion of Bond Counsel to the effect that the addition of the proposed new Obligated Group Member will not, in and of itself, result in the inclusion of interest on any Related Bonds in gross income for purposes of federal income taxation.

Section 3.04. Withdrawal from Obligated Group. Any Obligated Group Member may withdraw from the Obligated Group and be released from further liability or obligation under the provisions of this Master Indenture, or any Obligated Group Member may be redesignated as a Designated Affiliate, provided that prior to such withdrawal or redesignation the Master Trustee receives:

(a) an Officer's Certificate to the effect that the Credit Group Representative has approved the withdrawal of such Obligated Group Member (and, if applicable, redesignation of such Obligated Group Member as a Designated Affiliate);

(b) an Officer's Certificate to the effect that immediately following the withdrawal of such Obligated Group Member, the Transaction Test would be satisfied;

(c) an Officer's Certificate to the effect that immediately following such withdrawal, the remaining Obligated Group Members shall represent not less than 75% of the Total Revenues as shown on the Credit Group Financial Statements for the most recent Fiscal Year of the Obligated Group Members and Designated Affiliates immediately prior to such withdrawal;

(d) so long as any Related Bonds that are tax-exempt obligations are Outstanding, an Opinion of Bond Counsel to the effect that the withdrawal of the proposed new Obligated Group Member will not, in and of itself, result in the inclusion of interest on any Related Bonds in gross income for purposes of federal income taxation; and

(e) an Opinion of Counsel to the effect that (i) the withdrawal (or redesignation) of such Obligated Group Member would not adversely affect the validity of any Master Indenture Obligation then Outstanding and (ii) the withdrawal (or redesignation) of such Obligated Group Member will not cause the Master Indenture or any Master Indenture Obligations then Outstanding to be subject to registration under federal securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred).

Upon compliance with the conditions contained in this Section 3.10, the Master Trustee shall execute any documents reasonably requested by the withdrawing Obligated Group Member to evidence the termination of such Obligated Group Member's obligations hereunder, under all Related Supplements and under all Master Indenture Obligations.

Section 3.05. Designation of Designated Affiliates.

(a) The Credit Group Representative, by resolution of its Governing Body, may from time to time designate Persons as Designated Affiliates. In connection with such designation, the Credit Group Representative shall designate for each Designated Affiliate an Obligated Group Member to serve as the Controlling Member for such Designated Affiliate. The Credit Group Representative shall at all times maintain an accurate and complete list of all Persons designated as Designated Affiliates (and of the Controlling Members for such Designated Affiliates). When, as and if the complement of Designated Affiliates changes, the Credit Group Representative shall file notice thereof with the Master Trustee (and any Related Bond Issuer that shall request such list in writing) within 30 days of such change.

(b) Each Controlling Member shall cause each of its Designated Affiliates to provide to the Credit Group Representative a resolution of its Governing Body accepting such Person's designation as a Designated Affiliate and acknowledging the provisions of this Master Indenture which apply to the Designated Affiliates. So long as such Person is designated as a Designated Affiliate, the Controlling Member of such Designated Affiliate shall either (i) maintain, directly or indirectly, control of such Designated Affiliate to the extent necessary to cause such Designated Affiliate to comply with the terms of this Master Indenture, whether through the ownership of voting securities, by contract, corporate membership, reserved powers or the power to appoint corporate members, trustees or directors, or otherwise or (ii) execute and have in effect such contracts or other agreements which the Credit Group Representative and the Controlling Member, in the judgment of their respective Governing Bodies, deem sufficient for the Controlling Member to cause such Designated Affiliate to comply with the terms of this Master Indenture.

(c) Each Controlling Member hereby covenants and agrees that it will cause each of its Designated Affiliates to comply with any and all directives of the Controlling Member given pursuant to the provisions of this Master Indenture.

(d) Any Person designated by the Credit Group Representative as a Designated Affiliate shall become a Designated Affiliate upon receipt by the Master Trustee of the following:

(i) a copy of a resolution of the Governing Body of Credit Group Representative designating such Person a Designated Affiliate; and

(ii) an Opinion of Counsel to the effect that the requirements of subsection (b) of this Section have been satisfied with respect to such Person; and

(iii) an Officer's Certificate to the effect that immediately after the addition of the proposed new Designated Affiliate, neither a Default nor an Event of Default would exist.

(e) Any Person may cease to be a Designated Affiliate (and thus not subject to the terms of this Master Indenture) provided that prior to such Person ceasing to be a Designated Affiliate the Master Trustee receives:

(i) a resolution of the Governing Body of the Credit Group Representative declaring such Person no longer a Designated Affiliate; and

(ii) an Officer's Certificate to the effect that immediately after such Person ceasing to be a Designated Affiliate, neither a Default nor an Event of Default would exist.

Section 3.06. Covenants of Corporate Existence, Maintenance of Properties, Etc. Each Obligated Group Member agrees, and each Controlling Member agrees to cause each of its Designated Affiliates:

(a) Except as otherwise expressly provided herein, to preserve its corporate or other legal existence and all its material rights and licenses to the extent necessary or desirable in the operation of its business and affairs and to be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualification; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its material rights or licenses no longer used or useful in the conduct of its business or affairs.

(b) At all times to cause its material Property, Plant and Equipment to be maintained, preserved and kept in good repair, working order and condition, reasonable wear and tear, condemnation and casualty excepted, and all needed and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in this subsection shall be construed to (i) prevent it from ceasing to operate any immaterial portion of its Property, Plant and Equipment, (ii) prevent it from ceasing to operate any material portion of its Property, Plant and Equipment if in its judgment it is advisable not to operate the same, and within a reasonable time endeavors to effect disposition of such material portion of its Property, Plant and Equipment, or (iii) obligate it to retain, preserve, repair, renew or replace any Property, Plant and Equipment no longer used or useful in the conduct of its business or which has been condemned or substantially damaged by casualty, whether or not insured.

(c) To procure and maintain all necessary licenses and permits necessary, in the judgment of its Governing Body, to the operation of its health care Property and the status of its health care Property (other than that not currently having such status or not having such status on the date a Person becomes a Member of the Credit Group) as providers of health care services eligible for payment under those third party payment programs which its Governing Body determines are appropriate; provided, however, that it need not comply with this subsection if and to the extent that its Governing Body shall have determined in good faith, evidenced by a resolution of the Governing Body, that such compliance is not in its best interests and that lack of such compliance would not materially impair its ability to pay its Indebtedness when due.

(d) Not take any action, including any action which would result in the alteration or loss of its status as a Tax Exempt Organization (if it is a Tax Exempt Organization), which, or fail to take any action which failure, in the Opinion of Bond Counsel, would adversely affect the exclusion of interest on any Related Bond from gross income for federal income tax purposes. The foregoing notwithstanding, any Member of the Credit Group that is a Tax-Exempt Organization may take actions which could result in the alteration or loss of its status as a Tax Exempt Organization if (i) prior thereto there is delivered to the Master Trustee an Opinion of Bond Counsel to the effect that such action (A) would not adversely affect the validity of any Related Bond, (B) would not adversely affect the exclusion of interest on any Related Bond from gross income for federal income tax purposes and (C) would not adversely affect the enforceability of this Master Indenture against any Member of the Credit Group and (ii) prior thereto there is delivered to the Master Trustee either (A) an Opinion of Counsel for such Member of the Credit Group to the effect that such actions would not subject any Related Bond or any Master Indenture Obligation then Outstanding to registration under the Securities Act of 1933, as amended, or require the qualification of any Related Bond Indenture, loan document or this Master Indenture or any Related Supplement under the Trust Indenture Act of 1939, as amended, or (B) an Opinion of Counsel that such Related Bond or Master Indenture Obligation has been so registered and such Related Bond Indenture, loan document or Master Indenture or Related Supplement has been so qualified.

Section 3.07. Gross Receivables Pledge.

(a) To secure their obligation to make Required Payments hereunder and their other obligations, agreements and covenants to be performed and observed hereunder, each Obligated Group Member hereby grants to the Master Trustee security interests in the Gross Receivables to the extent the same may be pledged and a security interest granted therein under the UCC. In order to further secure the Master Indenture Obligations, each Obligated Group Member pledges for the benefit of Holders all monies and securities held from time to time by the Master Trustee under this Master Indenture, including without limitation, monies and securities



held in any fund or account established under this Master Indenture, subject to any requirement that such monies or securities be applied only to specific purposes or assigned particular preference or priority.

(b) This Master Indenture shall be deemed a “security agreement” for purposes of the UCC.

(c) The Master Trustee’s security interest in the Gross Receivables shall be perfected, to the extent that such security interest may be so perfected, by the filing of financing statements which comply with the requirements of the UCC. Each Obligated Group Member shall execute and cause to be filed, in accordance with the requirements of the UCC, financing statements; and, from time to time thereafter, agrees to execute and deliver such other documents (including, but not limited to, continuation statements as required by the UCC) as may be necessary or reasonably requested by the Master Trustee in order to perfect or maintain perfected such security interests or give public notice thereof.

(d) Upon written request from the Credit Group Representative, the Master Trustee shall take all procedural steps necessary to effect the subordination of its security interest in the Gross Receivables granted herein to security interests constituting Permitted Liens as certified in writing by the Credit Group Representative.

(e) Each Obligated Group Member shall notify the Master Trustee in writing of any change of name and change of address of its chief executive office to enable a new appropriate financing statement or an amendment to be filed in accordance with the requirements of the UCC, in order to maintain the perfected security interest granted herein.

Section 3.08. Limitation on Encumbrances.

(a) Each Obligated Group Member agrees that it will not, and each Controlling Member covenants that it will not permit any of its Designated Affiliates to, create or suffer to be created or permit the existence of any Lien upon Property, other than Excluded Property, now owned or hereafter acquired by it other than Permitted Liens. Each Obligated Group Member, respectively, further covenants and agrees that if such a Lien (other than a Permitted Lien) is nonetheless created by someone other than an Obligated Group Member or Designated Affiliate and is assumed by any Obligated Group Member or Designated Affiliate, the Credit Group Representative will make or cause to be made effective a provision whereby all Master Indenture Obligations will be secured prior to any such Indebtedness or other obligation secured by such Lien. Each Obligated Group Member further agrees that it will not, and each Controlling Member covenants that it will not permit any of its Designated Affiliates to, create or suffer to be created, or permit the existence of, any Lien upon Property now owned or hereafter acquired by it to secure the payment of any Master Indenture Obligation other than pursuant to the following clauses in the definition of Permitted Liens:

- (i) clause (d), relating to liens on Property securing all Master Indenture Obligations,
- (ii) clause (g), relating to escrow or reserve funds,
- (iii) clause (h), relating to liens on the proceeds of Indebtedness,
- (iv) clause (v), relating to liens to secure Financial Product Agreements, and
- (v) clause (x) relating to liens in favor of banking or other depository institutions arising as a matter of law encumbering the deposits of any Member held in the ordinary course of business by such banking institution.

(b) Upon written request of the Credit Group Representative, the Master Trustee shall execute and deliver such releases, subordinations, requests for reconveyance, termination statements or other instruments as may be reasonably requested by the Credit Group Representative in connection with (1) any Disposition in accordance with the provisions of Section 3.11 and the applicable provisions of any Related

Supplement, (2) the withdrawal of a Member pursuant to Section 3.04 and the applicable provisions of any Related Supplement, (3) the granting by a Credit Group Member of any Lien which constitutes a Permitted Lien hereunder, as certified to the Master Trustee in writing by the Credit Group Representative, and (4) any Lien on Excluded Property.

Section 3.09. Debt Service Coverage.

(a) Each Obligated Group Member agrees to manage its business such that the Historical Debt Service Coverage Ratio, calculated at the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2025, will not be less than 1.10:1.0.

(b) If for any Fiscal Year the Income Available for Debt Service is not sufficient to satisfy subsection (a) hereof, the Credit Group Representative covenants to retain within six months of the filing of the financial statements an Independent Consultant to make recommendations to increase Income Available for Debt Service in the first Fiscal Year following the Fiscal Year in which such insufficiency occurred to the level required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable. Notwithstanding the foregoing, if such failure to maintain a Historical Debt Service Coverage Ratio of 1.10:1.0 is a direct or indirect result of a Force Majeure Event, as determined in the sole discretion of the Credit Group Representative, then (i) the Credit Group Representative shall not be required to retain an Independent Consultant for the purposes described in the immediately preceding sentence; and (ii) the Credit Group Representative shall deliver within six months of the filing of the financial statements an Officer's Certificate to the Master Trustee stating the nature of the Force Majeure Event. The Credit Group Representative agrees to transmit a copy of the recommendations or opinion of the Independent Consultant to the Master Trustee within 20 days of the receipt. Each Obligated Group Member shall, promptly upon its receipt of such recommendations, subject to applicable requirements or restrictions imposed by law and to a good faith determination by the Governing Body of the Credit Group Representative that such recommendations are in the best interest of the Obligated Group, take such action as shall be in substantial conformity with such recommendations.

(c) If the Obligated Group retains and substantially complies with the recommendations of the Independent Consultant, the Obligated Group will be deemed to have complied with the covenants set forth in this Section for such Fiscal Year, notwithstanding that Historical Debt Service Coverage Ratio shall be less than 1.10:1.0. Notwithstanding the foregoing, the Obligated Group Members shall not be excused from taking any action or performing any duty required under this Master Indenture, and no other Event of Default shall be waived by the operation of the provisions of this subsection (c).

(d) Notwithstanding anything herein to the contrary, the Obligated Group will be deemed to have complied with the covenants set forth in this Section for such Fiscal Year, notwithstanding that Historical Debt Service Coverage Ratio shall be less than 1.10:1.0, so long as the Credit Group Representative shall deliver an Officer's Certificate to the Master Trustee demonstrating at least 150 Days Cash on Hand. Notwithstanding the foregoing, the Obligated Group Members shall not be excused from taking any action or performing any duty required under this Master Indenture, and no other Event of Default shall be waived by the operation of the provisions of this subsection (d).

(e) If a report of an Independent Consultant is delivered to the Master Trustee and the Related Bond Issuers that states that Government or Industry Restrictions have been imposed which make it impossible or impractical for the Income Available for Debt Service to satisfy the requirement of subsection (a) hereof, then the required Historical Debt Service Coverage Ratio shall be reduced to the maximum coverage permitted by, or reasonably attainable under, such Government or Industry Restrictions.

(f) Notwithstanding the foregoing, an Obligated Group Member may permit the rendering of services or the use of its Property without charge or at reduced charges, at the discretion of the Governing Body of such Obligated Group Member, to the extent necessary to comply with applicable law, or for maintaining its tax-exempt status or the tax-exempt status of its Property, Plant and Equipment or its eligibility for grants, loans, subsidies or payments from governmental entities, or in compliance with any recommendation for free services that may be made by an Independent Consultant.

Section 3.10. Merger, Consolidation, Sale or Conveyance. Each Obligated Group Member covenants that it will not merge or consolidate with any other Person that is not an Obligated Group Member or sell or convey all or substantially all of its assets to any Person that is not an Obligated Group Member (a “Merger Transaction”) unless:

- (a) After giving effect to the Merger Transaction,
  - (i) the successor or surviving entity (hereinafter, the “Surviving Entity”) is an Obligated Group Member, or
  - (ii) the Surviving Entity shall
    - (A) be a corporation or other entity organized and existing under the laws of the United States of America or any state thereof, and
    - (B) become an Obligated Group Member pursuant to Section 3.03 and, pursuant to the Related Supplement required by Section 3.09(b), shall expressly assume in writing the due and punctual payment of all Required Payments of the disappearing Obligated Group Member hereunder;
- (b) The Master Trustee receives an Officer’s Certificate to the effect that the Transaction Test is satisfied in connection with the Merger Transaction;
- (c) So long as any Related Bonds that are tax-exempt obligations are Outstanding, the Master Trustee receives an Opinion of Bond Counsel to the effect that, under the existing law, the consummation of the Merger Transaction, in and of itself, would not result in the inclusion of interest on such Related Bonds in gross income for federal income tax purposes;
- (d) The Master Trustee receives an Opinion of Counsel to the effect that (i) all conditions in this Section 3.10 relating to the Merger Transaction have been complied with and the Master Trustee is authorized to join in the execution of any instrument required to be executed and delivered; (ii) the Surviving Entity meets the conditions set forth in this Section 3.10 and all Master Indenture Obligations then Outstanding; (iii) the Merger Transaction will not adversely affect the validity of any Master Indenture Obligations then Outstanding and such Master Indenture Obligations then Outstanding are enforceable against the Surviving Entity in accordance with their respective terms; and (iv) the Merger Transaction will not cause the Master Indenture or any Master Indenture Obligations then Outstanding to be subject to registration under federal securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred); and
- (e) The Surviving Entity shall be substituted for its predecessor in interest in all Master Indenture Obligations and agreements then in effect which affect or relate to any Master Indenture Obligation, and the Surviving Entity shall execute and deliver to the Master Trustee appropriate documents in order to effect the substitution.

From and after the effective date of such substitution (as set forth in the above-mentioned documents), the Surviving Entity shall be treated as an Obligated Group Member and shall thereafter have the right to participate in transactions hereunder relating to Master Indenture Obligations to the same extent as the other Obligated Group Members. All Master Indenture Obligations issued hereunder on behalf of a Surviving Entity shall have the same legal rank and benefit under this Master Indenture as Master Indenture Obligations issued on behalf of any other Obligated Group Member.

Section 3.11. Limitation on Disposition of Assets.

(a) Each Obligated Group Member covenants that it will not, and each Controlling Member covenants that it will not permit its Designated Affiliates to, voluntarily sell, lease or otherwise make a Disposition of any part of its Property in any Fiscal Year unless one of the following conditions is satisfied:

(i) Such Disposition is in the ordinary course of business or in compliance with the requirements imposed on any asset upon its acquisition (such as in the case of a split interest trust asset); or

(ii) In the case of Obligated Group Members, such Disposition is part of a disposition of all or substantially all of its assets as permitted by Section 3.10; or

(iii) Such Disposition in any single Fiscal Year, in the aggregate, is of Property with a net Book Value of 15% or less of the Value of the Property of the Credit Group; or

(iv) Such Disposition in any single Fiscal Year, in the aggregate, is of Property with a net Book Value in excess of 15% of the Value of the Property of the Credit Group, and at the end of such Fiscal Year the Credit Group Representative provides an Officer's Certificate to the Master Trustee that one of the following conditions applies to such Property:

(A) such Property is inadequate, obsolete, unsuitable, undesirable or unnecessary for the operation and function of the primary business of the Credit Group Members; or

(B) the Disposition is for Fair Market Value and such disposition will not impair the structural soundness or operational utility of the remaining Property and does not materially adversely affect the operations of the Credit Group; or

(C) such Property is being transferred to a Person who is not an Obligated Group Member if such Person shall become an Obligated Group Member pursuant to Section 3.04 coincidental to such transfer; or

(D) such Property is being transferred to a Government Issuer solely to accommodate a sale or lease transaction as described in the definition of "Related Bonds"; or

(E) the Transaction Test would be, taking into consideration the effect of such disposition, satisfied; or

(v) Such Disposition is a loan, including without limitation, an employee relocation loan, a physician or researcher recruitment loan or income guaranty or other credit/funding extension, provided that such loans or other credit/funding extensions are in writing and either (i) are in furtherance of the exempt purposes of any of the Credit Group Members, or (ii) the Credit Group Members reasonably expect such loans to be repaid and such loans bear interest at a reasonable rate of interest and on commercially reasonable terms; or

(vi) Such Disposition is a transfer of Restricted Moneys to an Affiliate which has the purpose to receive and disburse such Restricted Moneys.

(b) Notwithstanding the foregoing, nothing shall prohibit any Disposition among Credit Group Members and nothing shall prohibit the Credit Group Members from making loans, including, without limitation, employee relocation loans, physician recruitment loans or other credit or funding extensions, provided that such loans or other credit or funding extensions are in writing and the Master Trustee receives an Officer's Certificate to the effect that (x) such loans are in furtherance of the exempt purposes of the Credit Group Members or (y) the Credit Group Members reasonably expect such loans to be repaid and such loans bear interest at a reasonable rate of interest and on commercially reasonable terms;

Section 3.12. Limitation on Indebtedness. Each Obligated Group Member covenants that it will not, and each Controlling Member covenants that it will not permit its Designated Affiliates to, incur any Indebtedness except that the Obligated Group Members and Designated Affiliates may incur the following Indebtedness:

(a) Long-Term Indebtedness, if prior to the date of incurrence of the Long-Term Indebtedness, there is delivered to the Master Trustee:

(i) an Officer's Certificate to the effect that the MADS Debt Service Coverage Ratio for the most recent Fiscal Year for which Credit Group Financial Statements are available with respect to all Long-Term Indebtedness then Outstanding at the time of such certification and the additional Long-Term Indebtedness to be incurred, but excluding any Long-Term Indebtedness to be refunded with the proceeds of such additional Long-Term Indebtedness to be incurred, was not less than 1.2:1.0; or

(ii) an Officer's Certificate to the effect that the total principal amount of all Long-Term Indebtedness then Outstanding at the time of such certification, including the principal amount of additional Long-Term Indebtedness to be incurred on a pro forma basis, but excluding the principal amount of any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred, does not exceed 5% of Total Revenues for the most recent Fiscal Year for which Credit Group Financial Statements are available; or

(iii) (A) an Officer's Certificate to the effect that the MADS Debt Service Coverage Ratio for the most recent Fiscal Year (excluding the additional Long-Term Indebtedness to be incurred) was not less than 1.2:1.0 and (B) the report of an Independent Consultant (or, in lieu thereof, an Officer's Certificate if the MADS Debt Service Coverage Ratio is projected to be not less than 1.5:1.0 for each such Fiscal Year) to the effect that the MADS Debt Service Coverage Ratio for each of the two Fiscal Years beginning with the Fiscal Year commencing after the estimated completion of the facilities to be financed by the Indebtedness to be incurred with respect to all Long-Term Indebtedness projected to be outstanding (including the additional Long-Term Indebtedness to be incurred but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred), is projected to be not less than 1.2:1.0. Notwithstanding the foregoing, if the Master Trustee receives a report of an Independent Consultant to the effect that Government or Industry Restrictions prevent the Credit Group Members from generating the required levels of Income Available for Debt Service sufficient to result in MADS Debt Service Coverage Ratios at least equal to those required by this subsection (a)(iii), the ratio requirements described in this subsection (a)(iii) shall be reduced to the highest ratios that, in the opinion of the Independent Consultant, are reasonably obtainable under such Government or Industry Restrictions, but in no event less than a ratio of 1.0:1.0.

- (b) Completion Indebtedness, without limitation.
- (c) Long-Term Indebtedness for the purpose of refunding (whether in advance or otherwise) any outstanding Long-Term Indebtedness, without limitation.
- (d) Short-Term Indebtedness which constitutes commercial paper if the conditions described in subsection (a) are met with respect to such Short-Term Indebtedness when it is assumed that such Short-Term Indebtedness is Long-Term Indebtedness maturing over 30 years from the date of issuance of the Short-Term Indebtedness, bears interest on the unpaid principal balance at the Projected Rate and is payable on a level annual debt service basis over a 30 year period.
- (e) Short-Term Indebtedness (other than Short-Term Indebtedness incurred in accordance with subsection (d) hereof) provided that:
  - (A) the total amount of such Short-Term Indebtedness, together with the aggregate principal amount of Indebtedness incurred pursuant to subsection (h) of this Section 3.12, shall not exceed 30% of Total Revenues; and
  - (B) In every Fiscal Year, there shall be at least a consecutive 20 day period when the balances of such Short-Term Indebtedness (excluding Short-Term Indebtedness consisting of commercial paper which is intended to be refinanced with additional commercial paper) is reduced to an amount which shall not exceed five percent of Total Revenues.
- (f) Nonrecourse Indebtedness, without limitation.
- (g) Subordinated Indebtedness, without limitation.
- (h) Any other Indebtedness, if an Officer's Certificate is delivered to the Master Trustee stating that the aggregate principal amount of such Indebtedness, together with the aggregate principal amount of Indebtedness incurred pursuant to the provisions of this Section 3.12, does not, as of the date of incurrence, exceed 30% of Total Revenues.
- (i) Reimbursement or other repayment obligations under reimbursement agreements, intergovernmental contracts with the County or similar agreements relating to credit facilities and/or liquidity facilities which provide credit support and/or liquidity for Indebtedness, Contract Backed Indebtedness or Financial Products Agreements.
- (j) Indebtedness consisting of accounts payable incurred in the ordinary course of business or other Indebtedness not incurred or assumed primarily to assure the repayment of money borrowed or credit extended which Indebtedness is incurred in the ordinary course of business, without limit.
- (k) Indebtedness incurred in connection with a sale of accounts receivable with or without recourse by any Member consisting of an obligation to repurchase all or a portion of such accounts receivable upon certain conditions; provided, however, that the principal amount of such Indebtedness permitted hereby shall not exceed the aggregate amount of such accounts receivable so sold by such Member; and provided, further, that any Liens created as a result of such a sale must be Permitted Liens.

Section 3.13. Filing of Financial Statements, Certificate of No Default, Other Information.

- (a) Each Obligated Group Member covenants that it will keep, and each Controlling Member covenants that it will cause its Designated Affiliates to keep, adequate records and books of accounts in which complete and correct entries shall be made (said books shall be subject to the inspection of the

Master Trustee during regular business hours after reasonable notice and under reasonable circumstances, provided the Master Trustee shall have no duty to so inspect).

(b) The Credit Group Representative covenants and agrees that it will furnish to the Master Trustee and any Related Bond Issuer that shall request the same in writing:

(i) As soon as practicable, but in no event more than the last day of the ninth month after the last day of each Fiscal Year beginning with the Fiscal Year ending on June 30, 2025, one or more financial statements which, in the aggregate, shall include the Material Credit Group Members. Such financial statements:

(1) may consist of (1) consolidated or combined financial results including one or more Credit Group Members and one or more other Persons required to be consolidated or combined with such Credit Group Member(s) under GAAP or (2) special purpose financial statements including only Credit Group Members;

(2) shall be audited by an Accountant as having been prepared in accordance with GAAP (except, in the case of special purpose financial statements, for required consolidations);

(3) shall include a consolidated or combined statement of financial position (balance sheet) and statement of activities (statement of operations); and

(4) if more than one financial statement is delivered to the Master Trustee pursuant to this subsection (b)(i), or if a single financial statement is delivered that includes Persons other than Credit Group Members and Immaterial Affiliates, each such financial statement shall contain, as “other financial information,” a combining or consolidating schedule from which financial information solely relating to the Credit Group Members and Immaterial Affiliates may be derived.

(ii) (1) If a single financial statement containing information solely related to the Credit Group Members (which may, but need not, include any Immaterial Affiliates) is delivered pursuant to clause (b)(i) above, such financial statement shall constitute the “Credit Group Financial Statements.”

(2) If a single financial statement containing information related solely to the Credit Group Members and, at the option of the Credit Group Representative, any Immaterial Affiliates is not delivered pursuant to clause (b)(i) above, the Credit Group Representative shall prepare an unaudited balance sheet and statement of operations for such Fiscal Year. The unaudited financial statements shall be prepared as soon as practicable, but in no event more than the last day of the ninth month after the last day of each Fiscal Year beginning with the Fiscal Year ending on June 30, 2025, and shall be based on the accompanying unaudited combining or consolidating schedules delivered with the audited financial statements described in clause (b)(i)(4) above. The unaudited financial statements prepared in accordance with this clause (ii)(2) shall be the “Credit Group Financial Statements.”

(3) The Credit Group Financial Statements:

(a) shall include all Material Credit Group Members;

(b) at the option of the Credit Group Representative, may, but need not, include one or more Immaterial Affiliates as provided in subsection (c) below;

(c) at the option of the Credit Group Representative, may exclude one or more Credit Group Members that are not Material Credit Group Members; and

(d) shall exclude all combined or consolidated entities that are neither Credit Group Members nor Immaterial Affiliates.

(c) At the time of the delivery of the Credit Group Financial Statements, a certificate of the chief financial officer, treasurer or similar position of the Credit Group Representative, stating that no event which constitutes an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Members to cure such Event of Default.

(d) Notwithstanding the foregoing, the results of operation and financial position of Immaterial Affiliates need not be excluded from financial statements delivered to the Master Trustee pursuant to this Section, and such results of operation and financial position may be considered as if they were a portion of the results of operation and financial position of the Credit Group Members for all purposes of this Master Indenture, including with respect to computing or calculating the covenants and ratios contained herein, and other quantitative financial tests or provisions, notwithstanding the inclusion of the results of operation and financial position of such Immaterial Affiliates. The Master Trustee shall have no duty to review, verify or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Holders. The Master Trustee shall not be deemed to have notice of any information contained in such financial statements or event of default which may be disclosed therein in any manner.

#### Section 3.14. Insurance.

(a) Required Insurance Coverage. Each Member of the Obligated Group shall, and each Controlling Member covenants to cause each of its Designated Affiliates to, maintain or cause to be maintained at its sole cost and expense, insurance (which may be self-insurance) with respect to its Property, the operation thereof and its business against such casualties, contingencies and risks (including but not limited to public liability and employee dishonesty) and in amounts not less than is customary in the case of corporations engaged in the same or similar activities and similarly situated and as it determines, in good faith, to be adequate to protect its Property and operations.

(b) Self-Insurance. In lieu of maintaining the insurance policies required by subsection (a) of this Section, each Obligated Group Member and Designated Affiliate may self-insure any of the required coverage (or a portion thereof) consistent with proper management and insurance practices.

#### Section 3.15. Calculation of Debt Service and Debt Service Coverage.

The following provisions shall govern the calculation of the Debt Service Requirements on Indebtedness.

(a) Balloon Indebtedness. Indebtedness containing a “put” or “tender” provision pursuant to which the holder of such Indebtedness may require that such Indebtedness be purchased prior to its maturity shall not be considered Balloon Indebtedness, solely by reason of such “put” or “tender” provision. The Debt Service Requirement on Balloon Indebtedness for each Fiscal Year, including any Fiscal Year in which 20% or more of the principal amount of the Balloon Indebtedness is due (a “balloon payment year,” with the principal amount payable in any balloon payment year being referred to as a “balloon payment”), may be determined in accordance with the repayment terms of the Balloon Indebtedness or as otherwise permitted in subparagraphs (i), (ii) or (iii) below:

(i) The Debt Service Requirement on the balloon payment or portion thereof may be deemed equal to the estimated Debt Service Requirements on an equal amount of Long-Term Indebtedness (other than Balloon Indebtedness) payable on such basis as determined by the Credit Group Representative in a certificate delivered to the Master Trustee, over a term not to exceed thirty (30) years (or, if later, the stated maturity date of such Balloon Indebtedness) from the date of such calculation, at the Bond Index.

(ii) Determinations of the Debt Service Requirements on Balloon Indebtedness may be based on the terms of a credit facility under which funds are available for the payment of all or a portion of a balloon payment. If the credit facility is scheduled to expire prior to the date the balloon payment is due and is not renewed or replaced prior to the scheduled expiration date, the credit facility shall require the



amount available thereunder to be drawn down prior to its expiration and immediately applied to the payment of the balloon payment. If that condition is met, or if the credit facility is scheduled to expire after the balloon payment is due, the Debt Service Requirements on the Balloon Indebtedness may be calculated as follows: (A) it shall be assumed that the funds available under the credit facility are drawn down on a date (the “assumed drawdown date”) which is the earlier of the first day of the balloon payment year in respect of which the credit facility is issued or the expiration date of the credit facility; (B) the Debt Service Requirements on the Balloon Indebtedness for each Fiscal Year (or portion thereof) prior to the assumed drawdown date shall be the actual Debt Service Requirements thereon for such period; and (C) the Debt Service Requirements on the Balloon Indebtedness for each Fiscal Year (or portion thereof) after the assumed drawdown date shall be deemed equal to the sum of the principal and interest payable during such period pursuant to the credit facility and the actual Debt Service Requirements payable during such period in respect of any portion of the Balloon Indebtedness for which funds are not available under the credit facility.

(iii) Determination of Debt Service Requirement on Balloon Indebtedness may be based upon an established sinking fund for the payment of all or a portion of any balloon payment to become due in respect of the Balloon Indebtedness, which sinking fund may be held by the holders of the Balloon Indebtedness (or a trustee or paying agent acting on their behalf) or may be held by a Member separate and apart from all other funds of such Member. For the purposes of determining the Debt Service Requirements on the Balloon Indebtedness, the Credit Group Representative shall deliver to the Master Trustee a schedule of deposits to be made into the sinking fund for the purpose of paying all or a portion of the balloon payment, together with a resolution of the Governing Body of the applicable Member of the Credit Group approving the establishment of the sinking fund and the schedule of deposits to be made therein. The balloon payment (or portion thereof for which the sinking fund is established) shall be deemed payable in accordance with the schedule of deposits, except that any deposit (or portion thereof) which is not made when due shall (until made) be deemed payable in the balloon payment year. All other Debt Service Requirements on the Balloon Indebtedness shall be determined in accordance with the repayment terms of such Indebtedness.

(b) Put Indebtedness. For the purposes of determining the Debt Service Requirements in any Fiscal Year on any Put Indebtedness, the Debt Service Requirements shall be calculated (i) assuming none of such Put Indebtedness is tendered, (ii) during the period commencing on the date of issuance through the Put Date, using the actual debt service payable on such Put Indebtedness, where such Put Indebtedness bears interest at a variable rate, calculating interest on such Put Indebtedness pursuant to subsection 3.15(c), and (iii) after the Put Date, assuming level debt service over the period commencing on the Put Date and ending on the date that is 30 years from such calculation and using the Bond Index.

(c) Variable Rate Indebtedness. For the purpose of determining the Debt Service Requirements on any Variable Rate Indebtedness, the interest shall be calculated as follows:

(i) Any Variable Rate Indebtedness that has been outstanding less than twelve (12) months shall be deemed to bear interest at the Bond Index as determined by the Credit Group Representative.

(ii) Any Variable Rate Indebtedness that has been outstanding for at least twelve (12) months, shall be deemed to bear interest at a rate equal to the weighted average rate for the 12-month period ending on the date of calculation or on the latest practicable date prior to such calculation.

(iii) If an Obligated Group Member has entered into a Financial Product Agreement with respect to the Variable Rate Indebtedness, under which the Member makes fixed rate payments in exchange for a counterparty making variable rate payments, the Variable Rate Indebtedness shall be assumed to bear interest at the fixed rate of interest simulated by the hedge arrangement, in lieu of the rate determined under subparagraph 3.15(c)(i) or 3.15(c)(ii).

(d) Financial Product Agreements. The obligations of a Member of the Credit Group to make payment under a Financial Product Agreement shall not constitute Indebtedness. If any Member of the Credit Group has entered into a Financial Product Agreement for the purpose of hedging or modifying the interest cost on Indebtedness, then during the term of the Financial Product Agreement and so long as the provider under the Financial Product Agreement is not in default, net amounts owed by such Member may be included in the calculation of Debt Service Requirements with respect to such hedged Indebtedness or as a credit thereto if such net amounts are due to the Member, exclusive of any amounts due upon early termination of a Financial Product Agreement.

(e) Guaranties. When calculating the principal and the Debt Service Requirements attributable to a Guaranty, including the Debt Service Requirements of any Master Indenture Obligation issued to evidence or secure a Guaranty:

(i) The principal amount and Debt Service Requirements on such Indebtedness shall be deemed to be:

(A) 0% of the principal amount and debt service requirements (calculated in the same manner as Debt Service Requirements) on the guaranteed obligation, if a Member of the Credit Group has not been called upon to make a payment under the Guaranty within the twelve (12) months immediately preceding the date of the calculation; or

(B) 100% of the principal amount and debt service requirements (calculated in the same manner as Debt Service Requirements) on the guaranteed obligation, if a Member of the Credit Group has been called upon to make a payment under the Guaranty within the twelve (12) months immediately preceding the date of the calculation.

(f) Permitted Debt Amortization. At the time of computation, the Credit Group Representative may compute the Debt Service Requirements for Long-Term Indebtedness and Guaranties for any period as described below:

(i) In the case of any Long-Term Indebtedness, the amount of principal and interest payable during a Fiscal Year on such Long-Term Indebtedness on a historical basis shall be determined assuming (A) that the principal balance of such Long-Term Indebtedness (after adjustment of Guaranties as provided in paragraph (iii)) for such Fiscal Year was refinanced at the beginning of such Fiscal Year, (B) that such principal balance will be payable over a term of thirty (30) years commencing as of the beginning of such Fiscal Year, (C) that such principal balance bears interest at the Bond Index, and (D) the debt service on such Long-Term Indebtedness is payable in equal annual installments sufficient to pay both principal and interest over such term of 30 years;

(ii) In the case of any Long-Term Indebtedness, the amount of principal and interest payable during each Fiscal Year on such Long-Term Indebtedness in periods after the date of determination shall be projected assuming (A) that the principal balance of such Long-Term Indebtedness (after adjustment of Guaranties as provided in paragraph (iii)) on the date of determination will be refinanced, (B) that such principal balance will be payable over a term of thirty (30) years from the date of determination, (C) that such principal balance will bear interest at the Bond Index, and (D) the debt service on such Long-Term Indebtedness will be payable in equal annual installments sufficient to pay both principal and interest over such term of 30 years; and

(iii) In the case of any Guaranty, the principal of (and premium, if any) and interest and other debt service charges on the debt that is guaranteed for the period of time for which Debt Service Requirements are calculated shall be weighted in the calculation of debt amortization requirements as provided in Section 3.15(e) with respect to such Guaranty.

(g) Finance Leases. The principal amount of Indebtedness in the form of a Finance Lease shall be deemed to be the amount, as of the date of determination, at which the aggregate Capitalized Rentals due and to become due under such Finance Lease would be reflected as a liability on the balance sheet of the lessee, and the Debt Service Requirements on a Finance Lease for the period of time for which calculated shall be deemed to be the aggregate amount of Net Rentals to be payable under such Finance Lease during such period. Capitalized Rentals for any future period under any so called “percentage lease” shall be computed on the basis of the amount reasonably estimated to be payable thereunder for such period, but in any event not less than the amount paid or payable thereunder during the immediately preceding period of the same duration as such future period; provided that the amount estimated to be payable under any such percentage lease shall in all cases recognize any change in the applicable percentage called for by the terms of such lease.

(h) Provisions Not Mutually Exclusive. The provisions of this Section 3.15 are not and shall not be deemed to be mutually exclusive. If two or more of the foregoing provisions are applicable to any particular Long-Term Indebtedness, each such provision shall be applied, as and to the extent appropriate. The foregoing shall also apply to any calculation of the Debt Service Requirement on any Indebtedness of a similar nature which is guaranteed by a Member.

(i) Indebtedness Not to be Counted More Than Once. When more than one obligation or instrument evidences the same Indebtedness, that Indebtedness shall not be counted more than once. By way of illustration and not limitation of that rule, a Member may be obligated to pay the same Indebtedness under a lease or loan agreement for Related Bonds, an Master Indenture Obligation issued under a Related Supplement, and a reimbursement obligation under a credit facility for the Related Bonds; only the Master Indenture Obligation shall be counted as Indebtedness.

#### ARTICLE IV

##### DEFAULTS

Section 4.01. Events of Default. Each of the following events shall be an Event of Default hereunder:

(a) Failure on the part of the Obligated Group Members to make due and punctual payment of the principal of, redemption premium, if any, interest on or any other Required Payment on any Master Indenture Obligation after applicable grace, notice and/or cure periods, if any.

(b) The Historical Debt Service Coverage Ratio of the Credit Group is less than 1.0:1.0 for any two consecutive Fiscal Years.

(c) Any Obligated Group Member shall fail to observe or perform any other covenant or agreement under this Master Indenture (including covenants or agreements contained in any Related Supplement or Master Indenture Obligation) and shall not have cured such failure within 60 days after the date on which written notice of such failure, requiring the failure to be remedied, shall have been given to the Credit Group Representative by the Master Trustee or to the Credit Group Representative and the Master Trustee by the Holders of a majority in aggregate principal amount of Outstanding Master Indenture Obligations (provided that if such failure can be remedied but not within such 60 day period, such failure shall not become an Event of Default for so long as the Credit Group Representative shall diligently proceed to remedy the failure).

(d) Any Obligated Group Member shall default in the payment of Indebtedness (other than (1) Subordinated Indebtedness, (2) Nonrecourse Indebtedness, and (3) Indebtedness secured by a Master Indenture Obligation, which shall be governed by subsection (a) of this Section) in an aggregate outstanding principal amount equal to the greater of 5% of the aggregate principal amount of Total Revenues of the Credit Group, and any grace, notice and/or cure period for such payment shall have expired; provided, however, that such default shall not constitute an Event of Default within the meaning of this Section if, within 60 days (or such longer period as the Master Trustee approves in writing) or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, (1) any Obligated Group Member in good faith commences proceedings to contest the existence or payment of such Indebtedness, and (2) sufficient moneys are

deposited in escrow with a bank or trust company or a bond acceptable to the Master Trustee is posted for the payment of such Indebtedness.

(e) A court having jurisdiction shall enter a decree or order for relief in respect of any Obligated Group Member in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of the Property of any Obligated Group Member, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days.

(f) Any Obligated Group Member shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of its Property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of the foregoing.

The Credit Group Representative agrees that, as soon as practicable, and in any event within ten days after such event, the Credit Group Representative shall notify the Master Trustee of any event which is an Event of Default hereunder which has occurred and is continuing, which notice shall state the nature of such event and the action which the Obligated Group Members propose to take with respect thereto.

#### Section 4.02. Acceleration; Annulment of Acceleration.

(a) Upon the occurrence and during the continuation of an Event of Default, the Master Trustee may, and upon the written request of (i) the Holders of not less than a majority in aggregate principal amount of Outstanding Master Indenture Obligations or (ii) the Holder of a Master Indenture Obligation expressly authorized to accelerate such Master Indenture Obligation pursuant to the Related Supplement shall, by notice to the Credit Group Representative, declare all Outstanding Master Indenture Obligations immediately due and payable. Upon such declaration of acceleration, all Outstanding Master Indenture Obligations shall be immediately due and payable. If the terms of any Related Supplement give a Person the right to consent to acceleration of the Master Indenture Obligations issued pursuant to such Related Supplement, the Master Indenture Obligations issued pursuant to such Related Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Related Supplement. In the event of acceleration, an amount equal to the aggregate principal amount of all Outstanding Master Indenture Obligations, plus all interest accrued thereon and, to the extent permitted by applicable law, which accrues on such principal and interest to the date of payment, and all other amounts due thereunder, shall be due and payable on the Master Indenture Obligations.

(b) At any time after the Master Indenture Obligations have been declared to be due and payable, and before the entry of a final judgment or decree in any proceeding instituted with respect to the Event of Default that resulted in the declaration of acceleration, the Master Trustee may annul such declaration and its consequences if:

(i) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all payments then due on all Outstanding Master Indenture Obligations (other than payments then due only because of such declaration); and

(ii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all fees and expenses of the Master Trustee then due; and

(iii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all other amounts then payable by the Obligated Group hereunder; and

(iv) every Event of Default (other than a default in the payment of the principal or other payments of such Master Indenture Obligations then due only because of such declaration) has been remedied.

No such annulment shall extend to or affect any subsequent Event of Default or impair any right with respect to any subsequent Event of Default.

Section 4.03. Additional Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Master Indenture Obligations (and upon indemnification of the Master Trustee to its satisfaction by the Credit Group for any such request), shall, proceed to protect and enforce its rights and the rights of the Holders hereunder by such proceedings as may be deemed expedient, including but not limited to:

(i) Enforcement of the right of the Holders to collect amounts due or becoming due under the Master Indenture Obligations;

(ii) Civil action upon all or any part of the Master Indenture Obligations;

(iii) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Master Indenture Obligations to account as if it were the trustee of an express trust for the Holders of Master Indenture Obligations;

(iv) Civil action to enjoin any acts which may be unlawful or in violation of the rights of the Holders of Master Indenture Obligations;

(v) Civil action to obtain a writ of mandate against any Obligated Group Member or Controlling Member, or against any officer or member of the Governing Body of any Obligated Group Member or Controlling Member to compel performance of any act specifically required by this Master Indenture or any Master Indenture Obligation; and

(vi) Enforcement of any other right or remedy of the Holders conferred by law or hereby.

(b) Regardless of the occurrence of an Event of Default, if requested in writing by the Holders of not less than 25% in aggregate principal amount of the Outstanding Master Indenture Obligations (and upon indemnification of the Master Trustee to its satisfaction for such request), the Master Trustee shall institute and maintain such proceedings as it may be advised shall be necessary or expedient (1) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (2) to preserve or protect the interests of the Holders. However, the Master Trustee shall not comply with any such request or institute and maintain any such proceeding that is in conflict with any applicable law or the provisions hereof or (in the sole judgment of the Master Trustee) is unduly prejudicial to the interests of the Holders not making such request (it being understood that the Master Trustee does not have an affirmative duty to ascertain whether or not any action or forbearance is unduly prejudicial to such Holders or that would involve the Master Trustee in personal liability). Nothing herein shall be deemed to authorize the Master Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Master Indenture Obligations or the rights of any Holder thereof, or to authorize the Master Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

Section 4.04. Application of Moneys After Default. During the continuance of an Event of Default, all moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article (after payment of the costs of the proceedings resulting in the collection of such moneys and payment of all fees, expenses and other amounts owed to the Master Trustee) shall be applied as follows:

(a) Unless all Outstanding Master Indenture Obligations have become or have been declared due and payable (or if any such declaration is annulled in accordance with the terms of this Article):

First: To the payment of all Required Payments then due on the Master Indenture Obligations (including Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation and Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Required Payments due on the same date, then to the payment thereof ratably, according to the amount Required Payments due on such date, without any discrimination or preference;

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation (other than Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Financial Product Extraordinary Payments due on the same date, then to the payment thereof ratably, according to the amounts of Financial Product Extraordinary Payments due on such date, without any discrimination or preference.

(b) If all Outstanding Master Indenture Obligations have become or have been declared due and payable (and such declaration has not been annulled under the terms of this Article):

First: To the payment of all Required Payments then due on the Master Indenture Obligations (including (i) Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation and (ii) Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full the whole amount then due and unpaid, then to the payment thereof ratably, without preference or priority, according to the amounts due respectively, without any discrimination or preference; and

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation (other than Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full all such Financial Product Extraordinary Payments, then to the payment thereof ratably, without any discrimination or preference.

Such moneys shall be applied at such times as the Master Trustee shall determine, having due regard for the amount of moneys available and the likelihood of additional moneys becoming available in the future. Upon any date fixed by the Master Trustee for the application of such moneys to the payment of principal, interest on the amounts of principal to be paid on such date shall cease to accrue. The Master Trustee shall give such notices as it may deem appropriate of the deposit with it of such moneys or of the fixing of such dates. The Master Trustee shall not be required to make payment to the Holder of any unpaid Master Indenture Obligation until such Master Indenture Obligation (and all unmatured interest coupons, if any) is presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Master Indenture Obligations have been paid under the terms of this Section and all fees and expenses of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive such balance. If no other Person is entitled thereto, then the balance shall be paid to the Members of the Obligated Group or such Person as a court of competent jurisdiction may direct.

Section 4.05. Remedies Not Exclusive. No remedy granted by the terms of this Master Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity.

Section 4.06. Remedies Vested in the Master Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Master Indenture Obligations may be enforced by the Master Trustee without the possession of any of the Master Indenture Obligations or the production thereof in any proceeding relating thereto. Any proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining any Holders as plaintiffs or defendants. Subject to the provisions of Section 4.04 hereof, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Master Indenture Obligations.

Section 4.07. Master Trustee to Represent Holders. The Master Trustee is hereby irrevocably appointed as trustee and attorney-in-fact for the Holders for the purpose of exercising on their behalf the rights and remedies available to the Holders under the provisions of this Master Indenture, the Master Indenture Obligations, any Related Supplement and applicable provisions of law, in each case subject to the provisions of Section 4.08. The Holders, by taking and holding the Master Indenture Obligations, shall be conclusively deemed to have so appointed the Master Trustee.

Section 4.08. Holders' Control of Proceedings. If an Event of Default has occurred and is continuing, notwithstanding anything herein to the contrary, the Holders of at least 25% in aggregate principal amount of Outstanding Master Indenture Obligations shall have the right (upon the indemnification of the Master Trustee to its satisfaction) to direct the method or place of conducting any proceeding to be taken in connection with the enforcement of the terms hereof. Such direction must be in writing, signed by such Holders and delivered to the Master Trustee. However, the Master Trustee shall not be required to follow any such direction that is in conflict with any applicable law or the provisions hereof or (in the sole judgment of the Master Trustee) is unduly prejudicial to the interests of the Holders not joining in such direction. Nothing in this Section shall impair the right of the Master Trustee to take any other action authorized by this Master Indenture which it may deem proper and which is not inconsistent with such direction by Holders.

Section 4.09. Termination of Proceedings. In case any proceeding instituted by the Master Trustee with respect to any Event of Default is discontinued or abandoned for any reason or is determined adversely to the Master Trustee or the Holders, then the Obligated Group Members, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder. All rights, remedies and powers of the Master Trustee and the Holders shall continue as if no such proceeding had been taken.

Section 4.10. Waiver of Event of Default.

(a) No delay or omission of the Master Trustee or of any Holder to exercise any right with respect to any Event of Default shall impair such right or shall be construed to be a waiver of or acquiescence to such Event of Default. Every right and remedy given by this Article to the Master Trustee and the Holders may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee may waive any Event of Default which in its opinion has been remedied before the entry of a final judgment or decree in any proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Upon the written request of the Holders of at least a majority in aggregate principal amount of Outstanding Master Indenture Obligations, the Master Trustee shall waive any Event of Default hereunder and its consequences; provided, however, that, except under the circumstances set forth in subsection (b) of Section 4.02 hereof, the failure to pay the principal of, premium, if any, or interest on any Master Indenture Obligation when due may not be waived without the written consent of the Holders of all Outstanding Master Indenture Obligations.

(d) In case of any waiver by the Master Trustee of an Event of Default, the Obligated Group Members, the Master Trustee and the Holders shall be restored to their former positions and rights. No waiver shall extend to, or impair any right with respect to, any other Event of Default.

Section 4.11. Appointment of Receiver. Upon the occurrence and continuance of any Event of Default, the Master Trustee shall be entitled (a) without declaring the Master Indenture Obligations to be due and payable, (b) after declaring the Master Indenture Obligations to be due and payable, or (c) upon the commencement of any proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Obligated Group Members (without the necessity of notice to any Obligated Group Member or any other Person), with such powers as the court making such appointment shall confer. Each Obligated Group Member consents, subject to the imposition on the receiver of all applicable Government or Industry Restrictions, and will if requested by the Master Trustee, consent at the time of application by the Master Trustee for appointment of a receiver, to the appointment of such receiver and agrees that such receiver may be given the right, to the extent the right may lawfully be given, to take possession of, operate and deal with such Property and the revenues, profits and proceeds therefrom, with the same effect as the Obligated Group Member could, and to borrow money and issue evidences of indebtedness as such receiver.

Section 4.12. Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law and any Government or Industry Restrictions. All the provisions of this Article are intended to be limited to the extent necessary so that they will not render any provision hereof invalid or unenforceable under the provisions of any applicable law or inconsistent with any Government or Industry Restrictions.

Section 4.13. Notice of Default. Within ten days after a Responsible Officer of the Master Trustee has actual knowledge or has received written notice of the occurrence of an Event of Default, the Master Trustee shall mail notice of such Event of Default to all Holders, unless such Event of Default has been cured before the giving of such notice (the term “Event of Default” for the purposes of this Section being limited to the events specified in subsections (a)-(f) of Section 4.01, not including any periods of grace provided for in subsections (b), (c) and (d), and regardless of the giving of written notice specified in subsection (c) of Section 4.01). Except in the case of default in the payment of the principal of or premium, if any, or interest on any of the Master Indenture Obligations and the Events of Default specified in subsections (e) and (f) of Section 4.01, the Master Trustee shall be protected in withholding such notice if and so long as the Master Trustee in good faith determines that the withholding of such notice is in the best interest of the Holders.

## ARTICLE V

### THE MASTER TRUSTEE

#### Section 5.01. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default:

(i) The Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture, and no implied covenant or obligation shall be read into this Master Indenture against the Master Trustee; and

(ii) In the absence of bad faith on its part, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon Certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Indenture; but in the case of any Certificate or opinion specifically required by the provisions hereof to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine such Certificate or opinion to determine whether or not it conforms to the requirements of this Master Indenture on its face.

(b) In case an Event of Default has occurred and is continuing, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person’s own affairs.



(c) No provision of this Master Indenture shall be construed to relieve the Master Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(i) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) the Master Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Master Trustee was grossly negligent in ascertaining the pertinent facts;

(iii) the Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders given in accordance with Section 4.08; and

(iv) no provision of this Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured.

The Master Trustee will keep on file at its office a list of the names and addresses of the last known Holders of all Master Indenture Obligations and the serial numbers of such Master Indenture Obligations held by each of such Holders. At reasonable times during the normal business hours of the Master Trustee and under reasonable regulations established by the Master Trustee, said list may be inspected and copied by the Obligated Group Members, any Master Indenture Obligation Holder or the authorized representative thereof, provided that the ownership of such Holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

(d) Every provision of this Master Indenture relating to the conduct of, affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Section.

Section 5.02. Certain Rights of Master Trustee. Subject to Section 5.01:

(a) The Master Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Credit Group Representative mentioned herein shall be sufficiently evidenced by an Officer's Certificate. Any action of the Governing Body of any Obligated Group Member shall be sufficiently evidenced by a copy of a resolution certified by the secretary or an assistant secretary of the Obligated Group Member to have been duly adopted by the Governing Body and to be in full force and effect on the date of such certification and delivered to the Master Trustee.

(c) Whenever in the administration of this Master Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, allowing or omitting any action hereunder, the Master Trustee may (in the absence of bad faith on its part and unless other evidence is specifically prescribed by this Master Indenture) request and conclusively rely upon an Officer's Certificate.

(d) The Master Trustee may consult with counsel of its selection experienced in matters similar to those inquired about, and any opinion of such counsel shall be full and complete authorization and protection with respect to any action taken, allowed or omitted by it hereunder in good faith and in reliance thereon.

(e) The Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Indenture at the request or direction of any of the Holders, unless such Holders shall have

offered to the Master Trustee reasonable security or indemnity satisfactory to the Master Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) The Master Trustee shall not be bound to make any investigation into the facts stated in any document delivered to it hereunder, but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts as it may see fit. If the Master Trustee determines to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of any Credit Group Member (excluding specifically donor records, patient records and personnel records), personally or by agent or attorney, during regular business hours and after reasonable notice.

(g) The Master Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents selected and supervised with care. The Master Trustee shall not be responsible for any misconduct or negligence on the part of any agent appointed by it with due care.

(h) The Master Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Master Indenture.

(i) The Master Trustee shall not be deemed to have notice of any default or Event of Default unless a Responsible Officer of the Master Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Master Trustee at the Corporate Trust Office of the Master Trustee, and such notice references this Master Indenture.

(j) The Master Trustee shall have the right to accept and act upon directions or instructions, including funds transfer instructions (collectively, "Instructions"), given pursuant to this Master Indenture or any other document reasonably relating hereto and delivered using Electronic Means; provided, however, that the Credit Group Representative shall provide to the Master Trustee an incumbency certificate listing Authorized Officers with the authority to provide such directions or instructions (each an "Authorized Officer") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Credit Group elects to give the Master Trustee Instructions using Electronic Means and the Master Trustee in its discretion elects to act upon such Instructions, the Master Trustee's understanding of such Instructions shall be deemed controlling. The Obligate Group understands and agrees that the Master Trustee cannot determine the identity of the actual sender of such Instructions and that the Master Trustee shall conclusively presume that Instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Master Trustee have been sent by such Authorized Officer. The Credit Group shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Master Trustee and that the Credit Group and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Credit Group. The Master Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Master Trustee's reliance upon and compliance with such Instructions notwithstanding such Instructions conflict or are inconsistent with a subsequent written direction or written instruction. The Credit Group agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Master Trustee, including without limitation the risk of the Master Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Master Trustee and that there may be more secure methods of transmitting Instructions; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances and (iv) to notify the Master Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(k) The Master Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Master Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, pandemics, government shutdowns or other similar occurrences.

(l) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty and the Master Trustee shall not be answerable for other than its gross negligence or willful default. The Master Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(m) The Master Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Master Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees, costs and expenses and other anticipated disbursements, and against all liability except to the extent determined by a court of competent jurisdiction to have been caused solely by its own gross negligence or willful misconduct. Nevertheless, the Master Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Master Trustee, without indemnity, and in such case the Master Trustee shall, to the extent not reimbursed by the Obligated Group reimburse itself from the monies available under this Master Indenture for all costs and expenses, outlays and counsel fees, costs and expenses and other reasonable disbursements properly incurred in connection therewith and the Master Trustee shall be entitled to a preference therefor over any Master Indenture Obligation outstanding hereunder.

(n) Notwithstanding any other provision of this Master Trust Indenture, as a condition of any action by the Master Trustee in respect of the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Master Indenture, the Master Trustee shall receive (1) any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof deemed appropriate by the Master Trustee, in addition to that required by the terms hereof and (2) indemnity satisfactory to Master Trustee in its sole discretion for the reimbursement of all expenses to which it may be put and to protect it against all liability by reason of any action so taken.

(o) The Master Trustee's immunities and protections from liability and its right to compensation and indemnification in connection with the performance of its duties under this Master Indenture shall extend to the Master Trustee's officers, directors, agents, and employees. Such immunities and protections and right to indemnification, together with the Master Trustee's right to compensation, shall survive the Master Trustee's resignation or removal and final payment of the Master Indenture Obligations.

(p) In no event shall the Master Trustee be liable for incidental, indirect, special, consequential or punitive damages or penalties (including, but not limited to lost profits), even if the Master Trustee has been advised of the likelihood of such damages or penalty and regardless of the form of action.

(q) The Master Trustee shall not be responsible for and makes no representation as to the legality, effectiveness or sufficiency of any security document or for the creation, perfection, priority or protection of any lien securing the Master Indenture Obligations, The Master Trustee shall not be responsible for filing any financing or continuation statement or recording any documents or instruments in any public office at any time or otherwise for perfecting or maintaining the perfection of any lien or security interest in the trust estate it being understood that the Credit Group Representative shall be obligated to make such filings on behalf of the Master Trustee.

(r) The Master Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to Master Indenture Obligations or any Related Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with any Master Indenture Obligations or Related Bonds.

Section 5.03. Right to Deal in Master Indenture Obligations and Related Bonds. The Master Trustee may buy, sell or hold and deal in any Master Indenture Obligations and Related Bonds with the same effect as if it were not the Master Trustee. The Master Trustee may commence or join in any action which a Holder or holder of a Related Bond is entitled to take with the same effect as if the Master Trustee were not the Master Trustee.

Section 5.04. Removal and Resignation of the Master Trustee.

(a) The Master Trustee may be removed at any time by an instrument or instruments in writing signed by (1) the Holders of not less than a majority of the principal amount of Outstanding Master Indenture Obligations or (2) (unless an Event of Default has occurred and is then continuing) the Credit Group Representative.

(b) The Master Trustee may at any time resign by giving written notice of such resignation to the Credit Group Representative.

(c) No such resignation or removal shall become effective unless and until a successor Master Trustee has been appointed and has assumed the trusts created hereby. Written notice of removal of the predecessor Master Trustee and/or appointment of the successor Master Trustee shall be given by the successor Master Trustee within ten days of the successor's acceptance of appointment to the Obligated Group Members and to each Holder at the addresses shown on the books of the Master Trustee. A successor Master Trustee may be appointed at the direction of the Holders of not less than a majority in aggregate principal amount of Outstanding Master Indenture Obligations, or, if the Master Trustee has resigned or has been removed by the Credit Group Representative, by the Credit Group Representative. In the event a successor Master Trustee has not been appointed and qualified within 60 days of the date notice of resignation or removal is given, the Master Trustee, any Obligated Group Member or any Holder may apply at the expense of the Obligated Group Members to any court of competent jurisdiction for the appointment of an interim successor Master Trustee to act until such time as a permanent successor is appointed.

(d) Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Master Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least \$50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(e) Every successor Master Trustee shall execute and deliver to its predecessor and to each Obligated Group Member a written instrument accepting such appointment and certifying that it is eligible to act as successor Master Trustee under this Master Indenture. Upon the delivery of such acceptance, the successor Master Trustee shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor. The predecessor shall execute and deliver to the successor Master Trustee a written instrument transferring to the successor Master Trustee all the rights, powers and trusts of the predecessor. The predecessor Master Trustee (upon payment of all amounts owed to it) shall execute any documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all records relating to the trust or copies thereof to the successor Master Trustee.

Section 5.05. Compensation and Reimbursement. Subject to the provisions of any specific agreement between the Credit Group Representative and the Master Trustee relating to the compensation of the Master Trustee, each Obligated Group Member agrees:

(a) To pay the Master Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust).

(b) Except as otherwise expressly provided herein, to reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in accordance with any provision of this Master Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its gross negligence or willful misconduct.

(c) To indemnify each of the Master Trustee and its officers, directors, agents and employees and any predecessor Master Trustee for, and to hold it and them harmless against, any and all loss, liability, damages, claim or expense, including taxes (other than taxes based on the income of the Master Trustee) incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust or its duties hereunder, including without limitation, legal fees, costs and expenses and the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

When the Master Trustee incurs expenses or renders services in connection with an Event of Default, the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable federal or state bankruptcy, insolvency or other similar law.

The provisions of this Section shall survive the termination of this Master Indenture and the removal or resignation of the Master Trustee.

Section 5.06. Recitals and Representations. The recitals, statements and representations contained herein or in any Master Indenture Obligation (excluding the Master Trustee's authentication on the Master Indenture Obligations) shall be taken and construed as made by and on the part of the Obligated Group Members, and not by the Master Trustee. The Master Trustee assumes no responsibility for the correctness of such statements.

The Master Trustee makes no representation as to, and is not responsible for, the validity or sufficiency of this Master Indenture or of the Master Indenture Obligations. The Master Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Section 5.07. Separate or Co-Master Trustee. At any time, for the purpose of meeting any legal requirements of any jurisdiction, the Master Trustee may appoint one or more Persons either to act as co-master trustee with the Master Trustee, or to act as separate master trustee, and to vest in such Persons or Persons, such rights, powers, duties, trusts or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of this Section, and provided that doing so shall not impose a material burden on the Obligated Group Members (financial or otherwise).

Every co-master trustee or separate master trustee shall, to the extent permitted by law, be appointed subject to the following terms:

(a) The Master Indenture Obligations shall be authenticated and delivered solely by the Master Trustee.

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

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

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

(e) The Master Trustee may at any time, by an instrument in writing, accept the resignation of or remove any co-master trustee or separate master trustee appointed under this Section. Upon the request of the

Master Trustee, the Obligated Group Members shall join with the Master Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.

(f) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, nor will the act or omission of any trustee hereunder be imputed to any other trustee.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Master Trustee shall be deemed to have been delivered to each such co-master trustee or separate master trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-master trustee or separate master trustee hereunder shall be turned over to the Master Trustee immediately.

Upon the acceptance in writing of such appointment by any co-master trustee or separate master trustee, such Person shall be vested with such rights, powers, duties or obligations as are specified in the instrument of appointment jointly with the Master Trustee (except insofar as local law makes it necessary for any such co-master trustee or separate master trustee to act alone) subject to all the terms hereof. Every such acceptance shall be filed with the Master Trustee. To the extent permitted by law, any co-master trustee or separate master trustee may, at any time by an instrument in writing, constitute the Master Trustee its attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its behalf and in its name.

In case any co-master trustee or separate master trustee shall become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of such Person shall, so far as permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-master trustee or separate master trustee shall be appointed in the manner herein provided.

Section 5.08. Merger or Consolidation. Any company into which the Master Trustee may be merged or converted, or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it is a party, or any company to which the Master Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 5.04) shall be the successor to the Master Trustee without the execution or filing of any paper or any further act.

## ARTICLE VI

### SUPPLEMENTS AND AMENDMENTS

Section 6.01. Supplements Not Requiring Consent of Holders. The Credit Group Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Related Supplements for any of the following purposes:

- (a) To correct any ambiguity or formal defect or omission in this Master Indenture;
- (b) To correct or supplement any provision which may be inconsistent with any other provision, or to make any other provision with respect to matters or questions arising hereunder and which does not materially and adversely affect the interests of the Holders;
- (c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority, or to add to the covenants of and restrictions on the Obligated Group Members;
- (d) To qualify this Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal law from time to time in effect;
- (e) To create and provide for the issuance of a Master Indenture Obligation or Series of Master Indenture Obligations as permitted hereunder;

- (f) To obligate a successor to any Obligated Group Member as provided in Section 3.10;
- (g) To add a new Obligated Group Member as provided in Section 3.03 or to reflect the withdrawal or redesignation of an Obligated Group Member as provided in Section 3.04; or
- (h) To make any other change which does not materially and adversely affect the interests of the Holders.

In entering into any Related Supplement, the Master Trustee shall conclusively rely on an Opinion of Counsel as described in Section 6.03(a) hereof.

Section 6.02. Supplements Requiring Consent of Holders.

(a) Other than Related Supplements referred to in Section 6.01 hereof and subject to the terms contained in this Article, the Holders of not less than a majority in aggregate principal amount of the Outstanding Master Indenture Obligations shall have the right to consent to and approve the execution by the Credit Group Representative (acting for itself and as agent for each Credit Group Member) and the Master Trustee of such Related Supplements as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding any of the terms contained herein; provided, however, that nothing in this Section shall permit or be construed as permitting a Related Supplement which would:

- (i) Extend the stated maturity of or time for paying interest on any Master Indenture Obligation or reduce the principal amount of or the redemption premium or rate of interest or change the method of calculating interest payable on or reduce or defer any other Required Payment on any Master Indenture Obligation without the consent of the Holder of such Master Indenture Obligation;

- (ii) Modify, alter, amend, add to or rescind any of the terms or provisions contained in Section 3.01 or Article IV hereof so as to affect the right of the Holders of any Master Indenture Obligations in default to compel the Master Trustee to declare the principal of all Master Indenture Obligations to be due and payable, or the priority of payment of Master Indenture Obligations as set forth in Section 4.04 without the consent of the Holders of all Outstanding Master Indenture Obligations; or

- (iii) Reduce the aggregate principal amount of Outstanding Master Indenture Obligations the consent of the Holders of which is required to authorize such Related Supplement without the consent of the Holders of all Master Indenture Obligations then Outstanding.

(b) The Master Trustee may execute a Related Supplement (in substantially the form delivered to it as described below) without liability or responsibility to any Holder (whether or not such Holder has consented to the execution of such Related Supplement) if the Master Trustee receives:

- (i) a Request of the Credit Group Representative to enter into such Related Supplement; and

- (ii) a certified copy of the resolution of the Governing Body of the Credit Group Representative approving the execution of such Related Supplement; and

- (iii) the proposed Related Supplement; and

- (iv) except as provided in Section 6.02(d), an instrument or instruments executed by the Holders of not less than the aggregate principal amount or number of Master Indenture Obligations specified in subsection (a) for the Related Supplement in question which instrument or instruments shall refer to the proposed Related Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee.

(c) Any such consent shall be binding upon the Holder of the Master Indenture Obligation giving such consent and upon any subsequent Holder of such Master Indenture Obligation and of any Master Indenture Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Master Indenture Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Related Supplement, such revocation and, if such Master Indenture Obligation or Master Indenture Obligations are transferable by delivery, proof that such Master Indenture Obligations are held by the signer of such revocation. At any time after the Holders of the required principal amount or number of Master Indenture Obligations shall have filed their consents to the Related Supplement, the Master Trustee shall file a written statement to that effect with the Credit Group Representative. Such written statement shall be conclusive evidence that such consents have been so filed.

(d) A Related Supplement may provide that the holders of Related Bonds being issued in connection therewith shall be deemed to have consented to modifications or amendments to this Master Indenture, as set forth in such Related Supplement, by their purchase of such Related Bonds. Such deemed consent shall satisfy the requirement set forth in Section 6.02(b)(iv) hereof for executed written consent of Holders with respect to the Master Indenture Obligation issued pursuant to the Related Supplement and shall be binding on all subsequent holders of such Related Bonds.

(e) If the Holders of the required principal amount or number of the Outstanding Master Indenture Obligations have consented to the execution of such Related Supplement, no Holder shall have any right to object to the execution thereof, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution thereof or to enjoin or restrain the Master Trustee or the Credit Group Representative from executing such Related Supplement or from taking any action pursuant to the provisions thereof.

#### Section 6.03. Execution and Effect of Supplements.

(a) In executing any Related Supplement permitted by this Article, the Master Trustee shall be entitled to request and shall be entitled to conclusively rely upon an Opinion of Counsel stating that the execution of such Related Supplement is authorized or permitted hereby. The Master Trustee may (but shall not be obligated to) enter into any Related Supplement that materially and adversely affects the Master Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Related Supplement in accordance with this Article, the provisions of this Master Indenture shall be deemed modified in accordance therewith. Such Related Supplement shall form a part hereof for all purposes and every Holder shall be bound thereby.

(c) Any Master Indenture Obligation authenticated and delivered after the execution and delivery of any Related Supplement in accordance with this Article may, and, if required by the Credit Group Representative or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Related Supplement. If the Credit Group Representative or the Master Trustee shall so determine, new Master Indenture Obligations so modified as to conform in the opinion of the Master Trustee and the Governing Body of the Credit Group Representative to any such Related Supplement may be prepared and executed by the Credit Group Representative and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Master Indenture Obligations then Outstanding.

Section 6.04. Amendment of Related Supplements. Any Related Supplement may provide that the provisions thereof may be amended without the consent of or notice to any of the Holders, or pursuant to such terms and conditions as may be specified in such Related Supplement. If a Related Supplement does not contain provisions relating to the amendment thereof, the amendment of such Related Supplement shall be governed by the provisions of Section 6.01 and Section 6.02 hereof.



## ARTICLE VII

### SATISFACTION AND DISCHARGE

Section 7.01. Satisfaction and Discharge of Master Indenture. This Master Indenture shall cease to be of further effect (except for Section 5.05 hereof, which shall survive) if:

(a) all Master Indenture Obligations previously authenticated (other than any Master Indenture Obligations which have been mutilated, destroyed, lost or stolen and which have been replaced or paid as provided in any Related Supplement) and not cancelled are delivered to the Master Trustee for cancellation; or

(b) all Master Indenture Obligations not previously cancelled or delivered to the Master Trustee for cancellation are paid; or

(c) an Irrevocable Deposit is made in trust with the Master Trustee (or with one or more banks, national banking associations or trust companies acceptable to the Master Trustee pursuant to one or more agreements between an Obligated Group Member and such national banking associations or trust companies in form acceptable to the Master Trustee) in cash or Government Obligations or both, sufficient to pay at maturity or upon redemption all Master Indenture Obligations not previously cancelled or delivered to the Master Trustee for cancellation, including principal and interest or other payments (including Financial Product Payments and Financial Product Extraordinary Payments) due or to become due to such date of maturity, redemption date or payment date, as the case may be;

and all other sums payable hereunder by the Obligated Group Members are also paid. The Master Trustee, on written demand of the Credit Group Representative and at the cost and expense of the Obligated Group Members, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture and authorizing the Credit Group Representative to file such terminations and releases as may be necessary to evidence the termination of the Master Trustee's security interest in the Gross Receivables. Unless the deposit(s) pursuant to clause (c) above is made solely with cash, the Credit Group Representative shall cause a report to be prepared by a firm nationally recognized for providing verification services regarding the sufficiency of funds for such discharge and satisfaction provided pursuant to clause (c) above, upon which report the Master Trustee shall conclusively rely.

The Obligated Group Members shall pay and indemnify the Master Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to this Section 7.01 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Master Indenture Obligations.

Section 7.02. Payment of Master Indenture Obligations After Discharge of Lien. Notwithstanding the discharge of the lien of this Master Indenture as provided in this Article, the Master Trustee shall retain such rights, powers and duties as may be necessary and convenient for the payment of amounts due or to become due on the Master Indenture Obligations and for the registration, transfer, exchange and replacement of Master Indenture Obligations. Any moneys held by the Master Trustee for the payment of the principal of, premium, if any, or interest or other Required Payment on any Master Indenture Obligation remaining unclaimed for one year after the principal of all Master Indenture Obligations has become due and payable, whether at maturity, upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Obligated Group Members. The Holders of any Master Indenture Obligations or coupons not previously presented for payment shall thereafter be entitled to look only to the Obligated Group Members for payment thereof as unsecured creditors and all liability of the Master Trustee with respect to such moneys shall thereupon cease.

Section 7.03. Replacement Master Indenture. Notwithstanding anything in the Master Indenture to the contrary, each then Outstanding Master Indenture Obligation may, upon the written request of the Credit Group Representative (and without the consent of any Holder) and the satisfaction of all terms and conditions described below, be (i) substituted with a replacement master indenture obligation or obligations (collectively, a "**Replacement Master Indenture Obligation**") issued by a New Obligated Group, under and pursuant to and secured by a Replacement Master Indenture or (ii) deemed to be a note or obligation issued under and entitled to the security and

benefits of such Replacement Master Indenture, without the necessity of any amendment, exchange or replacement of such obligation(s), upon the receipt by the Master Trustee of the following:

(a) An executed copy of the Replacement Master Indenture;

(b)

(i) if all then-current ratings on Related Bonds are “A3”/“A-” or higher, evidence from at least one of the Rating Agencies then maintaining a rating on such Related Bonds that the rating thereon will be not lower than the “A” Rating Category; or

(ii) if the then-current rating on any Related Bonds is lower than “A3”/“A-”, evidence from the Rating Agencies then maintaining a rating on such Related Bonds that the rating on such Related Bonds will not be lower than the Rating Category then-currently assigned to such Related Bonds; or

(iii) Evidence of the following long-term debt ratings assigned or otherwise confirmed for the Person or Persons (for example, a merger candidate, obligated group or credit group) for which the Replacement Master Indenture is being utilized during the 12-month period immediately preceding the applicable proposed Replacement Master Indenture substitution date (in each case with respect to parity outstanding obligations or related bonds and without regard to any third-party credit enhancement):

(A) If all then-current ratings on any Related Bonds are “A3”/“A-” or higher, a rating that is not lower than the “A” Rating Category from at least one of the Rating Agencies then maintaining a rating on such Related Bonds; or

(B) If the then-current rating on any Related Bonds is lower than “A3/A-”, a rating that is not lower than the Rating Category then-currently assigned to such Related Bonds from the Rating Agencies then maintaining a rating on such Related Bonds;

In determining whether the conditions of Section 7.03(b)(iii)(A) or (B) above have been satisfied, a confirming Officer’s Certificate, dated as of the 60<sup>th</sup> day immediately preceding the applicable proposed Replacement Master Indenture substitution date, shall be delivered to the Master Trustee, which Officer’s Certificate may be conclusively relied upon and determinative for purposes of satisfying the requirements of this Section 7.03(b)(iii) irrespective of whether the rating(s) referenced therein remain in effect and prevailing as of the applicable Replacement Master Indenture substitution date.

In determining whether the conditions of Section 7.03(b)(i), (ii) or (iii) above have been satisfied, the then-current rating on any Related Bonds that are Contract Backed Indebtedness can take into account the rating of the County.

(c) unless the Replacement Master Indenture provides that all Outstanding Master Indenture Obligations shall be deemed to be a note or obligation issued under and entitled to the security and benefits of such Replacement Master Indenture, without the necessity of any amendment, exchange or replacement of such obligation(s), then an executed Replacement Master Indenture Obligation for each then Outstanding Master Indenture Obligation, issued by or on behalf of the New Obligated Group under and pursuant to and secured by the Replacement Master Indenture, which such Replacement Master Indenture Obligation has been duly authenticated by the new master trustee under the Replacement Master Indenture under the terms of the Replacement Master Indenture;

(d) an Opinion of Counsel shall be provided to the Master Trustee to the effect that: (i) such Replacement Master Indenture has been duly authorized, executed and delivered by, and constitutes the legal, valid, binding and enforceable obligation of, the New Obligated Group, subject to customary exceptions; and (ii) all requirements and conditions to the release of this Master Indenture, including those set forth in any Related Supplement or Related Bond Indenture, have been complied with and satisfied;

(e) an Opinion of Bond Counsel shall be provided to the Master Trustee to the effect that the acknowledgement of such Replacement Master Indenture and the release of this Master Indenture will not adversely affect any exemption from federal income taxation of interest on Indebtedness secured by an Outstanding Master Indenture Obligation and otherwise entitled to such exemption; and

(f) an Opinion of Counsel shall be provided to the Master Trustee to the effect that: (i) the registration of the Replacement Master Indenture Obligation under the Securities Act of 1933, as amended, is not required or if required, that the Replacement Master Indenture Obligation has been so registered; and (ii) the qualification of the Replacement Master Indenture under the Trust Indenture Act of 1939, as amended, is not required, or if required, that the Replacement Master Indenture has been so qualified.

Upon receipt of the items in (a) – (f) above, the Master Trustee shall accept the substitution of such Replacement Master Indenture for this Master Indenture and the liens, rights and interests created hereby shall cease, terminate and become null and void; and each Obligated Group Member and the Master Trustee shall, at the expense of the Credit Group Representative, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver all cash, securities, and other personal property then held by it hereunder, including such instruments to evidence the termination of the Master Trustee’s security interest in the Gross Receivables.

Upon the acceptance of a Replacement Master Indenture and the release of this Master Indenture, all Outstanding Master Indenture Obligations shall be deemed to be a note or obligation issued under and entitled to the security and benefits of such Replacement Master Indenture, without the necessity of any amendment, exchange or replacement of such Master Indenture Obligations, unless and until such Master Indenture Obligations are exchanged for or replaced with a note or obligation issued under and entitled to the security and benefits of such Replacement Master Indenture in accordance with the terms thereof. Upon the acknowledgement of a Replacement Master Indenture and the release of this Master Indenture, the Master Trustee shall provide written notice thereof to the Holders of all Master Indenture Obligations.

## ARTICLE VIII

### MISCELLANEOUS PROVISIONS

Section 8.01. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Master Indenture Obligations is intended or shall be construed to give to any Person other than each Obligated Group Member, the Master Trustee, the Related Bonds Issuers and the Holders any legal or equitable right, remedy or claim under or with respect to this Master Indenture. This Master Indenture and all of the covenants, conditions and provisions hereof are intended to be and are for the sole and exclusive benefit of the parties mentioned in this Section.

Section 8.02. Severability. If any part of this Master Indenture is for any reason held invalid or unenforceable, no other part shall be invalidated or deemed unenforceable.

Section 8.03. Holidays. Except to the extent a Related Supplement or a Master Indenture Obligation provides otherwise:

(a) Subject to subsection (b), when any action is provided herein to be done on a day or within a time period named, and the day or the last day of the period falls on a day on which banking institutions in the jurisdiction where the Corporate Trust Office is located are authorized by law to remain closed, the action may be done on the next ensuing day that is not a day on which banking institutions in such jurisdiction are authorized by law to remain closed, with the same effect as if done on the day or within the time period named.

(b) When the date on which principal of or interest or premium on any Master Indenture Obligation is due and payable is a day on which banking institutions at the place of payment are authorized by law to remain closed, payment may be made on the next ensuing day on which banking institutions at such place are not

authorized by law to remain closed with the same effect as if payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date.

Section 8.04. Credit Enhancer Deemed Holder of Master Indenture Obligation. Except to the extent a Related Supplement or a Master Indenture Obligation provides otherwise, any credit enhancer of Related Bonds, including the County in connection with Contract Backed Indebtedness, shall be deemed the Holder of the related Master Indenture Obligation for purposes of this Master Indenture for so long as the credit enhancement or the intergovernmental contract with the County is in effect and the credit enhancer or the County is not in default thereunder. If the credit enhancement, including any intergovernmental contract relating to Contract Backed Indebtedness, is applicable to a portion of Related Bonds, such related Master Indenture Obligation shall be treated as if such related Master Indenture Obligation were two Master Indenture Obligations, one in the principal amount of the Related Bonds for which the credit enhancement, including any intergovernmental contract relating to Contract Backed Indebtedness, is applicable and another in the principal amount of the remainder of the Related Bonds. On or before any date of determination, the Credit Group Representative shall certify to the Master Trustee whether or not a credit enhancer is deemed the Holder of any Master Indenture Obligation.

Section 8.05. Governing Law. This Master Indenture and the Master Indenture Obligations are contracts made under the laws of the State, and shall be governed by and construed in accordance with such laws applicable to contracts made and performed in said State, without regard to conflict of law principles.

Section 8.06. Counterparts. This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 8.07. Immunity of Individuals. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Master Indenture Obligations issued hereunder or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of any Obligated Group Member which is a corporation, whether directly or indirectly. All liability of any such individual is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Master Indenture Obligations.

Section 8.08. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon each Obligated Group Member, the Master Trustee and their respective successors and assigns, subject to the limitations contained herein.

Section 8.09. Notices.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be in writing and shall be deemed sufficiently given or served if given: (i) by Electronic Means with prompt telephonic confirmation of receipt; (ii) personally by hand; (iii) by overnight delivery service; or (iv) by first class mail, postage prepaid and addressed as follows:

(i) If to the Credit Group Representative, addressed to it at Tanner Medical Center, Inc., Attention: Chief Financial Officer, 705 Dixie Street, Carrollton, Georgia 30117; Carrollton, Georgia 30117;

(ii) If to the Master Trustee, addressed to it at the Corporate Trust Office; or

(iii) If to the registered Holder of a Master Indenture Obligation, addressed to such Holder at the address shown on the books of the Master Trustee.

(b) The Credit Group Representative or the Master Trustee may from time to time designate a different address or addresses for notice by notice in writing to the others and to the Holders.

Section 8.10. Determining Consent; Revolving Line of Credit; Commitment Indebtedness. Notwithstanding anything in this Master Indenture to the contrary, for the purpose of calculating the aggregate

principal amount of Outstanding Master Indenture Obligations when determining consents, approvals, providing directions to the Master Trustee or other such actions under this Master Indenture, (i) only the outstanding principal amount drawn by an Obligated Group Member under a revolving line of credit (and not the available commitment) shall be included in such calculation and (ii) any Commitment Indebtedness shall be excluded from such calculation; all as certified in writing by the Credit Group Representative to the Master Trustee.

Section 8.11. U.S.A. Patriot Act. The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Master Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Master Trustee. The parties to this Master Indenture agree that they will provide the Master Trustee with such information as it may request in order for the Master Trustee to satisfy the requirements of the U.S.A. Patriot Act.

**IN WITNESS WHEREOF, the OBLIGATED GROUP MEMBERS whose signatures appear below** have each caused this Master Indenture to be signed in its name by its duly authorized officer, and to evidence its acceptance of the trusts and agreements hereby created **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, has caused this Master Indenture to be signed in its name by one of its duly authorized officers, all as of the day and year first above written.

**TANNER MEDICAL CENTER, INC.**

By \_\_\_\_\_  
Carol Crews  
Chief Financial Officer

**THE BANK OF NEW YORK MELLON TRUST COMPANY,  
N.A., as Master Trustee**

By \_\_\_\_\_  
Authorized Representative

**APPENDIX A TO MASTER INDENTURE**

**EXCLUDED PROPERTY**

**None**



**APPENDIX B TO MASTER INDENTURE**  
**EXISTING PERMITTED LIENS**

**None**

**SCHEDULE “1” TO MASTER INDENTURE**

**SCHEDULE OF EXISTING MASTER INDENTURE OBLIGATIONS**

<b>Existing Master Indenture Obligation</b>	<b>Purpose of Master Indenture Obligation</b>	<b>Designation of Supplement under Original 1998 Indenture</b>
2015-1 Master Note in the outstanding principal amount of \$[_____]	Secured Series 2015 Certificates	Seventh Supplemental Master Trust Indenture
2016-1 Master Note in the outstanding principal amount of \$20,525,000	Secured Series 2016A Certificates	Eighth Supplemental Master Trust Indenture
2016-2 Master Note in the outstanding principal amount of \$31,150,000	Secured Series 2016B Certificates	Ninth Supplemental Master Trust Indenture
2020-1 Master Note in the outstanding principal amount of \$37,185,000	Secured Series 2020 Certificates	Eleventh Supplemental Master Trust Indenture
2025-1 Master Indenture Obligation in the original principal amount of \$[_____]	Secured Series 2025 Certificates	Twelfth Supplemental Master Trust Indenture

**APPENDIX G**  
**FORM OF OPINION OF BOND COUNSEL**

[THIS PAGE INTENTIONALLY LEFT BLANK]

[Closing Date]

The Carroll City-County Hospital Authority  
Carrollton, Georgia

Regions Bank, as certificate trustee  
Atlanta, Georgia

Tanner Medical Center, Inc.  
Carrollton, Georgia

Raymond James & Associates, Inc.  
Atlanta, Georgia

Carroll County, Georgia  
Carrollton, Georgia

The Bank of New York Mellon Trust Company, N.A., as  
master trustee  
Jacksonville, Florida

Re:     \$[Par Amount] The Carroll City-County Hospital Authority Revenue Anticipation  
          Certificates (Tanner Medical Center, Inc. Project), Series 2025

To the Addressees:

We have acted as Bond Counsel in connection with the issuance by The Carroll City-County Hospital Authority (the “**Authority**”) of its \$[Par Amount] in aggregate principal amount Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2025 (the “**Series 2025 Certificates**”). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion, including a copy of the validation proceeding concluded in the Superior Court of Carroll County, Georgia, with respect to the Series 2025 Certificates. In all such examinations, we have assumed the genuineness of signatures of original documents and the conformity to original documents of all copies submitted to us as certified, conformed or photographic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate.

The Series 2025 Certificates are being issued pursuant to the Hospital Authorities Law of the State of Georgia (O.C.G.A. § 31-7-70, *et seq.*, as amended, the “**Act**”), a resolution of the Authority adopted on January 23, 2025, as supplemented on February \_\_, 2025, and a Trust Indenture, dated as of April 1, 2025 (the “**Certificate Indenture**”), between the Authority and Regions Bank, as certificate trustee (the “**Certificate Trustee**”). The Series 2025 Certificates are being sold to Raymond James & Associates, Inc. (the “**Underwriter**”) pursuant to a Certificate Purchase Agreement, dated February \_\_, 2025 (the “**Purchase Contract**”), among the Authority, Tanner Medical Center, Inc. (“**TMC**”), Carroll County, Georgia (the “**County**”), and the Underwriter. The Series 2025 Certificates are being issued for the purpose of (a) financing, or reimbursing TMC for, in whole or in part, the cost of the acquisition, construction, installation and equipping of certain healthcare facilities, equipment and improvements owned or operated by the Authority or TMC or one of its affiliates, located in Carroll County, Georgia (“**Carroll County**”) in the City of Carrollton, Georgia, known as “**Tanner Medical Center-Carrollton**” and in the City of Villa Rica, Georgia, known as “**Tanner Medical Center-Villa Rica**” (together with the Tanner Medical Center-Carrollton, the “**Carroll Medical Centers**”) (collectively, the “**Project**”); (b) refunding [all or a portion of] the outstanding The Carroll City-County Hospital Authority Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2015 (the “**Series 2015 Certificates**”) that were issued to finance or refinance certain healthcare facilities, equipment and improvements owned or operated by the Authority or TMC or one of its affiliates at the Carroll Medical Centers; and (c) paying all or a portion of the costs of issuance of the Series 2025 Certificates.

The Authority has previously leased Tanner Medical Center-Carrollton located in the City of Carrollton, Georgia and certain related facilities to TMC pursuant to a Lease Agreement, dated as of July 1, 1988, as amended (as amended, the “**Carroll Lease**”). TMC owns Tanner Medical Center-Villa Rica.

The Authority and TMC are entering into a Loan Agreement, dated as of April 1, 2025 (the “**Loan Agreement**”), under which the Authority has agreed to issue the Series 2025 Certificates and loan the proceeds of the sale thereof to TMC for the purposes described above. The obligation of TMC to repay such loan is evidenced

by the 2025-1 Master Indenture Obligation, dated the date of this opinion (the “**2025-1 Master Indenture Obligation**”), under which TMC has agreed to make payments sufficient to provide for the payment of the principal of, redemption premium (if any) and interest on the Series 2025 Certificates as the same become due and payable.

The 2025-1 Master Indenture Obligation is issued and secured under the Master Trust Indenture, dated as of December 1, 1998 (the “**1998 Master Indenture**”), by TMC and The Bank of New York Mellon Trust Company, N.A., as master trustee (in such capacity, the “**Master Trustee**”), as supplemented by various supplemental indentures, including by the Twelfth Supplemental Master Trust Indenture, dated as of [Closing Date] (the “**Twelfth Supplemental Master Indenture**”), between TMC, in its separate capacities as “Obligated Group Agent,” “Credit Group Representative,” and an “Obligated Group Member,” and the Master Trustee, relating to the issuance of the 2025-1 Master Indenture Obligation (the 1998 Master Indenture, as supplemented from time to time, the “**Original Master Indenture**”), which such Original Master Indenture shall be amended and restated in its entirety on the date of issuance of the Series 2025 Certificates by the Amended and Restated Master Trust Indenture, dated [Closing Date] (the “**Restated Master Indenture**”), by TMC, as the current member of the Obligated Group (the “**Obligated Group**” or the “**Obligated Group Member**”) and the Master Trustee (the Original Master Indenture as so amended and restated in its entirety on the date of issuance of the Series 2025 Certificates, the “**Master Indenture**”).

The Master Indenture authorizes the issuance from time to time, subject to the conditions in the Master Indenture, of “**Master Indenture Obligations.**” Under the Master Indenture, the Obligated Group Members have jointly and severally agreed to pay all payments due on the Master Indenture Obligations as the same become due and payable. To secure their payment obligations under the Master Indenture, each member of the Obligated Group has granted to the Master Trustee a security interest in Gross Receivables (as defined in the Master Indenture) to the extent the same may be pledged and a security interest granted therein under the Uniform Commercial Code of the State of Georgia. Under the terms of the Master Indenture, additional obligations may be issued and secured thereunder from time to time in accordance with the terms of the Master Indenture which rank on a parity as to the lien on the trust estate created thereunder with the lien thereon created in favor of the 2025-1 Master Indenture Obligation. The Master Indenture permits additions to and withdrawals from the Obligated Group as described therein.

As additional security for the Series 2025 Certificates, the County and the Authority have entered into a Contract, dated February 4, 2025 (the “**Original Contract**”), as supplemented by the First Supplement to Contract, dated February 27, 2025 (the Original Contract, as supplemented, the “**Contract**”), under which the Authority has agreed to provide, or cause to be provided, certain indigent care and medical services and facilities for the benefit of the County, and the County has agreed, subject to the terms of the Contract, to pay amounts to the Authority or its assignee which will be sufficient, together with other moneys available to the Authority from TMC, to pay amounts due on the Series 2025 Certificates, and which amounts will be pledged pursuant to the Certificate Indenture to secure the payment of the Series 2025 Certificates. The County has agreed in the Contract to levy an annual ad valorem tax of up to seven mills on all property in the County subject to taxation for maintenance and operation purposes to the extent necessary to enable the County to make the payments required to be made by the County under the Contract and other similar contracts between the Authority and the County.

Under the Certificate Indenture, the Authority has assigned to the Certificate Trustee and pledged to the payment of the Series 2025 Certificates the trust estate for such series (the “**Trust Estate**”) which includes (i) all right, title and interest of the Authority in and to the Loan Agreement (except for certain rights for payment of expenses and indemnification), (ii) all right, title and interest of the Authority in and to the 2025-1 Master Indenture Obligation, (iii) all right, title and interest of the Authority in and to the Contract, including the payments to be made relating to amounts due with respect to the Series 2025 Certificates thereunder, and (iv) all right, title and interest of the Authority in and to certain moneys and securities from time to time held by the Certificate Trustee under the terms of the Certificate Indenture.

The Series 2025 Certificates mature in the years, and bear interest at the respective interest rates per annum set forth in the Certificate Indenture. The Series 2025 Certificates are subject to optional, extraordinary and mandatory sinking fund redemption in the amounts and on the terms specified in the Certificate Indenture, and may be registered as transferred or exchanged as provided in the Certificate Indenture.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement, dated February [ ], 2025 (the “**Preliminary Official Statement**”) or the Official Statement, dated February 27, 2025 (the “**Official Statement**”) relating to the Series 2025 Certificates or any other offering material relating to the Series 2025 Certificates, and we express no opinion relating thereto. We express no opinion as to compliance by the Authority or the Underwriter with any federal or state statute, rule or regulation which may be applicable to the offer or sale of the Series 2025 Certificates.

We express no opinion as to (i) the existence, corporate status or good standing of TMC, (ii) the corporate authority of TMC to enter into the TMC Documents (as defined in the Purchase Contract), (iii) the authorization, execution or delivery by, or the enforceability against, TMC of the TMC Documents, (iv) the validity or priority of the lien created under the Master Indenture on the trust estate created thereunder, (v) the validity or binding status of the Carroll Lease, or (vi) the status of TMC as an entity described in Section 501(c)(3) of the Code. As to such matters, we refer you to the opinion of Tisinger Vance, P.C., Carrollton, Georgia, dated the date of this opinion.

We express no opinion as to the authorization, execution or delivery by, or the enforceability against, the Authority or the County of the Contract. As to such matters, we refer you to the opinions of Tisinger Vance, P.C., Carrollton, Georgia, dated the date of this opinion.

As to questions of fact material to our opinion, we have relied upon (i) representations of the Authority and TMC, (ii) certified proceedings and other certifications of public officials furnished to us, and (iii) representations of TMC relating to, among other things, the use of the proceeds of the Series 2025 Certificates and the obligations refunded thereby, the design, scope, function, cost and reasonably expected remaining weighted average economic life of the facilities financed or refinanced thereby, the purpose for which TMC is organized and the nature of its activities, and the status of TMC as an entity described in Section 501(c)(3) of the Code, contained in certifications of TMC, dated the date of this opinion, without undertaking to verify the same by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof and under existing law as follows:

1. The Authority is a duly created and validly existing public body corporate and politic of the State of Georgia with full power and authority (a) to issue and sell the Series 2025 Certificates, (b) to loan the proceeds from the sale of the Series 2025 Certificates to TMC for the purposes described in the Loan Agreement and (c) to execute, deliver and perform its obligations under the Certificate Indenture, the Loan Agreement and the Purchase Contract.

2. The Certificate Indenture, the Loan Agreement and the Purchase Contract have been duly authorized, executed and delivered by the Authority, and the Certificate Indenture, the Purchase Contract and the Loan Agreement constitute valid and binding obligations of the Authority enforceable upon the Authority. The Certificate Indenture creates a valid security interest or lien on the Trust Estate pledged under the Certificate Indenture to the payment of the Series 2025 Certificates.

3. The Series 2025 Certificates have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority, secured by the Certificate Indenture and payable by the Authority solely from the Trust Estate pledged under the Certificate Indenture to the payment of the Series 2025 Certificates.

4. Under existing statutes, rulings and court decisions, and under applicable regulations and proposed regulations, the interest on the Series 2025 Certificates is not includable in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel observes that interest on the Series 2025 Certificates included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding any other federal tax consequences caused by the receipt or accrual of interest on, or ownership of, the Series 2025 Certificates. In rendering this opinion, we have assumed continuing compliance by the Authority and TMC with their respective covenants regarding certain requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025 Certificates in order that the interest on the Series 2025 Certificates be, and continue to be, excluded from gross income for federal income tax purposes. Failure to comply with such covenants could

cause interest on the Series 2025 Certificates to be included in federal gross income retroactive to the date of issuance of the Series 2025 Certificates.

5. Under existing statutes, the interest on the Series 2025 Certificates is exempt from all present State of Georgia income taxation.

The rights of the owners of the Series 2025 Certificates and the enforceability of the Series 2025 Certificates, the Loan Agreement, the Certificate Indenture and the Purchase Contract may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor' rights generally and principles of equity applicable to the availability of specific performance or other equitable relief. We express no opinion regarding any other tax consequences arising with respect to the receipt or accrual of interest on, or the ownership of, the Series 2025 Certificates other than as expressly set forth herein. This opinion speaks only as of its date, and we have not undertaken to notify you or any other person or entity of any changes in law or fact after the date of this opinion which might affect any of the opinions expressed herein.

Very truly yours,

MURRAY BARNES FINISTER LLP

By:

A Partner



**APPENDIX H**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

[THIS PAGE INTENTIONALLY LEFT BLANK]

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) is by and among Tanner Medical Center, Inc. (the “Institution”), Carroll County, Georgia (the “County”) and Raymond James & Associates, Inc., as Dissemination Agent in connection with the issuance by The Carroll City-County Hospital Authority of its Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2025 (the “Series 2025 Certificates”), which are to be executed and delivered pursuant to a Trust Indenture, dated as of April 1, 2025 (the “Indenture”), between The Carroll City-County Hospital Authority and Regions Bank, as trustee (the “Trustee”). The Institution and the County covenant and agree as follows:

Section 1. *Purpose of the Continuing Disclosure Agreement.* This Continuing Disclosure Agreement is being executed and delivered by the Institution and the County for the benefit of the holders of the Series 2025 Certificates (the “Holders”) and in order to assist the Participating Underwriter in complying with the Rule described herein.

Section 2. *Definitions.* In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms have the following meanings:

“*Annual Report*” means any Annual Report provided by the Institution and the County pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

“*Dissemination Agent*” means Raymond James & Associates, Inc., or any successor Dissemination Agent designated in writing by the Institution and which has filed with the Institution a written acceptance of such designation.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access System, as described in Securities Exchange Act of 1934, Act Release No. 34-59062, which receives electronic submissions of the Annual Report on the EMMA website at <http://www.emma.msrb.org>.

“*Fiscal Year*” means any period of twelve consecutive months adopted by the Institution or the County, as appropriate, as their fiscal year for financial reporting purposes and, with respect to the Institution and the County, shall initially mean the period beginning on July 1 of each calendar year and ending on June 30 of the next calendar year.

“*Listed Events*” means any of the events listed in Section 5 of this Continuing Disclosure Agreement.

“*Master Indenture*” means the Amended and Restated Master Indenture, dated as of \_\_\_\_\_, 2025, between the Obligated Issuers (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as master trustee, as amended or supplemented from time to time.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board, or any successor thereto. Currently, the MSRB’s address is:

MSRB  
1900 Duke Street  
Suite 600  
Alexandria, VA 22314  
Attn: Disclosure

“*Obligated Group*” means the Institution and each other person which becomes an obligated issuer in accordance with the terms of the Master Indenture.

“*Participating Underwriter*” means the original purchaser of the Series 2025 Certificates required to comply with the Rule in connection with offering of the Series 2025 Certificates, which shall be Raymond James & Associates, Inc.

“Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” means the State of Georgia.

### Section 3. *Provision of Annual Reports.*

(a) Not later than the last day of the ninth month after the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 2025, the Institution shall provide or cause to be provided an Annual Report electronically to EMMA. The Annual Report will be made to EMMA as PDF files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Continuing Disclosure Agreement. Notwithstanding the foregoing, the audited financial statements may be submitted separately from the balance of the Annual Report when such audited financial statements are available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the Institution shall include unaudited financial statements in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements will be submitted. The audited financial statements when available shall be provided to EMMA.

(b) Not later than 15 business days prior to the date specified in paragraph (a) of this Section 3 for providing the Annual Report to EMMA, the Institution shall provide the Annual Report to the Dissemination Agent (if other than the Institution). If the Institution is unable to provide an Annual Report by the date required in paragraph (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent will:

(i) determine each year prior to the date for providing the Annual Report, the manner of filing with EMMA; and

(ii) Notify the Institution that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided to EMMA.

Section 4. *Content of Annual Reports.* The Institution’s Annual Report shall contain or incorporate by reference in the manner described in the last paragraph of this Section the following information:

(a) If audited financial statements for the most recent Fiscal Year of the Obligated Group are not yet available, the unaudited financial statements for the most recent Fiscal Year of the Obligated Group, and when audited financial statements are available, the audited financial statements for the most recent Fiscal Year of the Obligated Group. If audited financial statements for the most recent Fiscal Year of the County are not yet available, the unaudited financial statements for the most recent Fiscal Year of the County, and when audited financial statements are available, the audited financial statements for the most recent Fiscal Year of the County. The Obligated Group’s and the County’s financial statements shall be prepared in conformity with generally accepted accounting principles as in effect from time to time. Such audited financial statements shall be accompanied by an audit report resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards.

(b) If the accounting principles used in compiling such financial statements have changed from the previous Fiscal Year, a description of the impact of the change or changes as required by Section 8 of this Continuing Disclosure Agreement.

(c) A statement indicating that the Fiscal Year has not changed, or, if the Fiscal Year has changed, a statement indicating the new Fiscal Year.

(d) An update of the Institution’s tabular information set forth in Appendix A of the Official Statement under the headings “Historical Summary of Revenues and Expenses and Changes in Assets,”

“Summary of Balance Sheet Items,” “Selected Operating Statistics for the Facilities” and “Medicare, Medicaid and Other Third-Party Payment Programs.”

(e) An update of the County’s tabular information set for in the Appendix B of the Official Statement under the headings “COUNTY DEBT STRUCTURE--Summary of County Direct and Overlapping Debt By Category,” “COUNTY AD VALOREM TAXATION --Millage Rates,” “--Ad Valorem Tax Digest,” “--Property Tax Levies and Collections,” and “--Ten Largest Taxpayers,” and “COUNTY FINANCIAL INFORMATION—Five-Year General Fund History” and “--Budget.”

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Institution or the County, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board (the “MSRB”).

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Institution or the County is an “obligated person” (as defined by the Rule), which have been filed in accordance with the Rule and the other rules of the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Institution shall clearly identify each such other document so incorporated by reference.

#### Section 5. *Reporting of Significant Events.*

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Series 2025 Certificates within ten (10) business days of the occurrence of the event:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed of final determinations of taxability, Notices of Proposed Issue (IRS Form 5071-TEB) or other material notices or determinations with respect to the tax status of the Series 2025 Certificates, or other material events affecting the tax status of the Series 2025 Certificates.
- (vii) Modifications to rights of the bondholders, if material.
- (viii) Bond calls, if material, and tender offers.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the Series 2025 Certificates, if material.
- (xi) Rating changes.
- (xii) Bankruptcy, insolvency, receivership or similar event of the Obligated Group or the County.
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Obligated Group or the County or the sale of all or substantially all of the assets of the Obligated Group or the County, other than in the ordinary course of business, or the entry into a

definitive agreement relating to any such actions, other than pursuant to its terms, if material.

- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) Incurrence of a financial obligation (defined in paragraph (b) below) of the Obligated Group or the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Group or the County, any of which affect security holders, if material, and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Group or the County, any of which reflect financial difficulties.

(b) For purposes of this Section 5, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(c) The Institution shall give, or cause to be given, notice to EMMA, in an electronic format as prescribed by the MSRB, of the occurrence of any of Listed Event with respect to the Series 2025 Certificates within ten business days of the occurrence of the Listed Event.

(d) Notice of Listed Events described in subsections (a)(viii) and (ix) shall be disseminated automatically, and need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owners of the affected Series 2025 Certificates pursuant to the Indenture.

The content of any notice of the occurrence of a Listed Event shall be determined by the Institution and shall be in substantially the form attached as Exhibit B.

Section 6. *Termination of Reporting Obligation.* The Institution’s and the County’s obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance (within the meaning of the Rule), prior redemption or payment in full of all of the Series 2025 Certificates. The Institution shall notify EMMA that the Institution’s and the County’s obligations under this Continuing Disclosure Agreement have terminated.

Section 7. *Dissemination Agent.* The Institution has appointed Raymond James & Associates, Inc., Atlanta, Georgia, as exclusive Dissemination Agent under this Disclosure Agreement. The Institution may, upon thirty days written notice to the Dissemination Agent and the Trustee, replace or appoint a successor to the Dissemination Agent. Upon termination of Raymond James & Associates, Inc.’s services as Dissemination Agent, the Institution agrees to appoint a successor Dissemination Agent or, alternately, agrees to assume all responsibilities of Dissemination Agent under this Disclosure Agreement for the benefit of the Holders. Notwithstanding any replacement or appointment of a successor, the Institution will remain liable until payment in full for any and all sums owed and payable to the Dissemination Agent. The Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Institution.

Section 8. *Amendment: Waiver.* This Continuing Disclosure Agreement may not be amended unless independent counsel experienced in securities law matters has rendered an opinion to the Institution and the County to the effect that the amendment does not violate the provisions of the Rule.

In the event that this Continuing Disclosure Agreement is amended or any provision of the Continuing Disclosure Agreement is waived, the notice of a Listed Event pursuant to Section 5(a)(vii) hereof shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the Annual Report. If an amendment or waiver is made in this Continuing Disclosure Agreement which allows for a change in the accounting principles to be used in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in

the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. A notice of the change in the accounting principles shall be deemed to be material and shall be sent to EMMA.

Section 9. *Additional Information.* Nothing in this Continuing Disclosure Agreement will be deemed to prevent the Institution or the County from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Institution or County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Institution or the County will have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. *Default.* Unless otherwise required by law, no Holder or beneficial owner is entitled to damages resulting from the Institution's or the County's noncompliance with its continuing disclosure undertakings; provided that the Holders and beneficial owners may take action to require performance of such obligation by any judicial proceeding available. Breach of the continuing disclosure undertakings does not constitute an event of default under the Indenture and any rights and remedies provided in the Indenture in the event of default thereunder are not applicable to a breach of the continuing disclosure undertakings.

Section 11. *Duties, Immunities and Liabilities of Dissemination Agent.*

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Institution and the County have provided such information to the Dissemination Agent as required by this Disclosure Certificate. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Annual Report, Institution or County Audited Financial Statements, Listed Events or any other information, disclosures or notices provided to it by the Institution or the County and shall not be deemed to be acting in any fiduciary capacity for the Institution, the County, the Holders of the Series 2025 Certificates or any other party. The Dissemination Agent shall have no responsibility for the Institution's or the County's failure to report a Listed Event to the Dissemination Agent. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Institution or the County has complied with this Disclosure Certificate. The Dissemination Agent may conclusively rely upon certifications of the Institution and the County at all times.

The Institution and the County agree to indemnify and save the dissemination agent and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the dissemination agent's gross negligence or willful misconduct.

The obligations of the Institution and the County under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Series 2025 Certificates.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and the Dissemination Agent shall in no event incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Institution and the County.

Section 12. *Beneficiaries.* This Continuing Disclosure Agreement will inure solely to the benefit of the Institution, the County, the Dissemination Agent, the Participating Underwriter and Holders and beneficial owners from time to time, and will create no rights in any other person or entity.

Section 13. *Intermediaries; Expenses.* The Dissemination Agent is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed immediately for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorney's fees).

Section 14. *Counterparts.* This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. *Governing Law.* This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

Section 16. *Severability.* In case any one or more of the provisions of this Continuing Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Continuing Disclosure Agreement, but this Continuing Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.



Date: \_\_\_\_\_, 2025

CARROLL COUNTY, GEORGIA

By: \_\_\_\_\_  
Chairman

TANNER MEDICAL CENTER, INC.

By: \_\_\_\_\_  
Chief Executive Officer and President

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

NAME OF ISSUER: The Carroll City-County Hospital Authority

NAME OF ISSUE: Revenue Anticipation Certificates (Tanner Medical Center, Inc. Project), Series 2025

DATE OF ISSUANCE: \_\_\_\_\_, 2025

*NOTICE IS HEREBY GIVEN* that the Institution (as defined in the Agreement (defined below)) (or its representative) has not provided an Annual Report with respect to the above-named Series 2025 Certificates as required by Sections 3 and 4 of the Continuing Disclosure Agreement dated \_\_\_\_\_, 2025 (the “Agreement”). The Institution anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

**EXHIBIT B**

**NOTICE OF THE OCCURRENCE OF [INSERT THE LISTED EVENT]**

Relating to

\$ \_\_\_\_\_  
THE CARROLL CITY-COUNTY HOSPITAL AUTHORITY (GEORGIA)  
Revenue Anticipation Certificates  
(Tanner Medical Center, Inc. Project), Series 2025  
CUSIP NUMBERS:<sup>1</sup>

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of the Listed Events described in Section 5(a)(ix) shall include the following:

Tanner Medical Center, Inc. (the "Institution") hereby expressly reserves the right to redeem such refunded or defeased certificates prior to their stated maturity date in accordance with the optional/extraordinary redemption provisions of said defeased certificates.

OR

The Institution hereby covenants not to exercise any optional or extraordinary redemption provisions under the Indenture; however, the sinking fund provision will survive the defeasance.

AND

The Series 2025 Certificates have been defeased to [maturity/the first call date, which is \_\_\_\_\_]. This notice does not constitute a notice of redemption and no certificates should be delivered to the Institution or the Trustee as a result of this mailing. A Notice of Redemption instructing you where to submit your certificates for payment will be mailed \_\_\_\_\_ to \_\_\_\_\_ days prior to the redemption date.

Dated: \_\_\_\_\_

---

<sup>1</sup> No representation is made as to the correctness of the CUSIP number either as printed on the certificates or as contained herein, and reliance may only be placed on other certificate identification contained herein.

[THIS PAGE INTENTIONALLY LEFT BLANK]



